

30 



years  
of

Wealth Creation



Solid Research. Solid Advice

**SUBSIDIARY COMPANIES  
ANNUAL REPORT 2016-17**

# CONTENTS

Motilal Oswal Securities Limited	1 - 40
MOPE Investment Advisors Private Limited	41 - 70
Motilal Oswal Investment Advisors Limited	71 - 95
Motilal Oswal Commodities Broker Private Limited	96 - 118
Motilal Oswal Insurance Brokers Private Limited	119 - 140
Aspire Home Finance Corporation Ltd.	141 - 198
Motilal Oswal Asset Management Company Limited	199 - 228
Motilal Oswal Trustee Company Limited	229 - 243
Motilal Oswal Wealth Management Limited	244 - 269
Motilal Oswal Capital Markets Private Limited	270 - 293
Motilal Oswal Securities International Private Limited	294 - 311
Motilal Oswal Capital Markets (Hongkong) Private Limited	312 - 322
Motilal Oswal Capital Markets (Singapore) Pte. Ltd.	323 - 333
Motilal Oswal Real Estate Investment Advisors Private Limited	334 - 355
Motilal Oswal Real Estate Investment Advisors II Private Limited	356 - 381
India Business Excellence Management Co.	382 - 392
Motilal Oswal Asset Management (Mauritius) Pvt. Ltd.	393 - 403
Motilal Oswal Capital Limited	404 - 416

**Motilal Oswal Securities Limited**  
**Annual Report 2016–2017**

# INDEPENDENT AUDITORS' REPORT

To the Members of **MOTILAL OSWAL SECURITIES LIMITED**

## Report on the Financial Statements

We have audited the accompanying financial statements of Motilal Oswal Securities Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, 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 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 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 March 31, 2017, 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;
  - 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;

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

- 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 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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"; and
- 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 financial statements – Refer Note 27 on Contingent Liabilities to the financial statements;
  - (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; and
  - (iv) The company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with the books of account maintained by the company and as produced to us by the Management (Refer Note No. 16 to the financial statements).

For **HARIBHAKTI & CO. LLP**

*Chartered Accountants*

ICAI Firm Registration No. 103523W / W100048

**Purushottam Nyati**

*Partner*

Membership No. 118970

Place : Mumbai

Date : April 27, 2017

# INDEPENDENT AUDITORS' REPORT (Contd..)

## 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 Securities Limited on the financial statements for the year ended March 31, 2017]

- (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 paragraph 3(ii) of the Order are not applicable.
- (iii) The Company has granted unsecured loan to one company 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 are not prejudicial to the interest of the Company.
- (b) Since there is no stipulation as regards to repayment of principle and interest, we are unable to make specific comment on regularity of repayment of principle & payment of interest.
- (c) According to the Information and explanation given to us and based on the audit procedure conducted by we are of the opinion that, in respect of the aforesaid loans, there is no overdue amount of loans granted to Company listed in the register maintained under Section 189 of the Act.
- (iv) Based on information and explanation given to us the Company has not given any guarantee or security. Further, in respect of loans and investments, 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 any other material statutory dues applicable to it, however, there have been slight delay in few cases. As explained to us, the provisions regarding sales tax, custom duty, excise duty and value added tax are presently not applicable to the Company. and

According to the information and explanations given to us, except Stamp Duty, there are no undisputed amounts payable in respect of provident fund, employees' state insurance, sales tax, service tax, value added tax, custom duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end for a period more than six months from the date they became payable. Details of it is as stated under:

Name of the statute	Nature of the dues	Amount (₹ in lakhs)	Period to which the amount relates	Due Date	Date of Payment
Indian Stamp Act, 1899	Stamp Duty	103.65	F.Y. 2016-17	Not Available, as Stamp duty is collected in states where payment and levy mechanism is not defined.	Not Paid
Indian Stamp Act, 1899	Stamp Duty	60.71	F.Y. 2017-18		

- (b) According to the information and explanation given to us, except for income tax there are no dues outstanding with respect to sales tax, service tax, value added tax, customs duty, excise duty, on account of any dispute. Details of which are as stated hereunder:

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	57.94	F.Y. 2009-10	ITAT
Income Tax Act, 1961	Income Tax	145.36	F.Y. 2011-12	CIT (A)
Income Tax Act, 1961	Income Tax	404.14	F.Y. 2012-13	CIT (A)
Income Tax Act, 1961	Income Tax	2,508.49	F.Y. 2013-14	CIT (A)

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

- (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) In our opinion and according to the information and explanations given to us, the Company has utilized the money raised by way of the term loans during the year for the purposes for which they were raised.
- (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 CARO 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 not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **HARIBHAKTI & CO. LLP**

*Chartered Accountants*

ICAI Firm Registration No. 103523W / W100048

**Purushottam Nyati**

*Partner*

Membership No. 118970

Place : Mumbai

Date : April 27, 2017

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Motilal Oswal Securities Limited on the financial statements for the year ended March 31, 2017]

### **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 Securities Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the 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 (the "Guidance Note") 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 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.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## **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, 2017, 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 / W100048

**Purushottam Nyati**

*Partner*

Membership No. 118970

Place : Mumbai

Date : April 27, 2017

# BALANCE SHEET

## Balance Sheet as at 31st March, 2017

	Note No.	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
<b>I. EQUITY AND LIABILITIES</b>			
<b>(A) Shareholder's Funds:</b>			
(a) Share Capital	1	131.88	131.88
(b) Reserves and Surplus	2	87,029.65	76,149.06
<b>TOTAL</b>	<b>(A)</b>	<b>87,161.53</b>	<b>76,280.94</b>
<b>(B) Non-Current Liabilities :</b>			
(a) Long-term Borrowings	3	15,000.00	–
(b) Deferred Tax Liabilities (Net)	4	883.74	1,421.74
(c) Other Long-term Liabilities	5	179.10	100.54
(d) Long-term Provisions	6	750.64	529.65
<b>TOTAL</b>	<b>(B)</b>	<b>16,813.48</b>	<b>2,051.93</b>
<b>(C) Current Liabilities:</b>			
(a) Short-term Borrowings	7	73,850.82	40,967.85
(b) Trade Payables			
(i) Due to micro and small enterprises		–	0.97
(ii) Due to Others		71,890.17	33,810.06
(c) Other Current Liabilities	8	12,620.93	19,633.55
(d) Short-term Provisions	9	5,140.22	2,694.76
<b>TOTAL</b>	<b>(C)</b>	<b>163,502.14</b>	<b>97,107.20</b>
<b>TOTAL</b>	<b>(A+B+C)</b>	<b>267,477.15</b>	<b>175,440.07</b>
<b>II. ASSETS</b>			
<b>(D) Non-Current Assets</b>			
(a) Fixed Assets	10		
(i) Property, Plant & Equipment		9,823.61	13,234.47
(ii) Intangible Assets		742.06	616.86
(b) Non-Current Investments	11	125,126.30	92,431.14
(c) Long-term Loans and Advances	12	2,888.92	2,591.50
(d) Other Non-Current Assets	13	250.00	10,250.00
<b>TOTAL</b>	<b>(D)</b>	<b>138,830.89</b>	<b>119,123.97</b>
<b>(E) Current assets</b>			
(a) Current Investments	14	8,500.00	163.62
(b) Trade Receivables	15	94,593.70	45,487.57
(c) Cash and Bank Balances	16	20,425.18	8,942.39
(d) Short-term Loans and Advances	17	3,613.71	1,329.75
(e) Other Current Assets	18	1,513.67	392.77
<b>TOTAL</b>	<b>(E)</b>	<b>128,646.26</b>	<b>56,316.10</b>
<b>TOTAL</b>	<b>(D+E)</b>	<b>267,477.15</b>	<b>175,440.07</b>

Significant Accounting Policies  
Notes forming part of accounts

26  
27–48

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 Registration no. 103523W / W100048

For and on behalf of the Board of Directors

**MOTILAL OSWAL SECURITIES LTD.**

**Purushottam Nyati**

Partner

Membership No. 118970

Place : Mumbai

Dated : 27th April 2017

**Ajay Menon**

Chairman & Managing Director

DIN No. 00024589

Place : Mumbai

Dated : 27th April 2017

**Harsh Joshi**

Whole Time Director

DIN No. 02951058

**Pooja Sutradhar**

Company Secretary

**Shalibhadra Shah**

Chief Financial Officer

# STATEMENT OF PROFIT AND LOSS

## Statement of Profit and Loss for the period ended 31st March, 2017

	Note No.	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
<b>(A) REVENUE</b>			
Income from Operations	19	71,190.88	54,677.04
Other Income	20	775.34	373.70
<b>TOTAL</b>	<b>(A)</b>	<b>71,966.22</b>	<b>55,050.74</b>
<b>(B) EXPENSES</b>			
Employee Benefits Expense	21	18,246.14	13,887.70
Finance Costs	22	6,433.20	4,566.74
Depreciation and Amortization	23	2,025.34	2,345.87
Operating Expenses	24	21,374.68	16,278.10
Other Expenses	25	9,597.49	10,032.43
<b>TOTAL</b>	<b>(B)</b>	<b>57,676.85</b>	<b>47,110.84</b>
<b>Profit before tax</b>	<b>(C) = (A) – (B)</b>	<b>14,289.37</b>	<b>7,939.90</b>
<b>Less: Tax Expenses</b>			
i) For Current Year			
Current Tax		3,917.00	2,057.22
Deferred Tax		(538.00)	(171.89)
ii) For previous year(s) (Income tax)			
		29.78	–
<b>Total Tax Expenses</b>	<b>(D)</b>	<b>3,408.78</b>	<b>1,885.33</b>
<b>Profit for the year</b>	<b>(C–D)</b>	<b>10,880.59</b>	<b>6,054.57</b>
<b>Earnings Per Share (Face Value Per Share ₹ 10 /-) (in ₹)</b>			
	29		
Basic		825.02	459.09
Diluted		825.02	459.09
Significant Accounting Policies	26		
Notes forming part of Accounts	27–48		

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 Registration no. 103523W / W100048

**Purushottam Nyati**  
Partner  
Membership No. 118970  
Place : Mumbai  
Dated : 27th April 2017

**Ajay Menon**  
Chairman & Managing Director  
DIN No. 00024589  
Place : Mumbai  
Dated : 27th April 2017

For and on behalf of the Board of Directors  
**MOTILAL OSWAL SECURITIES LTD.**

**Harsh Joshi**                      **Shalibhadra Shah**  
Whole Time Director      Chief Financial Officer  
DIN No. 02951058

**Pooja Sutradhar**  
Company Secretary

# CASH FLOW STATEMENT

## Cash Flow Statement for the year ended 31st March, 2017

Particulars	For the year ended 31st March 2017 ₹ in Lakhs	For the year ended 31st March 2016 ₹ in Lakhs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit Before Taxation</b>	14,289.37	7,939.90
Add : Depreciation and Amortization	2,025.34	2,345.87
Loss in Partnership	–	94.66
Deposit Written Off	–	56.29
Interest Paid/Borrowing Cost	6,433.20	4,566.74
Bad debts w/off	170.84	461.63
Gratuity and other long term employee benefits	134.19	235.17
Leave Salary	31.58	39.03
Impairment of Non-current Investments	400.00	–
Provision for doubtful debts	190.24	(90.58)
	<b>9,385.38</b>	<b>7,708.81</b>
	<b>23,674.75</b>	<b>15,648.71</b>
Less : Profit on Investments	(4,225.90)	(3,062.14)
Profit on Sale of Fixed Assets	1.84	(7.51)
Profit in Partnership	(674.38)	(1,034.18)
Dividend Income	(71.46)	(283.50)
Rent Income	(733.92)	(205.16)
Interest Income from Loans	(26.38)	(63.82)
Interest Income from investments	(10.95)	(276.70)
	<b>(5,741.16)</b>	<b>(4,932.99)</b>
<b>OPERATING PROFIT</b>	<b>17,933.59</b>	<b>10,715.72</b>
Adjustments for:		
(Increase)/Decrease in Sundry Debtors	(49,467.21)	(13,561.43)
(Increase)/Decrease Short Term in Loans & Advances	(2,294.96)	432.71
(Increase)/Decrease in Long Term Loans & Advances	(181.00)	(200.69)
(Increase)/Decrease in Non-Current Assets	10,000.00	(10,250.00)
(Increase)/Decrease in Fixed Deposits with banks	(2,409.81)	9,564.94
Increase/(Decrease) in Other Current Asset	(1,122.44)	66.54
Increase/(Decrease) in Trade payables	38,079.14	763.56
Increase/(Decrease) in Other Current Liabilities	(7,747.84)	10,824.36
Increase/(Decrease) in Short Term Provision	2,279.69	(1,071.52)
Increase/(Decrease) in Long Term Liabilities	78.56	–
Increase/(Decrease) in Long term provisions	220.99	60.97
	<b>(12,564.88)</b>	<b>(3,370.56)</b>
<b>CASH GENERATED FROM OPERATIONS</b>	<b>5,368.71</b>	<b>7,345.17</b>
Taxes Paid	(4,063.21)	(2,485.90)
<b>NET CASH GENERATED FROM/(USED) FROM/IN OPERATING ACTIVITIES</b>	<b>1,305.50</b>	<b>4,859.26</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,275.91)	(2,238.57)
Purchase of Investments	(74,520.67)	(24,149.88)
Loan to Holding Company	(226,930.54)	(138,577.97)
Repayment of loans from Holding Company	234,680.32	138,840.14
Interest received from investments	12.50	300.90
Proceeds from Sale of Investments	57,915.96	11,093.98
Investment in Subsidiary Company	(17,400.39)	(9,999.99)
Proceeds from Sale of Fixed Assets	8.23	38.88
Rent received	733.92	232.10
Dividend received	71.46	283.50
Interest Received from Loans	26.38	63.82
	<b>(26,678.73)</b>	<b>(24,113.09)</b>
<b>NET CASH GENERATED FROM/(USED) FROM/IN INVESTING ACTIVITIES</b>	<b>(26,678.73)</b>	<b>(24,113.09)</b>

# CASH FLOW STATEMENT (Contd..)

Particulars	For the year ended 31st March 2017 ₹ in Lakhs		For the year ended 31st March 2016 ₹ in Lakhs	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Bank Overdraft (Net of repayment)	6,421.04		4,940.82	
Loans & Advances from Related Parties	12,209.23		9,917.18	
Repayment of loans to Related Parties	(13,483.73)		(8,642.69)	
Loan from NBFC	15,000.00			
Proceeds from issuance of Non Convertible Debentures	5,000.00			
Commercial Paper Issued	250,500.00		155,000.00	
Commercial Paper Redeemed	(235,502.36)		(137,512.85)	
Final Dividend and DDT	–		(1,682.55)	
Interest Paid	(5,697.98)	34,446.21	(4,546.21)	17,473.70
<b>NET CASH GENERATED FROM/(USED) FROM/IN FINANCING ACTIVITIES</b>		<b>34,446.21</b>		<b>17,473.70</b>
<b>NET CASH FLOW GENERATED FOR THE PERIOD</b>		<b>9,072.98</b>		<b>(1,780.12)</b>
<b>Cash &amp; Cash Equivalents as at beginning of year</b>				
Cash on hand	37.95		17.43	
Bank balance in current account	2,713.02	2,750.97	4,513.65	4,531.08
<b>Total Cash &amp; Cash Equivalents as at beginning of year</b>		<b>2,750.97</b>		<b>4,531.08</b>
<b>Cash &amp; Cash Equivalents as at end of year</b>				
Cash on hand	26.62		37.95	
Bank balance in current account	11,797.33	11,823.95	2,713.01	2,750.96
<b>Total Cash &amp; Cash Equivalents as at end of year</b>		<b>11,823.95</b>		<b>2,750.96</b>

Operating activity as shown above includes expenditure in respect of Corporate Social Responsibility of ₹ 231.42 Lakhs (P.Y. ₹ 304.64 Lakhs) (Note No. 46)

The above cash flow statement has been prepared under the Indirect method" as set out in Accounting Standard – 3.

As per our attached report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration no. 103523W / W100048

**Purushottam Nyati**

Partner

Membership No. 118970

Place : Mumbai

Dated : 27th April 2017

For and on behalf of the Board of Directors

**MOTILAL OSWAL SECURITIES LTD.**

**Ajay Menon**

Chairman & Managing Director

DIN No. 00024589

Place : Mumbai

Dated : 27th April 2017

**Harsh Joshi**

Whole Time Director

DIN No. 02951058

**Pooja Sutradhar**

Company Secretary

**Shalibhadra Shah**

Chief Financial Officer

# NOTES TO FINANCIAL STATEMENT

## Note 1 : Share Capital

	As at 31-Mar-17		As at 31-Mar-16	
	Number	₹ in Lakhs	Number	₹ in Lakhs
<b>AUTHORISED</b>				
Equity Shares of ₹ 10/- each. (P.Y. ₹ 10/- each)	5,500,000	550.00	5,500,000	550.00
1% Redeemable Cumulative Preference Shares of ₹ 10/- each. (P.Y. ₹ 10/- each)	6,500,000	650.00	6,500,000	650.00
<b>TOTAL</b>	<b>12,000,000</b>	<b>1,200.00</b>	<b>12,000,000</b>	<b>1,200.00</b>
<b>ISSUED</b>				
Equity Shares of ₹ 10/- each. (P.Y. ₹ 10/- each)	13,18,830	131.88	13,18,830	131.88
<b>SUBSCRIBED &amp; PAID UP</b>				
Equity shares of ₹ 10/- each fully paid (P.Y. ₹ 10/- each)	13,18,830	131.88	13,18,830	131.88
Of the above, 13,18,830 shares (P.Y. 13,18,830) held by holding company Motilal Oswal Financial Services Limited				
<b>TOTAL</b>	<b>13,18,830</b>	<b>131.88</b>	<b>13,18,830</b>	<b>131.88</b>

### 1.1 Terms/Rights attached to Equity Shares

The Company has issued only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

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.

### 1.2 Terms/Rights attached to Preference Shares

The Company has one class of preference share having a par value of ₹ 10/- each as on 31st march, 2017.

Terms and conditions of Preference shares are not yet crystallised. The same will be decided at the time of issuance of such shares.

### 1.3 Reconciliation of the number of shares outstanding

	As at 31-Mar-17		As at 31-Mar-16	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Number of shares at the beginning	1,318,830	131.88	1,318,830	131.88
<b>Number of shares at the end of the year</b>	<b>1,318,830</b>	<b>131.88</b>	<b>1,318,830</b>	<b>131.88</b>

### 1.4 Details of shareholders holding more than 5% shares

Name of shareholder	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Motilal Oswal Financial Services Ltd. (Holding Company)	1,318,830	100	1,318,830	100
<b>TOTAL</b>	<b>1,318,830</b>	<b>100</b>	<b>13,18,218</b>	<b>100</b>

# NOTES TO FINANCIAL STATEMENT

## Note 2: Reserves and Surplus

		As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
<b>Capital Reserve</b>			
Opening balance		14.16	14.16
Add : Current year transfer		—	—
<b>Balance as at end of the year</b>	<b>(a)</b>	<b>14.16</b>	<b>14.16</b>
<b>General Reserve</b>			
Opening Balance		3,355.39	3,355.39
Add : Transferred to Debenture Redemption Reserve		(85.37)	—
<b>Balance as at end of the year</b>	<b>(b)</b>	<b>3,270.02</b>	<b>3,355.39</b>
<b>Debenture Redemption Reserve</b>			
Opening Balance		—	—
Add : Addition During the Year		85.37	—
<b>Balance as at end of the year</b>	<b>(c)</b>	<b>85.37</b>	<b>—</b>
<b>Surplus</b>			
Opening balance		72,779.51	66,724.94
Add : Current year		10,880.59	6,054.57
<b>Balance as at end of the year</b>	<b>(d)</b>	<b>83,660.10</b>	<b>72,779.51</b>
<b>TOTAL</b>	<b>(a + b + c + d)</b>	<b>87,029.65</b>	<b>76,149.06</b>

## Note 3 : Long-Term Borrowings

		As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
<b>Secured</b>			
Secured Redeemable Non-Convertible		5,000.00	—
Term Loan From Non Banking Finance Company (NBFC)		10,000.00	—
<b>TOTAL</b>		<b>15,000.00</b>	<b>—</b>

### Security clause in respect to secured debentures/ loan

- During the FY 2015–16, the Company has raised ₹ 5,000 lakhs through the issue of 500 secured redeemable Non-Convertible Debentures (NCD) having interest rate 8.5% with face value of ₹ 10 lakhs each by way of private placement.
- NCD are secured by
  - Mortgage of premises situated at first Gala no. L-103 on first floor, Rajlaxmi Commercial Complex, Village Klaher, Taluka Bhivandi, district Thane admeasuring about 1,718 square feet built up equivalent to 159.66 square meter.
  - First pari-passu charge on all present & future trade receivables and/or investments (excluding investments in subsidiaries) of the Company.
- Series A 2500 lakhs redeemable on 30th April, 2019 and Series B 2500 lakhs redeemable on 5th June, 2019.
- Term loan from other represents working capital loan taken from a NBFC having interest rate of 9.60% p.a. and repayable on 30th June, 2018. The said term loan is secured against mutual funds of holding Company.

# NOTES TO FINANCIAL STATEMENT

## Note 4 : Deferred Taxes and Liabilities (Net)

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
<b>Deferred Tax Liability</b>		
Difference in Net block of fixed assets	(1,342.01)	(1,676.93)
Sign on bonus pending write off	(3.60)	(3.74)
<b>Deferred Tax Asset</b>		
Provision for Diminution in value of Non-current Investments	90.64	–
Provision for doubtful debts	65.84	–
Expenses allowable u/s 43B on payment basis	305.37	258.93
<b>Deferred Tax Assets/(Liability)</b>	<b>(883.74)</b>	<b>(1,421.74)</b>

## Note 5: Other Long-Term Liabilities

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Rent Deposit	179.10	100.54
<b>TOTAL</b>	<b>179.10</b>	<b>100.54</b>

## Note 6 : Long-Term Provisions

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
<b>Provision for employee benefits</b>		
Provision for employee benefits (Unfunded) (Refer Note no. 38)	738.29	529.65
<b>Others</b>		
– Provision for Service Charges	12.35	–
<b>TOTAL</b>	<b>750.64</b>	<b>529.65</b>

## Note 7 : Short-Term Borrowings

	As at 31-Mar-17 ₹ in Lakhs		As at 31-Mar-16 ₹ in Lakhs	
<b>Secured</b>				
Bank Overdraft		16,454.41		10,033.37
Term Loan from NBFC		5,000.00		–
<b>Unsecured</b>				
Loans and advances from related parties		7,738.78		1,274.49
Commercial Paper(Principal Portion)	45,000.00		30,000.00	
Less: Discount not written off	342.37	44,657.63	340.01	29,659.99
<b>TOTAL</b>		<b>73,850.82</b>		<b>40,967.85</b>

### 1. Security clause in respect to secured Bank Overdraft/ loan

- (a) The same is secured against Mutual Funds / Fixed deposits / Property pledged with the banks. (includes Motilal Oswal Tower Property of holding company / Hypothecated against book debts).
- (b) The said term loan is secured against mutual funds of holding Company.

# NOTES TO FINANCIAL STATEMENT

## Note 8: Other Current Liabilities

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Interest accrued but not due on borrowings	784.43	–
Interest accrued on due on borrowings	5.70	54.91
Advance received from customers	174.42	82.01
<b>For other liabilities</b>		
– Margin money	7,750.61	5,965.12
– Accrued salaries & benefits	152.09	41.57
– Taxes payable	2,050.19	785.39
– Book overdraft from banks	36.48	10,751.86
– Other payables (includes payable to vendors)	1,667.01	1,952.69
<b>TOTAL</b>	<b>12,620.93</b>	<b>19,633.55</b>

## Note 9: Short-Term Provisions

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
<b>Provision for employee benefits</b>		
– Ex-Gratia	3,613.47	2,069.69
– Incentive payable	1,307.04	329.92
– Gratuity obligation (Unfunded) (Refer note no. 38)	144.06	218.52
– Leave salary	31.58	39.03
<b>Others</b>		
– Other provisions (includes provision for expenses)	44.07	37.61
<b>TOTAL</b>	<b>5,140.22</b>	<b>2,694.76</b>

## Note 10 : Fixed Assets

### Current Year

(₹ in Lakhs)

CLASSES OF ASSETS	ORIGINAL COST					DEPRECIATION AND AMORTIZATION					NET BLOCK	
	As on 01.04.2016	Additions 2016-17	Other Adjustments* 2016-17	Deductions 2016-17	As on 31.03.2017	As on 01.04.2016	For the year 2016-17	Other Adjustments* 2016-17	Deductions 2016-17	As on 31.03.2017	As on 31.03.2017	As on 31.03.2016
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>												
Land	1,084.38	–	–	–	1,084.38	–	–	–	–	–	1,084.38	1,084.38
Buildings#	12,487.89	50.11	(3,306.00)	–	9,232.00	2,801.03	542.58	(669.21)	–	2,674.30	6,557.70	9,686.95
Plant & Equipment	4,734.42	502.43	1.13	–	5,237.98	3,610.48	724.46	–	–	4,335.04	902.92	1,123.90
Furniture & Fixture	1,838.79	53.98	–	39.75	1,853.02	1,207.91	167.84	–	36.67	1,339.08	513.94	630.88
Vehicles	360.90	242.35	–	66.20	537.15	212.94	66.50	–	60.93	218.51	318.64	148.05
Office Equipments	3,004.14	92.17	–	20.29	3,076.02	2,442.29	204.92	–	18.62	2,629.99	446.03	560.31
<b>Sub – Total (A)</b>	<b>23,510.52</b>	<b>941.04</b>	<b>(3,304.87)</b>	<b>126.23</b>	<b>21,020.55</b>	<b>10,274.67</b>	<b>1,706.31</b>	<b>(669.21)</b>	<b>116.22</b>	<b>11,196.90</b>	<b>9,823.61</b>	<b>13,234.47</b>
<b>INTANGIBLE ASSETS</b>												
Goodwill	90.00	–	–	–	90.00	90.00	–	–	–	90.00	–	–
Computer Software Purchased	2,845.05	334.87	(1.13)	–	3,178.78	2,228.19	208.53	–	–	2,436.72	742.06	616.86
Bse Cards	648.11	–	–	–	648.11	648.11	–	–	–	648.11	–	–
Custom Right	683.52	–	–	–	683.52	683.52	–	–	–	683.52	–	–
<b>Sub – Total (B)</b>	<b>4,266.68</b>	<b>334.87</b>	<b>(1.13)</b>	<b>–</b>	<b>4,600.41</b>	<b>3,649.82</b>	<b>208.53</b>	<b>–</b>	<b>–</b>	<b>3,858.36</b>	<b>742.06</b>	<b>616.86</b>
<b>TOTAL (A+B)</b>	<b>27,777.20</b>	<b>1,275.91</b>	<b>(3,306.00)</b>	<b>126.23</b>	<b>25,620.96</b>	<b>13,924.49</b>	<b>1,914.84</b>	<b>(669.21)</b>	<b>116.22</b>	<b>15,055.25</b>	<b>10,565.67</b>	<b>13,851.33</b>

# NOTES TO FINANCIAL STATEMENT

CLASSES OF ASSETS	ORIGINAL COST					DEPRECIATION AND AMORTIZATION					NET BLOCK	
	As on 01.04.2015	Additions 2015-16	Other Adjustments* 2015-16	Deductions 2015-16	As on 31.03.2016	As on 01.04.2015	For the year 2015-16	Other Adjustments* 2015-16	Deductions 2015-16	As on 31.03.2016	As on 31.03.2015	As on 31.03.2016
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>												
Land	1,084.38	-	-	-	1,084.38	-	-	-	-	-	1,084.38	1,084.38
Buildings#	11,977.85	510.04	-	-	12,487.89	2,174.12	626.91	-	-	2,801.03	9,803.82	9,686.95
Plant & Equipment	3,984.67	865.98	(83.14)	33.10	4,734.42	2,704.08	956.44	(43.75)	6.29	3,610.48	1,197.46	1,123.90
Furniture & Fixture	1,483.30	355.58	-	-	1,838.79	1,006.18	201.74	-	-	1,207.92	477.10	630.88
Vehicles	297.34	95.12	-	31.48	360.90	194.93	45.18	-	27.16	212.94	102.42	148.05
Office Equipments	2,804.77	116.24	83.14	-	3,004.14	2,047.26	351.28	43.75	-	2,442.29	840.64	560.31
<b>Sub - Total (A)</b>	<b>21,632.31</b>	<b>1,942.96</b>	<b>-</b>	<b>64.57</b>	<b>23,510.52</b>	<b>8,126.57</b>	<b>2,181.55</b>	<b>-</b>	<b>33.45</b>	<b>10,274.67</b>	<b>13,505.82</b>	<b>13,234.47</b>
<b>INTANGIBLE ASSETS</b>												
Goodwill	90.00	-	-	-	90.00	90.00	-	-	-	90.00	-	-
Computer Software Purchased	2,549.44	295.61	-	-	2,845.05	2,092.69	135.50	-	-	2,228.19	456.70	616.86
Bse Cards	648.11	-	-	-	648.11	648.11	-	-	-	648.11	-	-
Custom Right	683.52	-	-	-	683.52	683.52	-	-	-	683.52	-	-
<b>Sub - Total (B)</b>	<b>3,971.07</b>	<b>295.61</b>	<b>-</b>	<b>-</b>	<b>4,266.68</b>	<b>3,514.32</b>	<b>135.50</b>	<b>-</b>	<b>-</b>	<b>3,649.82</b>	<b>456.70</b>	<b>616.86</b>
<b>TOTAL (A+B)</b>	<b>25,603.38</b>	<b>2,238.57</b>	<b>-</b>	<b>64.57</b>	<b>27,777.20</b>	<b>11,640.89</b>	<b>2,317.05</b>	<b>-</b>	<b>33.45</b>	<b>13,924.49</b>	<b>13,962.52</b>	<b>13,851.33</b>

\* Other adjustments refers re-classification of assets into respective class of assets / re-classification into investment property.

# The Company has mortgaged its Immovable property "Motilal Oswal Tower" (Gross Block of ₹ 9,170.99 Lakhs (P.Y. ₹ 9,170.99 Lakhs) and Net Block ₹ 7,196.19 Lakhs (P.Y. 7,432.84 Lakhs) to HDFC Bank Limited for the banking facilities availed. Out of this gross block of ₹ 4,010.14 Lakhs (P.Y ₹ 704.15 Lakhs) has been classified under "Investment Property" in "Non-Current Investment".

## Note 11: Non Current Investments (At Cost Otherwise stated)

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 in ₹	Amount	
			As at 31-Mar-17	As at 31-Mar-16				As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
<b>(A)</b>	<b>TRADE INVESTMENTS</b>								
<b>(a)</b>	<b>Investment in Equity Instruments</b>								
	Motilal Oswal Capital Markets Pvt Ltd	Subsidiary	349,999	349,999	Unquoted	Fully paid up	10.00	35.00	35.00
	Motilal Oswal Securities International Pvt Ltd	Subsidiary	4,569,200	4,569,200	Unquoted	Fully paid up	10.00	456.92	456.92
	Motilal Oswal Wealth Management Ltd *	Subsidiary	800,000	800,000	Unquoted	Fully paid up	1.00	1,226.36	1,226.36
	Motilal Oswal Asset Management Company Ltd *	Subsidiary	650,000,000	650,000,000	Unquoted	Fully paid up	1.00	6,501.31	6,501.31
	Motilal Oswal Trustee Company Ltd	Subsidiary	100,000	100,000	Unquoted	Fully paid up	10.00	10.00	10.00
	Motilal Oswal Capital Markets (Honkong) Pvt .Ltd	Subsidiary	6,000,000	6,000,000	Unquoted	Fully paid up	6.87	412.02	412.02
	Motilal Oswal Capital Markets (Singapore) Pte .Ltd	Subsidiary	1,361,111	250,000	Unquoted	Fully paid up	39.55	1,040.88	98.88
	Aspire Home Finance Corporation Limited *	Subsidiary	3,936,035,460	2,493,583,355	Unquoted	Fully paid up	1.00	41,458.38	24,999.99
	<b>Total (a)</b>							<b>51,140.87</b>	<b>33,740.48</b>
<b>(b)</b>	<b>Investments in Preference Instruments</b>								
	7% Non cumulative optional convertible redeemable shares of Motilal Oswal Capital Markets Pvt Ltd	Subsidiary	-	9,00,000	Unquoted	Fully paid up	10.00	-	90.00
	<b>Total (b)</b>							<b>-</b>	<b>90.00</b>
	<b>TOTAL (A) = (a) + (b)</b>							<b>51,140.87</b>	<b>33,830.48</b>
<b>(B)</b>	<b>OTHER INVESTMENTS</b>								
<b>(a)</b>	<b>Investment Property</b>								
	Opening Balance							561.67	590.49
	Add: Addition during the year**							2,636.66	-
	Less : Depreciation for current period							(110.50)	(28.82)
	<b>Total (a)</b>							<b>3,087.84</b>	<b>561.67</b>

# NOTES TO FINANCIAL STATEMENT

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 in ₹	Amount	
			As at 31-Mar-17	As at 31-Mar-16				As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
<b>(b)</b>	<b>Investment in Equity Instruments</b>								
	Central Depository Services India Ltd	Others	100	100	Unquoted	Fully paid up	0.01	0.00	0.00
	AU Finance (India) Limited	Others	546,966	546,966	Unquoted	Fully paid up	10.00	1,887.03	1,887.03
	Shubham Housing Development Finance Co Pvt Ltd	Others	21,377	21,377	Unquoted	Fully paid up	10.00	180.50	180.50
	Infosys Limited	Others	–	71,478	Quoted	Fully paid up	5.00	–	768.32
	Shriram New Horizons Limited	Others	750,000	750,000	Unquoted	Fully paid up	10.00	1,012.50	1,012.50
	Less : Provision for Diminution in value of investment in Shriram New Horizons Limited							(400.00)	–
								612.50	1,012.50
	<b>Total (b)</b>							<b>2,680.03</b>	<b>3,848.35</b>
<b>(c)</b>	<b>Investments in Preference Instruments</b>								
	14.625%, Cumulative redeemable shares of Edelwiess Finance & Investment Limited	Others	3,264,500	4,190,000	Unquoted	Fully paid up	10.00	486.42	638.50
	Compulsory Convertible shares of Shubham Housing Development Finance Co Pvt Ltd (Preference Shares)	Others	220,260	220,260	Unquoted	Fully paid up	10.00	1,859.41	1,859.41
	<b>Total (c)</b>							<b>2,345.83</b>	<b>2,497.91</b>
<b>(d)</b>	<b>Investments in Debentures or Bonds</b>								
	17.5%, Redeemable non convertible debenture of Akshaya Private Limited	Others	–	3	Unquoted	Fully paid up	10,000,000.00	–	165.00
	<b>Total (d)</b>							–	<b>165.00</b>
<b>(e)</b>	<b>Investment In Units of Mutual fund</b>								
	Motilal Oswal MOST Focused 25 Fund #	Others	31,355,689	674,602	Unquoted	Fully paid up	10.00	5,300.00	30.00
	MOST Focused 30 Fund	Others	–	4,086,368	Unquoted	Fully paid up	10.00	–	4,113.55
	MOST Shares N100 ETF	Others	18,330	18,330	Quoted	Fully paid up	10.00	51.25	51.25
	MOST Focused Multicap 35 Fund ##	Others	60,068,919	131,029,091	Unquoted	Fully paid up	10.00	7,388.95	18,674.94
	MOST Shares M50 ETF	Others	59,499	59,499	Quoted	Fully paid up	10.00	47.77	47.77
	MOST Shares Midcap 100 ETF	Others	507,650	507,650	Quoted	Fully paid up	10.00	67.90	67.90
	MOST Focused Long Term Fund	Others	190,816	190,816	Unquoted	Fully paid up	10.00	20.00	20.00
	Reliance Liquid Fund-Treasury Plan -Growth Plan Growth Option ^	Others	319,338	319,338	Unquoted	Fully paid up	10.00	11,482.57	11,482.57
	Reliance Liquidity Fund-Growth Plan-Growth Option ^	Others	224,102	224,102	Unquoted	Fully paid up	10.00	4,960.96	4,960.96
	Reliance Banking & Psu Debt FD-Dir PI-Growth ^	Others	132,906,806	–	Unquoted	Fully paid up	10.00	15,000.00	–
	Reliance Medium Term Fund - Direct Gr PI-Gr Option ^	Others	15,118,164	–	Unquoted	Fully paid up	10.00	5,000.00	–
	<b>Total (e)</b>							<b>49,319.41</b>	<b>39,448.95</b>
<b>(f)</b>	<b>Investments in Partnership Firms</b>								
	India Realty Excellence Fund II LLP								
	Opening Balance							7,651.72	3,867.82
	Add : Contribution made during the year							–	2,749.72
	Add : Share of Profit							674.38	1,034.18
	Less : Revenue Receipts during the year							(812.65)	–
	Closing Balance	Others	7,155.07	7,155.07	Unquoted	Fully paid up	100,000	7,513.45	7,651.72
	<b>India Realty Excellence Fund II LLP (Carry units)</b>								
	Opening Balance							–	–
	Add : Contribution made during the year							2.17	–
	Closing Balance	Others	2.17	–	Unquoted	Fully paid up	100,000	2.17	–
	<b>Contrarian Vriddhi Fund I LLP</b>								
	Opening Balance							60.00	20.00
	Add : Contribution made during the year							–	40.00
	Closing Balance	Others	1,000	1,000	Unquoted	Fully paid up	6,000.00	60.00	60.00
	<b>Total (f)</b>							<b>7,575.62</b>	<b>7,711.72</b>

# NOTES TO FINANCIAL STATEMENT

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 in ₹	Amount	
			As at 31-Mar-17	As at 31-Mar-16				As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
(g)	<b>Investment in Alternative Investment funds</b>								
	Motilal Oswal Focused Growth Opportunities Fund	Others	6,123,940	–	Unquoted	Partly Paid Up	10.00	950.00	–
	Motilal Oswal Focused Growth Opportunities Fund (Carry Units)	Others	30,000	–	Unquoted	Fully paid up	10.00	3.00	–
	<b>Total (g)</b>							<b>953.00</b>	<b>–</b>
(h)	<b>Investment in Private Equity Funds</b>								
	India Business Excellence Fund I	Others	25	25	Unquoted	Fully paid up	1,000,000.00	268.58	305.92
	India Business Excellence Fund II	Others	657,500	657,500	Unquoted	Fully paid up	1,000.00	6,745.16	4,061.14
	India Realty Excellence Fund III	Others	990695.89	–	Unquoted	Fully paid up	100.00	1,000.00	–
	India Business Excellence Fund II (Carry Units)	Others	997	–	Unquoted	Fully paid up	1,000.00	9.97	–
	<b>Total (h)</b>							<b>8,023.71</b>	<b>4,367.06</b>
	<b>TOTAL (B) = (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h)</b>							<b>73,985.43</b>	<b>58,600.66</b>
	<b>TOTAL (A + B)</b>							<b>125,126.30</b>	<b>92,431.14</b>

\* During the year, the companies have increased number of shares by splitting the face value from ₹ 10 each to ₹ 1 each. Hence the previous year number of shares have been modified as well to make it comparable with current year.

\*\* Represents reclassification from fixed assets.

# Of the above, 2,20,00,000 units and 87,00,000 units are pledged for availing Bank Over Draft and Bank Guarantee facility respectively.

## Of the above, 6,00,00,000 units are pledged for availing Bank Over Draft facility.

^ All the units are pledged with exchanges for meeting margin requirements.

(₹ in lakhs)

	As at 31-Mar-17		As at 31-Mar-16	
	Cost	Market Value	Cost	Market Value
<b>Aggregate amount and Market Value of quoted investments</b>	166.93	212.78	935.25	1,035.61
<b>Aggregate amount and Market Value of unquoted investments :</b>				
Mutual Funds***	49,152.48	59,343.97	39,282.02	43,863.56
Others	76,206.90	–	52,213.87	–
Aggregate provision for diminution in value of investment	(400.00)	–	–	–

\*\*\* Market value is based on NAV declared by mutual fund.

## Note 12: Long Term Loans & Advances

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
<b>Unsecured, Considered good</b>		
– Rent, Electricity and other deposits	1,055.24	978.54
– Capital Advances	172.19	65.01
– Deposits with Exchange	148.50	140.50
<b>Other Loans &amp; Advances</b>		
– Prepaid Expense	20.11	52.97
– Loan to staff (LT)	28.33	32.81
Advance Tax (Net of provision for tax of ₹ 11,029.01 Lakhs. (PY ₹ 24,978.15 Lakhs))	1,464.55	1,321.67
<b>TOTAL</b>	<b>2,888.92</b>	<b>2,591.50</b>

# NOTES TO FINANCIAL STATEMENT

## Note 13: Other Non-Current Assets

Unsecured, considered good

Other bank balances

– Fixed deposits (Maturity more than 12 months)\*

**TOTAL**

As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
250.00	10,250.00
<b>250.00</b>	<b>10,250.00</b>

\*Fixed deposits is under lien with exchange

## Note 14: Current Investments (At Cost or Fair Value whichever is lower)

Name of the Body Corporate	No. of Shares / Units		Partly Paid / Fully paid	Face Value (in ₹)	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
	As at 31-Mar-17	As at 31-Mar-16				
<b>OTHER INVESTMENTS (Unquoted)</b>						
<b>A) Investment in Equity Instruments</b>						
MAS Financial Services Limited	591,174	–	Fully paid up	10	2,000.00	–
<b>B) Investments in Debentures</b>						
20%, Redeemable non convertible debentures of Shankeshwar Properties Private Limited	–	16	Fully paid up	100	–	163.62
<b>C) Investment In Mutual Funds</b>						
Axis Liquid Fund- Direct Plan - Growth*	83,854	–	Fully paid up	1,000	1,500.00	–
ICICI Pru Money Market - Direct Plan*	1,119,918	–	Fully paid up	100	2,500.00	–
Principal Cash Management Fund - Direct Plan Growth*	159,106	–	Fully paid up	1,000	2,500.00	–
<b>TOTAL</b>					<b>8,500.00</b>	<b>163.62</b>

\* All the units are pledged with exchanges for meeting margin requirements.

(₹ in lakhs)

	As at 31-Mar-17		As at 31-Mar-16	
	Cost	Market Value	Cost	Market Value
Aggregate amount and Market Value of quoted investments				
<b>Aggregate amount and Market Value of unquoted investments :</b>				
Mutual Funds	6,500.00	6,552.46	NA	NA
Others**	2,000.00	2,000.00	163.62	–
Aggregate provision for diminution in value of investment	–	–	–	–

\*\* As the investment is made by the company on 30th March, 2017, Investment value and Market value is same.

# NOTES TO FINANCIAL STATEMENT

## Note 15: Trade Receivables

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
<b>Secured, Considered good</b>		
a) Outstanding for a period more than six months from the date they are due for payment	7,906.69	1,602.97
b) Others	64,229.53	32,757.53
<b>(A)</b>	<b>72,136.22</b>	<b>34,360.50</b>
<b>Unsecured</b>		
a) Outstanding for a period more than six months from the date they are due for payment		
– Considered good	986.48	504.25
– Considered doubtful	142.16	–
	<b>1,128.64</b>	<b>504.25</b>
b) Others		
– Considered good	21,471.00	10,622.82
– Considered doubtful	48.08	–
	<b>21,519.08</b>	<b>10,622.82</b>
Less provision for doubtful debts	<b>(190.24)</b>	–
<b>(B)</b>	<b>22,457.49</b>	<b>11,127.07</b>
<b>TOTAL</b>	<b>(A+B) 94,593.70</b>	<b>45,487.57</b>

\*Secured against securities given as collateral by the customer

## Note 16: Cash and Bank Balances

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
<b>Cash and Cash equivalents</b>		
– Cash on hand	26.62	37.95
– Balance with banks		
In current accounts	11,617.33	2,713.02
– FD (Maturity within 3 months)*	180.00	–
<b>Other Bank balance</b>		
– FD (Maturity more than 3 months but less than 12 months)*	8,601.23	6,191.42
<b>TOTAL</b>	<b>20,425.18</b>	<b>8,942.39</b>

\*Of the above FD of ₹ 6,806.23 Lakhs is under lien with exchange and ₹ 1,000 Lakhs is under lien with bank for Bank Guarantee facility.

### Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:

Particulars	SBNs	Other denomination notes (Rupees)	Total
<b>Opening cash in hand as on 8-11-2016</b>	9,756,500.00	274,659.50	10,031,159.50
(+) Withdrawn from Bank		850,000.00	850,000.00
(+) Permitted receipts	–	–	–
(–) Permitted payments	–	969,790.00	969,790.00
(–) Amount deposited in Banks	9,756,500.00	55.00	9,756,555.00
<b>Closing cash in hand as on 30-12-2016</b>	–	154,814.50	154,814.50

“Specified Bank Notes” is defined as Bank Notes of the Denominations of the existing series of the value of five hundred rupees and one thousand rupees.

# NOTES TO FINANCIAL STATEMENT

## Note 17: Short Term Loans and Advances

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
<b>Unsecured, Considered good unless otherwise stated</b>		
– Loans to related parties	–	11.00
<b>Others Advances</b>		
– Prepaid Expenses	189.66	189.12
– For supply of services	250.48	460.86
– Loan & Advance to staff	1,086.54	119.99
– Balance with Government Authorities	285.29	230.56
– Deposits with exchange	1,801.74	318.22
<b>TOTAL</b>	<b>3,613.71</b>	<b>1,329.75</b>

## Note 18: Other Current Assets

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Interest accrued on Fixed Deposit	500.56	252.13
Stock of stamps	1.45	4.95
Rent Receivable and others	1,001.27	126.44
Sign on bonus pending amortization	10.39	7.71
Interest accrued and due on loan	–	1.54
<b>TOTAL</b>	<b>1,513.67</b>	<b>392.77</b>

## Note 19 : Revenue from Operations

	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
<b>(a) Income from Operations</b>		
Brokerage	48,992.59	39,860.95
Research & Advisory Fees	1,427.88	1,635.81
Portfolio Management Commission	3,984.86	2,162.40
Depository Income	1,211.40	1,115.74
Income from Arbitrage Transaction/Stock in trade	(7.25)	(32.00)
Dividend Income	71.46	283.49
Partnership Gain/(Loss)		
From Fund (Refer Note no. 28)	674.38	1,034.18
From Other	–	(94.66)
Profit on sale of investments		
Current Investment	210.83	947.81
Non-current Investment	4,015.07	2,114.33
<b>Total (a)</b>	<b>60,581.22</b>	<b>49,028.05</b>
<b>(b) Other Operating Revenue :</b>		
Interest	9,941.38	5,185.85
Others	668.28	463.14
<b>Total (b)</b>	<b>10,609.66</b>	<b>5,648.99</b>
<b>TOTAL (a+b)</b>	<b>71,190.88</b>	<b>54,677.04</b>

# NOTES TO FINANCIAL STATEMENT

## Note 20: Other Income

	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
Interest on loans given	32.76	63.82
Profit on sale of fixed assets	(1.84)	7.50
Rent Income	733.92	205.16
Other Miscellaneous Income	10.50	97.22
<b>TOTAL</b>	<b>775.34</b>	<b>373.70</b>

## Note 21: Employee Benefits Expenses

	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
Salary, Bonus and Allowances	17,021.17	12,821.00
Contribution to provident & other funds	310.27	250.60
Staff welfare expenses	646.76	496.54
Gratuity and other long term employee benefits expenses (Refer Note No. 38)	267.94	319.56
<b>TOTAL</b>	<b>18,246.14</b>	<b>13,887.70</b>

## Note 22: Finance Cost

	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
Interest cost	6,160.15	4,356.59
Other borrowing cost	273.05	210.15
<b>TOTAL</b>	<b>6,433.20</b>	<b>4,566.74</b>

## Note 23: Depreciation and Amortisation Expenses

	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
Depreciation on Tangible Assets (Refer Note No. 10)	1,706.31	2,181.55
Depreciation on Investment Property (Refer Note No. 11)	110.50	28.82
Amortisation of Intangible Assets (Refer Note No. 10)	208.53	135.50
<b>TOTAL</b>	<b>2,025.34</b>	<b>2,345.87</b>

## Note 24: Operating Expenses

	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
Brokerage sharing with intermediaries	20,709.50	15,593.42
Depository charges	274.00	230.56
Advisory and other fees	391.18	454.12
<b>TOTAL</b>	<b>21,374.68</b>	<b>16,278.10</b>

# NOTES TO FINANCIAL STATEMENT

## Note 25: Other Expenses

	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
Rates & Taxes	111.71	109.73
Rent	1,544.34	1,429.53
Insurance	14.39	34.43
Repairs - Building	55.79	39.33
Repairs & Maintenance - Others	235.00	158.06
Computer Maintenance & Software Charges	578.98	619.81
Legal & Professional Charges	642.34	800.58
Remuneration to auditors (Refer Note No. 31)	12.53	12.48
Service charges	343.45	571.15
Marketing & brand promotion expenses	965.10	843.78
Advertisement expenses	161.58	569.99
Printing & Stationary	216.21	303.39
Power and fuel	545.07	688.57
Communication and data charges	1,261.11	1,168.57
Travelling, lodging and boarding expenses	1,193.34	1,059.63
Donations	4.24	27.14
CSR Donations (Refer Note No. 46)	231.42	304.64
Donation to political party*	0.10	0.10
Bad Debts Written Off/Trading loss	170.84	461.63
Provision for Bad and Doubtful Debts	190.24	-
Foreign exchange Loss	12.58	12.87
Dimunition in value of Non-current Investments	400.00	-
Miscellaneous expenses	707.13	817.02
<b>TOTAL</b>	<b>9,597.49</b>	<b>10,032.43</b>

### \*Donation to Political party

	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
National Congress Party	0.05	0.05
Maharashtra Navnirman Sena	0.05	0.05
<b>Total</b>	<b>0.10</b>	<b>0.10</b>

# NOTES TO FINANCIAL STATEMENT

## Note 26 : Significant Accounting Policies

### 26.1 Basis of Preparation of Financial Statements:

The accompanying 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 notified under section 133 of the Companies Act, 2013 (the Act) and in accordance with the generally accepted accounting principles (GAAP) and the provisions of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 issued by Institute of Chartered Accountant of India and the provisions of the Act.

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 Act.

### 26.2 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 of 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 have materialized / are known.

### 26.3 Property, Plant & Equipment (PPE):

PPE are stated at cost less accumulated depreciation and impairment thereon. The cost of PPE comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. In respect of assets sold, pro-rata depreciation is provided upto the date on which the asset is sold. Depreciation is based on the cost of an asset less its residual value as notified in Schedule II to the Act. In pursuant of Schedule II of the Act, the PPE 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 Act.

Improvements to leasehold premises are depreciated over the initial period of lease on straight line basis.

### 26.4 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 and Loss.

### 26.5 Intangible Assets 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.

### 26.6 Investments:

- a) 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.
- b) 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 investments. Provision for diminution in value of non current investments is made if in the opinion of management such a decline is other than temporary.
- c) Current investments are valued at cost or market/fair value, whichever is lower. Carrying amount of individual investment is determined on the basis of average of carrying amount of total holding of investments.
- d) Units of Mutual Funds are valued at cost or market value, whichever is lower.
- e) In case of Non-traded Funds, Net asset value of units declared is considered as market value.

# NOTES TO FINANCIAL STATEMENT

## 26.7 Investment Property:

Properties given on lease are shown as Investment in property under Non Current Investment and depreciated using Written down Value method using the useful life prescribed under schedule II of the Act.

## 26.8 Revenue Recognition:

- a) Brokerage income is recognized on trade date basis and is exclusive of service tax and securities transaction tax (STT) wherever applicable.
- b) Research, Advisory and Transactional processing fee income is accounted for on an accrual basis in accordance with the terms & contracts entered into between the Company and the counterparty.
- c) Portfolio management commissions are recognized on an accrual basis in accordance with the terms of the agreement entered with Asset Management Company.
- d) Interest income is recognized on accrual basis.
- e) Dividend income is recognized when the right to receive payment is established.
- f) 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.
- g) 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.
- h) The Company recognizes lease rentals from the property leased out, on accrual basis as per the term of agreements entered with the counter parties.
- i) In respect of other heads of income the Company accounts the same on accrual basis.

## 26.9 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.

## 26.10 Foreign Currency Translation:

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 recognised in the Statement of Profit and Loss and related assets and liabilities are accordingly restated in the balance sheet.

## 26.11 Employee Benefits:

### a) 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

### b) New Pension Scheme:

Contribution payable to New Pension Scheme, is Charged to the Statement of Profit and Loss in the period in which they occur.

### c) 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.

### d) Other Long Term Benefits:

Other Long Term Benefits consist of Heritage & Club benefits and are recognized as a liability at the present value of defined benefit obligation as at the balance sheet date. The defined benefit obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method.

# NOTES TO FINANCIAL STATEMENT

## e) **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.

## f) **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.

## **26.12 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).

### a) **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.

### b) **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.

## **26.13 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.

## **26.14 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.

## **26.15 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.

## **26.16 Segment Reporting:**

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted by the Company.

# NOTES TO FINANCIAL STATEMENT

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".

## 26.17 Leases:

### a) 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 accrual basis as per the terms of agreements entered with the counterparties.

### b) 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 Investment Property. 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.

## 26.18 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 spilt; and reverse share spilt (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.

## 26.19 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.

## Note 27

### Contingent Liabilities and Commitments to the extent not provided for

Particulars	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
<b>Contingent Liabilities:</b>		
(a) Demand in respect of Income tax matters for which appeal is pending (Refer note 1)	3,577.31	1,393.06
(b) Capital Commitments:		
(i) Estimated amount of contracts remaining to be executed on capital account	792.80	629.88
(ii) Uncalled Liability on shares and other investments partly paid:		
(1) India Business Excellence Fund II	–	2,439.60
(2) India Realty Excellence Fund III LLP	1,000.00	2,000.00

# NOTES TO FINANCIAL STATEMENT

## (c) Claims against the Company:

Pending against forum	2016-17		2015-16	
	No. of cases	Amount ₹ in Lakhs	No. of cases	Amount ₹ in Lakhs
Civil Cases	20	511.35	15	530.20
Consumer court cases	16	30.09	31	135.74
Arbitration cases	1	101.96	1	1.69
<b>Total</b>	<b>37</b>	<b>643.40</b>	<b>47</b>	<b>667.64</b>

### Note :-

The proceedings held at exchange level are considered as "Arbitration"

The proceedings/ Appeals held at high court/district court are considered as "Civil Cases".

The proceedings held at consumer court are considered as "Consumer Case".

(1) Demand in respect of Income tax matters for which appeal is pending is ₹ 3,577.31 Lakhs (Previous year ₹ 1,393.06 Lakhs). This is disputed by the Company and hence not provided for. The company has paid demand by way of deposit / adjustment of refund of ₹ 772.32 Lakhs till date. (Previous year ₹ 591.6 Lakhs). These does not include interest u/s 234(b) & u/s 234(c) as same is not determinable till the final outcome.

The Company is contesting the demands and the management, including its tax advisors, believes that its position will likely be upheld in the appellant 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.

Future cash outflows in respect of claims mentioned above are determinable only on receipt of judgments / decisions pending with various forums / authorities

## (d) Contingent Liability

The Company has provided bank guarantees aggregating to ₹ 2,500 Lakhs (Previous Year : ₹ 4,850 Lakhs) as on 31 March 2017 for the following purposes to:

- 1) Bombay Stock Exchange Limited - ₹ 1,000 Lakhs (Previous year : ₹ 1,250 Lakhs) for meeting margin requirements.
- 2) National Stock exchange - ₹ 1,500 lakhs (Previous year ₹ 3,600 lakhs) for meeting margin requirements.

The company has pledged fixed deposits with banks aggregating of ₹ 1,000 Lakhs. (Previous Year ₹ 1,475 Lakhs) for obtaining bank guarantee.

## Note 28 :

Revenue from operations includes ₹ 674.38 lakhs (Previous Years ₹ 1,034.18 lakhs) towards partnership gain, which is based on management accounts of IREF II LLP.

## Note 29 : Earnings Per Share (EPS)

Particulars	As at 31-Mar-17	As at 31-Mar-16
Net Profit attributable to equity shareholders (₹ In Lakh) (A)	10,880.59	6,054.57
Number of weighted average equity shares (In numbers) (B)	1,318,830	1,318,830
Basic/ Diluted Earnings per shares [Face Value of ₹ 10/- each (Previous Year ₹ 10/- each)] [A/B] (In ₹)	825.02	459.09

# NOTES TO FINANCIAL STATEMENT

## Note 30 :

Vide notification no. OFC (COC) No. 99 ED (JRP)/97, dated 6th December 1997 issued by Reserve Bank of India under Section 45NC of the Reserve Bank of India Act, 1934, provisions of Sections 45IA, 45IB, 45IC, 45MB and 45MC of the Reserve Bank of India Act, 1934 does not apply to the Company as it is doing the business of a Stock Broker and holding a valid certificate of registration obtained under Section 12 of Securities Exchange Board of India Act, 1992.

## Note 31 : Auditors' Remuneration\*

Particulars	2016-17 ₹ in Lakhs	2015-16 ₹ in Lakhs
<b>As Auditors:</b>		
Audit fees	10.18	10.18
Tax Audit fees	1.00	1.00
Other Services	1.05	1.10
Out of pocket expense	0.30	0.20
<b>TOTAL</b>	<b>12.53</b>	<b>12.48</b>

\*(Above figures are exclusive of service tax)

## Note 32 : Operating Leases-Expenses

Particulars	2016-17 ₹ in Lakhs	2015-16 ₹ in Lakhs
(a) Lease Payments recognised under the head "Rent"	1,544.34	1,429.53
<b>(b) Minimum Future Lease payables under non cancellable operating leases :</b>		
<b>Particulars</b>	<b>2016-17 ₹ in Lakhs</b>	<b>2015-16 ₹ in Lakhs</b>
Not later than 1 year	126.73	176.78
More than 1 year and not later 3 years	12.92	105.12
Later than 5 year	-	-
<b>Total</b>	<b>139.65</b>	<b>281.90</b>

### (c) General description of lease terms (In respect of assets taken on lease)

- i) Lease rentals are charged on the basis of agreed terms.
- ii) Office Premises are taken on lease for a period of 3 - 5 years.
- iii) 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.

## Operating Leases-Income (Company as a lessor)

Particulars	2016-17 ₹ in Lakhs	2015-16 ₹ in Lakhs
(a) Rent Income recognised under the head "Other Income"	733.93	205.16
<b>(b) Minimum Future Lease receivables under non cancellable operating leases :</b>		
Not later than 1 year	85.92	82.18
More than 1 year and not later 5 years	28.64	114.56
Later than 5 year	-	-
<b>Total</b>	<b>114.56</b>	<b>196.74</b>

# NOTES TO FINANCIAL STATEMENT

## **(c) General description of lease terms: -(In respect of assets given on lease under non cancellable operating lease)**

- i) Lease rentals are charged on the basis of agreed terms
- ii) Office Premises are given on lease for a period of 5 years
- iii) 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.

## **(d) General description of lease terms: -(In respect of assets given on lease under cancellable operating lease)**

- i) Lease rentals are charged on the basis of agreed terms
- ii) Office Premises are given on lease for a period of 5 years
- iii) Agreement is cancellable, by giving prior notice of 30 days by either of the parties.

## **Note 33 : Related party disclosure**

### **Name of related parties**

#### **(I) Relationship during the year**

##### **A) Holding Company**

- Passionate Investment Management Private Limited - Ultimate Holding Company
- Motilal Oswal Financial Services Limited – Holding Company

##### **B) Subsidiaries**

- Motilal Oswal Capital Markets Private Limited
- Motilal Oswal Trustee Company Limited
- Motilal Oswal Wealth Management Limited
- Motilal Oswal Securities International Private Limited
- Motilal Oswal Asset Management Company Limited
- Motilal Oswal Capital Market (Hong Kong) Private Limited
- Motilal Oswal Capital Markets (Singapore) Pte Limited
- Aspire Home Finance Corporation Limited
- Motilal Oswal Asset Management (Mauritius) Private Limited
- Motilal Oswal Capital Limited
- Carnation Township Management LLP (Upto March 29, 2016)

##### **C) Fellow Subsidiaries**

- Motilal Oswal Insurance Brokers Private Limited
- Motilal Oswal Commodities Broker Private Limited
- Motilal Oswal Investment Advisors Limited (formerly known as Motilal Oswal Investment Advisors Private Limited)
- MOPE Investment Advisors Private Limited
- Motilal Oswal Real Estate Investment Advisors Private Limited
- Motilal Oswal Real Estate Investment Advisors II Private Limited
- India Business Excellence Management Company
- Nagori Agro & Cattle Feeds Private Limited

##### **D) Associate Enterprises**

- India Realty Excellence Fund II LLP

##### **E) Individuals having significant influence**

- Motilal Oswal
- Raamdeo Agarawal

# NOTES TO FINANCIAL STATEMENT

## F) Enterprises in which persons mentioned in “E” above exercise Significant Influence

- Motilal Oswal Foundation
- Textile Exports Private Limited
- VISU Associates Partnership (Upto March 31, 2017 )
- OSAG Enterprises LLP

## G) Key Management Personnel:

- Mr. Ajay Menon Chairman & Managing Director
- Mr. Harsh Joshi Whole-time Director

## (II) Transactions with related parties: 31-Mar-2017

(₹ in Lakhs)

Transaction	Name of the related Party	Holding Company/ Subsidiary company		Fellow Subsidiaries		Associate Enterprises		Enterprises in which Key Managerial Personnel exercise Significant Influence		Key Managerial Personnel / Relative of Key Managerial Personnel	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Managerial Remuneration*	Harsh Joshi	-	-	-	-	-	-	-	-	77.65	96.69
	Ajay Menon	-	-	-	-	-	-	-	-	561.43	142.82
<b>Total</b>		-	-	-	-	-	-	-	-	<b>639.08</b>	<b>239.51</b>
Total Business Support Service (Received) / Paid	Motilal Oswal Asset Management Company Limited	-	(4.55)	-	-	-	-	-	-	-	-
	Passionate Investment Management Private Limited	(1.20)	-	-	-	-	-	-	-	-	-
	VISU Associates	-	-	-	-	-	-	(1.20)	-	-	-
	OSAG Enterprises LLP	-	-	-	-	-	-	(1.20)	-	-	-
	Motilal Oswal Securities International Pvt. Ltd.	(1.80)	(1.80)	-	-	-	-	-	-	-	-
<b>Total Business Support Service (Received)</b>		<b>(3.00)</b>	<b>(6.35)</b>	-	-	-	-	<b>(2.40)</b>	-	-	-
<b>Total Business Support Service Paid</b>		-	-	-	-	-	-	<b>(2.40)</b>	-	-	-
Advisory Fees(Received)/Paid	Motilal Oswal Securities International Pvt Ltd	187.45	199.06	-	-	-	-	-	-	-	-
	Motilal Oswal Capital Markets ( Singapore ) Pte Ltd	177.57	139.39	-	-	-	-	-	-	-	-
	Motilal Oswal Investment Advisors Limited	-	-	-	15.00	-	-	-	-	-	-
<b>Total Advisory Fees (Received)</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Advisory Fees Paid</b>		<b>365.02</b>	<b>338.45</b>	-	<b>15.00</b>	-	-	-	-	-	-
	Motilal Oswal Real Estate Investment Advisors II Private Limited	-	-	(24.24)	(120.03)	-	-	-	-	-	-
	Motilal Oswal Real Estate Investment Advisors II Private Limited	-	-	1.62	40.13	-	-	-	-	-	-
	MOPE Investment Advisors Private Limited	-	-	-	(2.77)	-	-	-	-	-	-
	Motilal Oswal Capital Markets Private Limited	(13.27)	-	-	-	-	-	-	-	-	-
	Aspire Home Finance Corporation Ltd	25.00	100.00	-	-	-	-	-	-	-	-
<b>Total Referral Fees Received</b>		-	-	<b>(24.24)</b>	<b>(122.80)</b>	-	-	-	-	-	-
<b>Total Referral Fees Paid</b>		-	-	<b>1.62</b>	<b>40.13</b>	-	-	-	-	-	-
Placement Fees (Received)/Paid	MOPE Investment Advisors Private Limited	(59.63)	-	-	-	-	-	-	-	-	-
	Motilal Oswal Real Estate Investment Advisors II Private Limited	-	-	(63.07)	-	-	-	-	-	-	-
<b>Total Placement Fees Received</b>		<b>(59.63)</b>	-	<b>(63.07)</b>	-	-	-	-	-	-	-
	Motilal Oswal Financial Services Limited	392.22	558.81	-	-	-	-	-	-	-	-
	Motilal Oswal Financial Services Limited	(26.38)	(57.34)	-	-	-	-	-	-	-	-
	Motilal Oswal Wealth Management Ltd	238.35	386.84	-	-	-	-	-	-	-	-
<b>Total Interest Received</b>		<b>(26.38)</b>	<b>(57.34)</b>	-	-	-	-	-	-	-	-
<b>Total Interest Paid</b>		<b>630.57</b>	<b>945.65</b>	-	-	-	-	-	-	-	-
Dividend Paid	Motilal Oswal Financial Services Limited	-	1,397.96	-	-	-	-	-	-	-	-
<b>Total Dividend Paid</b>		-	<b>1,397.96</b>	-	-	-	-	-	-	-	-
Commission	Motilal Oswal Financial Services Limited	163.84	-	-	-	-	-	-	-	-	-
<b>Total Commission Paid</b>		<b>163.84</b>	-	-	-	-	-	-	-	-	-
Brokerage on Mutual Fund (Received)	Motilal Oswal Asset Management Company Limited	(533.54)	(305.02)	-	-	-	-	-	-	-	-
<b>Total Brokerage on Mutual Fund (Received)</b>		<b>(533.54)</b>	<b>(305.02)</b>	-	-	-	-	-	-	-	-

# NOTES TO FINANCIAL STATEMENT

(₹ in Lakhs)

Transaction	Name of the related Party	Holding Company/ Subsidiary company		Fellow Subsidiaries		Associate Enterprises		Enterprises in which Key Managerial Personnel exercise Significant Influence		Key Managerial Personnel / Relative of Key Managerial Personnel	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Brokerage Sharing Paid	Motilal Oswal Wealth Management Ltd	617.32	484.76	-	-	-	-	-	-	-	-
<b>Total Brokerage Sharing Paid</b>		<b>617.32</b>	<b>484.76</b>	-	-	-	-	-	-	-	-
Marketing Commission (Income) / Expense	Motilal Oswal Wealth Management Ltd	(7.17)	-								
<b>Total Marketing Commission (Income) / Expense</b>		<b>(7.17)</b>	-								
PMS Distribution (Received)	Motilal Oswal Asset Management Company Limited	(3,683.66)	(2,162.40)	-	-	-	-	-	-	-	-
<b>Total PMS Distribution (Received)</b>		<b>(3,683.66)</b>	<b>(2,162.40)</b>	-	-	-	-	-	-	-	-
Business Promotion Income	Motilal Oswal Asset Management Company Limited	(145.83)	-								
<b>Total Business Promotion Income</b>		<b>(145.83)</b>	-								
Alternate Investment Fund Income	Motilal Oswal Asset Management Company Limited	(155.37)	-								
<b>Total Alternate Investment Fund Income</b>		<b>(155.37)</b>	-								
Rent (Received)/Paid	Aspire Home Finance Corporation Ltd	(446.45)	(52.68)	-	-	-	-	-	-	-	-
	Motilal Oswal Investment Advisors Limited	-	-	(19.81)	(19.81)	-	-	-	-	-	-
	Motilal Oswal Financial Services Limited	(1.80)	(1.80)	-	-	-	-	-	-	-	-
	Motilal Oswal Financial Services Limited	722.27	654.56	-	-	-	-	-	-	-	-
	Motilal Oswal Asset Management Company Limited	(90.12)	-								
	Motilal Oswal Capital Markets Private Ltd	(14.50)	(14.34)	-	-	-	-	-	-	-	-
	Motilal Oswal Commodities Broker Private Limited	-	-	(3.02)	(2.74)	-	-	-	-	-	-
	Motilal Oswal Wealth Management Ltd	109.54	109.54	-	-	-	-	-	-	-	-
	Motilal Oswal Wealth Management Ltd	(150.10)	(106.00)	-	-	-	-	-	-	-	-
	Textile Exports Private limited							18.55	15.90		
	Passionate Investment Management Private Limited	(0.93)	(0.60)	-	-	-	-	-	-	-	-
	Motilal Oswal Securities International Pvt. Ltd.	(7.20)	(7.20)	-	-	-	-	-	-	-	-
<b>Total Rent (Received)</b>		<b>(711.10)</b>	<b>(182.61)</b>	<b>(22.83)</b>	<b>(22.55)</b>	-	-	-	-	-	-
<b>Total Rent Paid</b>		<b>831.81</b>	<b>764.10</b>	-	-	-	-	18.55	15.90	-	-
	Motilal Oswal Investment Advisors Limited	-	-	(20.44)							
	Motilal Oswal									(2.05)	(5.04)
	Raamdeo Agarawal									(2.55)	(10.64)
	OSAG Enterprises LLP							(2.21)	(0.78)		
	Ajay Menon	-	-	-	-	-	-	-	-	(0.12)	(0.10)
	Motilal Oswal Financial Services Limited	-	-	-	-	-	-	-	-	(5.70)	-
<b>Total Brokerage Received</b>		-	-	<b>(20.44)</b>	-	-	-	<b>(2.21)</b>	<b>(0.78)</b>	<b>(12.63)</b>	<b>(15.78)</b>
Rent Deposit (Received)/Paid	Motilal Oswal Asset Management Company Limited	(90.12)	-								
	Motilal Oswal Commodities Broker Private Limited	(0.28)	-								
	Motilal Oswal Capital Markets Private Ltd	(1.36)									
	Passionate Investment Management Private Limited	(0.33)									
	Motilal Oswal Wealth Management Ltd	(46.87)									
	Motilal Oswal Wealth Management Ltd	26.20									
<b>Total Rent Deposit (Received)</b>		<b>(138.96)</b>	-	-	-	-					
<b>Total Rent Deposit Paid</b>		<b>26.20</b>									
Donation	Motilal Oswal Foundation	-	-	-	-	-	-	95.35	135.80	-	-
<b>Total Donation Paid</b>		-	-	-	-	-	-	<b>95.35</b>	<b>135.80</b>	-	-
Reimbursement of Expenses (Received)/Paid	Motilal Oswal Wealth Management Ltd	(35.68)	(11.79)	-	-	-	-	-	-	-	-
	MOPE Investment Advisors Private Limited	(47.90)	-								
	Motilal Oswal Commodities Broker Private Limited	(1.06)	(1.49)	-	-	-	-	-	-	-	-
	Motilal Oswal Asset Management Company Limited	(86.19)	-								
	Motilal Oswal Financial Services Limited	488.72	422.35	-	-	-	-	-	-	-	-
	Motilal Oswal Insurance Brokers Private Limited	(2.37)	-								
	Aspire Home Finance Corporation Ltd	(91.66)	(10.89)	-	-	-	-	-	-	-	-
	Motilal Oswal Capital Markets Private Ltd	(2.75)	(52.18)	-	-	-	-	-	-	-	-

# NOTES TO FINANCIAL STATEMENT

(₹ in Lakhs)

Transaction	Name of the related Party	Holding Company/ Subsidiary company		Fellow Subsidiaries		Associate Enterprises		Enterprises in which Key Managerial Personnel exercise Significant Influence		Key Managerial Personnel / Relative of Key Managerial Personnel	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
	Motilal Oswal Investment Advisors Limited	(19.26)	(3.59)	-	-	-	-	-	-	-	-
<b>Total Reimbursement of Expenses (Received)</b>		<b>(286.85)</b>	<b>(79.93)</b>	-	-	-	-	-	-	-	-
<b>Total Reimbursement of Expenses Paid</b>		<b>488.72</b>	<b>422.35</b>	-	-	-	-	-	-	-	-
Partnership Gain	India Realty Excellence Fund II LLP	-	-	-	-	(674.38)	(1,034.18)	-	-	-	-
<b>Total</b>		-	-	-	-	<b>(674.38)</b>	<b>(1,034.18)</b>	-	-	-	-
(Gain) on sale of Investment	Carnation Township Management LLP	-	(103.48)	-	-	-	-	-	-	-	-
	India Realty Excellence Fund II LLP	-	-	-	-	(232.64)	(158.71)	-	-	-	-
<b>Total</b>		-	<b>(103.48)</b>	-	-	<b>(232.64)</b>	<b>(158.71)</b>	-	-	-	-
Capital contribution / (withdrawal)	India Realty Excellence Fund II LLP	-	-	-	-	-	4,219.01	-	-	-	-
	India Realty Excellence Fund II LLP	-	-	-	-	-	(843.93)	-	-	-	-
	Carnation Township Management LLP	-	5,743.18	-	-	-	-	-	-	-	-
	Carnation Township Management LLP	-	(5,743.18)	-	-	-	-	-	-	-	-
<b>Total Capital contribution</b>		-	<b>5,743.18</b>	-	-	-	<b>4,219.01</b>	-	-	-	-
<b>Total Capital (withdrawal)</b>		-	<b>(5,743.18)</b>	-	-	-	<b>(843.93)</b>	-	-	-	-
Subscription/Purchase of Equity Shares	Motilal Oswal Capital Markets ( Singapore) Pte Ltd	942.00	-	-	-	-	-	-	-	-	-
	Aspire Home Finance Corporation Ltd	16,458.39	9,999.99	-	-	-	-	-	-	-	-
<b>Total</b>		<b>17,400.39</b>	<b>9,999.99</b>	-	-	-	-	-	-	-	-
Loan Given to / (Taken from)	Motilal Oswal Financial Services Limited	(234,680.32)	(138,840.08)	-	-	-	-	-	-	-	-
	Aspire Home Finance Corporation Ltd	-	-	-	-	-	-	-	-	-	-
	Motilal Oswal Wealth Management Ltd	(12,209.23)	(9,917.18)	-	-	-	-	-	-	-	-
Loan (Repaid by) / Repaid to	Motilal Oswal Financial Services Limited	226,930.54	138,577.99	-	-	-	-	-	-	-	-
	Aspire Home Finance Corporation Ltd	-	(103.06)	-	-	-	-	-	-	-	-
	Motilal Oswal Wealth Management Ltd	13,483.73	8,642.69	-	-	-	-	-	-	-	-
Outstanding balance											
(a) Unsecured loan Given / (Taken)	Motilal Oswal Financial Services Limited	(7,738.78)	11.00	-	-	-	-	-	-	-	-
	Motilal Oswal Wealth Management Ltd	0.00	(1,274.49)	-	-	-	-	-	-	-	-
<b>Total Unsecured loan Given</b>		<b>(7,738.78)</b>	<b>11.00</b>	-	-	-	-	-	-	-	-
<b>Total Unsecured loan (Taken)</b>		<b>0.00</b>	<b>(1,274.49)</b>	-	-	-	-	-	-	-	-
b) Collateral taken for Loan	Motilal Oswal Financial Services Limited	20,601.87	16,265.63								
Collateral taken (Mutual funds) for loan	Motilal Oswal Financial Services Limited	18,750.00	-								
<b>Total Collateral taken for Loan</b>		<b>39,351.87</b>	<b>16,265.63</b>								
b) Other Receivables / (payables)	Motilal Oswal Real Estate Investment Advisors II P Ltd	-	-	-	(10.09)	-	-	-	-	-	-
	Motilal Oswal Real Estate Investment Advisors II P Ltd	-	-	5.73	97.83	-	-	-	-	-	-
	Aspire Home Finance Corporation Ltd	920.87	1.67	-	-	-	-	-	-	-	-
	Motilal Oswal Investment Advisors Limited	-	-	23.11	0.67	-	-	-	-	-	-
	Motilal Oswal Asset Management Company Limited	938.73	149.11	-	-	-	-	-	-	-	-
	Motilal Oswal Financial Services Limited	(186.52)	(149.91)	-	-	-	-	-	-	-	-
	Motilal Oswal Commodities Broker Private Limited	-	-	0.25	0.41	-	-	-	-	-	-
	Motilal Oswal Insurance Brokers Private Limited	1.63	-	-	-	-	-	-	-	-	-
	Motilal Oswal Capital Market Pvt Ltd	1.52	-	-	-	-	-	-	-	-	-
	Motilal Oswal Capital Market- Pvt Ltd Singapore	(58.87)	(39.00)	-	-	-	-	-	-	-	-
	Motilal Oswal Capital Market- Pvt Ltd Singapore	-	8.86	-	-	-	-	-	-	-	-
	Motilal Oswal Wealth Management Ltd	9.06	3.23	-	-	-	-	-	-	-	-
	Motilal Oswal Wealth Management Ltd	(79.93)	(57.71)	-	-	-	-	-	-	-	-
	Motilal Oswal Commodities Broker Private Limited (NSEL)	-	-	28.70	28.70	-	-	-	-	-	-
	MOPE Investment Advisors Private Limited	-	-	17.15	2.90	-	-	-	-	-	-
	Motilal Oswal Securities International Pvt. Ltd.	(26.81)	(27.06)	-	-	-	-	-	-	-	-
<b>Total Receivables</b>		<b>(350.61)</b>	<b>(273.68)</b>	-	<b>(10.09)</b>	-	-	-	-	-	-

# NOTES TO FINANCIAL STATEMENT

(₹ in Lakhs)

Transaction	Name of the related Party	Holding Company/ Subsidiary company		Fellow Subsidiaries		Associate Enterprises		Enterprises in which Key Managerial Personnel exercise Significant Influence		Key Managerial Personnel / Relative of Key Managerial Personnel	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>Total (Payables)</b>		<b>1,870.19</b>	<b>162.87</b>	<b>74.95</b>	<b>130.51</b>	-	-	-	-	-	-
c) Security Deposit	Motilal Oswal Wealth Management Ltd	54.77	54.77	-	-	-	-	-	-	-	-
	Aspire Home Finance Corporation Ltd.	(346.90)	(0.45)	-	-	-	-	-	-	-	-
	Motilal Oswal Capital Markets Pvt. Ltd	(8.53)	(7.17)	-	-	-	-	-	-	-	-
	Motilal Oswal Commodities Broker Pvt. Ltd	-	-	(1.65)	(1.37)	-	-	-	-	-	-
	Motilal Oswal Asset Management Company Limited	(90.12)	-	-	-	-	-	-	-	-	-
	Motilal Oswal Financial services Ltd.	(0.90)	(0.90)	-	-	-	-	-	-	-	-
	Motilal Oswal Financial services Ltd.	395.00	327.28	-	-	-	-	-	-	-	-
	Motilal Oswal Wealth Management Ltd	(73.67)	(53.00)	-	-	-	-	-	-	-	-
	Motilal Oswal Securities International Pvt. Ltd.	(3.60)	(3.60)	-	-	-	-	-	-	-	-
	Passionate Investment Management Pvt Ltd	(0.63)	(0.30)	-	-	-	-	-	-	-	-
<b>Total Receivables</b>		<b>(524.35)</b>	<b>(65.42)</b>	-	-	-	-	-	-	-	-
<b>Total (Payables)</b>		<b>449.77</b>	<b>382.05</b>	<b>(1.65)</b>	<b>(1.37)</b>	-	-	-	-	-	-
<b>B) Maximum Balance in respect of Loan and advances to related parties</b>											
a) Loan Given (Maximum Balance)*	Motilal Oswal Financial Services Limited	6,700.82	6,624.16	-	-	-	-	-	-	-	-
<b>Total Loan (Maximum Balance)</b>		<b>6,700.82</b>	<b>6,624.16</b>	-	-	-	-	-	-	-	-
b) Collateral taken for Loan (Maximum Balance)	Motilal Oswal Financial Services Limited	20,601.87	16,265.63	-	-	-	-	-	-	-	-
<b>Total Collateral taken for Loan (Maximum Balance)</b>		<b>20,601.87</b>	<b>16,265.63</b>	-	-	-	-	-	-	-	-
<b>C) Maximum / Outstanding Balance in respect of Investments in related parties</b>											
Investment Outstanding / Maximum Balance	Motilal Oswal Capital Markets Pvt Ltd	35.00	125.00	-	-	-	-	-	-	-	-
	Motilal Oswal Securities International Pvt Ltd	456.92	456.92	-	-	-	-	-	-	-	-
	Motilal Oswal Wealth Management Ltd	1,226.36	1,226.36	-	-	-	-	-	-	-	-
	Motilal Oswal Asset Management Company Ltd	6,501.31	6,501.31	-	-	-	-	-	-	-	-
	Motilal Oswal Trustee Company Ltd	10.00	10.00	-	-	-	-	-	-	-	-
	Motilal Oswal Capital Markets (Honkong) Pvt .Ltd	412.02	412.02	-	-	-	-	-	-	-	-
	Motilal Oswal Capital Markets (Singapore) Pte .Ltd	1,040.88	98.88	-	-	-	-	-	-	-	-
	Aspire Home Finance Corporation Limited	41,458.38	24,999.99	-	-	-	-	-	-	-	-
	India Realty Excellence Fund II LLP (Maximum Balance)	-	-	-	-	7,651.72	7,651.72	-	-	-	-
	India Realty Excellence Fund II LLP (Outstanding Balance)	-	-	-	-	7,515.62	7,651.72	-	-	-	-

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

## Note 34 :

- The business segment has been considered as the primary segment for disclosure. Since the business operations of the Company is primarily concentrated in India, the Company is considered to operate only in the domestic segment. The Company's operations predominately relate to providing broking services to clients & fund based activities.
- Equity broking and other related activities includes Broking services to clients, advisory services, financial product distribution and fee based services.
- The Company's investment activities is considered as Fund based activities.

# NOTES TO FINANCIAL STATEMENT

(₹ in Lakhs)

Particulars	Equity Broking & Other related activities		Fund Based activities		Unallocated Activities		Total	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
<b>REVENUE:</b>								
External Revenue	66,432.67	51,012.32	5,529.02	4,030.13	4.54	8.29	71,966.22	55,050.74
Inter-Segment Revenue								
<b>Total Revenue</b>	<b>66,432.67</b>	<b>51,012.32</b>	<b>5,529.02</b>	<b>4,030.13</b>	<b>4.54</b>	<b>8.29</b>	<b>71,966.22</b>	<b>55,050.74</b>
<b>RESULT:</b>								
Segment Result	15,988.03	8,842.57	4,336.48	3,072.33			20,324.51	11,914.90
Unallocated Corporate Expenses							247.24	344.16
Unallocated Revenue							4.54	8.29
Operating Profit							20,081.80	11,579.03
Interest Expenses							5,792.43	3,639.13
<b>Tax Expenses:</b>								
Income Tax							3,917.00	2,057.22
Deferred Tax							(538.00)	(171.89)
Tax Impact of Transitional Depreciation							-	
For previous year(s) (Income tax)							29.78	-
<b>Profit from Ordinary Activities</b>		-		-			<b>10,880.59</b>	<b>6,054.57</b>
Exceptional Item		-		-			-	-
Net Profit		-		-			10,880.59	6,054.57
<b>OTHER INFORMATION:</b>								
Segment Assets	173,536.92	97,755.61	91,360.81	76,209.98			264,897.73	173,965.59
Unallocated Corporate Asset							2,579.42	1,474.48
<b>Total Asset</b>	<b>173,536.92</b>	<b>97,755.61</b>	<b>91,360.81</b>	<b>76,209.98</b>			<b>267,477.15</b>	<b>175,440.07</b>
Segment Liabilities	93,011.33	45,904.85	10,759.51	7,984.37			103,770.84	53,889.22
Unallocated Corporate Liabilities							76,544.78	45,269.90
<b>Total Liabilities</b>	<b>93,011.33</b>	<b>45,904.85</b>	<b>10,759.51</b>	<b>7,984.37</b>			<b>180,315.62</b>	<b>99,159.13</b>
Capital Expenditure	1,275.91	2,244.86	-	-			1,275.91	2,244.86
Depreciation	1,915.14	2,317.05	110.50	28.82			2,025.63	2,345.87
Non-cash expenses other than depreciation							773.66	474.50

# NOTES TO FINANCIAL STATEMENT

## Note 35 :

### Quantitative information in respect of income from Arbitrage transactions:-

Cash Segment	31-Mar-17		31-Mar-16	
	Quantity (Units)	Value (In Lakhs)	Quantity (Units)	Value (In Lakhs)
Opening Stock	–	–	–	–
Purchase	843,634	4,834.06	7,273,352	18,572.28
Sales	843,634	4,825.32	7,273,352	18,625.57
Closing stock	–	–	–	–

## Note 36 : Imports (Value on the Cost, Insurance and Freight basis)

Particulars	31-Mar-17 ₹ in Lakhs	31-Mar-16 ₹ in Lakhs
Capital goods	115.68	430.03

## Note 37 :

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	31-Mar-17 ₹ in Lakhs	31-Mar-16 ₹ in Lakhs
The Principal amount remaining unpaid at the end of the year	–	0.97
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	–	–
<b>The balance of MSMED parties as at the end of the year</b>	<b>–</b>	<b>0.97</b>

## Note 38 : Employee Benefits Disclosure

### (a) Defined Contribution Plan

Particulars	31-Mar-17 ₹ in Lakhs	31-Mar-16 ₹ in Lakhs
Employer's contribution to Provident Fund	256.96	211.42
Employer's contribution to ESIC	30.61	17.56
Employer's contribution to NPS	22.70	21.62

# NOTES TO FINANCIAL STATEMENT

## (b) Defined Benefit Plan

### Gratuity Plan

(₹ in Lakhs)

	Gratuity Plan		Other long term benefits		
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	
<b>I) Assumptions as at</b>					
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.	IALM (2006-08) Ult.		
Interest / Discount Rate	6.69%	7.49%	0.07	–	
Rate of increase in compensation	11.00%	10.00%	NIL	–	
Employee Attrition Rate (Past Service (PS))	PS:0 to 2 : 30.05% PS: 2 to 5 : 25.37% PS: 5 to 37 : 13.91%	PS: 0 to 37 : 23.25%	PS: 0 to 37 : 28% - 28.16%	–	
Expected average remaining service	3.56	3.23	2.46 to 2.54		
<b>II) Changes in present value of obligations</b>					
PVO at beginning of period	748.17	513.00	–	–	
Interest cost	51.03	36.58	–	–	
Current Service Cost	172.76	113.41	49.69	–	
Past Service Cost- (non vested benefits)	–	–	–	–	
Past Service Cost -(vested benefits)	–	–	–	–	
Benefits Paid	(133.76)	(84.39)	–	–	
Actuarial (Gain)/Loss on obligation	(5.53)	169.57	–	–	
PVO at end of period	832.67	748.17	49.69	–	
<b>III) Changes in fair value of plan assets</b>					
Fair Value of Plan Assets at beginning of period	–	–	–	–	
Expected Return on Plan Assets	–	–	–	–	
Contributions	133.76	84.39	–	–	
Benefit Paid	(133.76)	(84.39)	–	–	
Actuarial Gain/(Loss) on plan assets	–	–	–	–	
Fair Value of Plan Assets at end of period	–	–	–	–	
<b>IV) Fair Value of Plan Assets</b>					
Fair Value of Plan Assets at beginning of period	–	–	–	–	
Actual Return on Plan Assets	–	–	–	–	
Contributions	133.76	84.39	–	–	
Benefit Paid	(133.76)	(84.39)	–	–	
Fair Value of Plan Assets at end of period	–	–	–	–	
Funded Status (including unrecognized past service cost)	(832.67)	(748.17)	(49.69)	–	
Excess of actual over estimated return on Plan Assets	–	–	–	–	
<b>V) Experience History</b>	<b>31-Mar-17</b>	<b>31-Mar-16</b>	<b>31-Mar-15</b>	<b>31-Mar-14</b>	<b>31-Mar-13</b>
PVO at end of period	832.67	748.17	513.00	513.50	506.00
Fair Value of Plan Assets at end of period	–	–	–	–	–
Surplus / (Deficit)	(832.67)	(748.17)	(513.00)	(513.50)	(506.00)
(Gain)/Loss on obligation due to change in Assumption	44.85	137.63	(73.30)	(50.00)	(40.50)
Experience (Gain)/ Loss on obligation	(50.38)	31.94	(10.57)	31.30	(67.50)
Actuarial Gain/(Loss) on plan assets	–	–	–	–	–
<b>VI) Actuarial Gain/(Loss) recognized</b>					
Actuarial Gain/(Loss) for the period (Obligation)				5.53	(169.57)
Actuarial Gain/(Loss) for the period (Plan Assets)				–	–
Total Gain/(Loss) for the period				5.53	(169.57)

# NOTES TO FINANCIAL STATEMENT

	Gratuity Plan		Other long term benefits	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Actuarial Gain/(Loss) recognized for the period	5.53	(169.57)	-	-
Unrecognized Actuarial Gain/(Loss) at end of period	-	-	-	-
<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 Statement of Profit and Loss</b>				
PVO at end of period	832.67	748.17	49.69	-
Fair Value of Plan Assets at end of period	-	-	-	-
Funded Status	(832.67)	(748.17)	(49.69)	-
Unrecognized Actuarial Gain/(Loss)	-	-	-	-
Unrecognized Past Service Cost - non vested benefits	-	-	-	-
Net Asset/(Liability) recognized in the balance sheet	(832.67)	(748.17)	(49.69)	-
<b>IX) Expense recognized in the statement of P&amp;L A/C</b>				
Current Service Cost	172.76	113.41	49.69	-
Interest cost	51.03	36.58	-	-
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 period	(5.53)	169.57	-	-
Expense recognized in the statement of P&L A/C	218.26	319.56	49.69	-
<b>X) Movements in the Liability recognized in Balance Sheet</b>				
Opening Net Liability	748.17	513.00	49.69	-
Expenses as above	218.26	319.56	-	-
Contribution paid	(133.76)	(84.39)	49.69	-
Closing Net Liability	832.67	748.17	-	-
<b>XI) Schedule III of Companies Act, 2013</b>				
Current Liability	144.07	218.52	-	-
Non-Current Liability	688.60	529.65	49.69	-

## Note 39 :

The cost incurred by Motilal Oswal Financial Services Limited (Holding Company) for issuing ESOP to the employees of the Company in current as well as previous year is ₹ Nil.

## Note 40 :

ICRA has affirmed the rating of "ICRA AA" (pronounced 'ICRA double A') rating with stable outlook to the long term debt programme of the Company for ₹ 50,00 Lakhs.

CRISIL has reaffirmed the rating of "CRISIL A1+" (pronounced 'CRISIL A One Plus') to the commercial paper programme of the Company for ₹ 70,000 Lakhs (Previous Year ₹ 70,000 Lakhs). The ratings indicate a very strong degree of safety regarding timely servicing of financial obligations.

# NOTES TO FINANCIAL STATEMENT

## Note 41 : Business Support

The Company provides business support to its subsidiaries, fellow subsidiaries & holding company for activities like Finance, Accounting, Human Resources, Information Technology, Back office Operations, Corporate Planning, Administrative services & various other services for which it recovers business support charges.

## Note 42 : Foreign Currency Transactions

### Expenditure in Foreign Currency (On Accrual Basis)

Particulars	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
Travelling Expenses	211.30	182.04
Hire Charges equipment	–	0.70
Legal and Professional charges	25.00	0.20
Marketing Commission	4.72	180.70
Membership Fees	35.54	1.90
Software Charges	188.77	186.80
Lodging and Boarding Expenses	64.85	58.35
Client Entertainment Expenses	2.28	4.40
Advisory fees	177.57	139.39
<b>Total</b>	<b>710.03</b>	<b>754.48</b>

### Income in Foreign Currency

Particulars	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
Royalty	5.36	5.10
Advisory Fees	1,391.71	1,338.60
<b>Total</b>	<b>1,397.07</b>	<b>1,343.70</b>

## Note 43 :

Provisions made for the year ended 31st March 2017 comprises of : (₹ in Lakhs)

	Opening balance as on 01- April 2016	Provided for the F.Y. 2016-17	Provision reversed / paid for the F.Y. 2016-17	Closing balance as of 31-Mar-2017
Ex-gratia	2,399.60	4,920.51	2,399.60	4,920.51
Provision for Gratuity	748.17	218.26	133.76	832.67
Provision for Heritage Club Benefit	–	49.69	–	49.69
Compensated Absences	39.03	31.58	39.03	31.58

Provisions made for the year ended 31st March 2016 comprises of : (₹ in Lakhs)

	Opening balance as on 01- April 2015	Provided for the F.Y. 2015-16	Provision reversed / paid for the F.Y. 2015-16	Closing balance as of 31-Mar-2016
Ex-gratia	3,332.46	2,399.60	3,332.46	2,399.60
Provision for Gratuity	513.00	319.56	84.39	748.17
Compensated Absences	31.27	39.03	31.27	39.03

# NOTES TO FINANCIAL STATEMENT

## Note 44 :

Amount of margin money and shares received from clients and outstanding are as follows: (₹ in Lakhs)

Security Settlement for the	In the form of Securities at market Value*	Bank Guarantees and Fixed Deposits	Received in bank
As on 31.03.2017	159,394.25	7,867.95	7,476.03
As on 31.03.2016	101,849.68	1,350.00	5,757.67

Margin money received in the form of securities from clients is held by the Company in accordance with regulation. Out of this, securities worth ₹ 1,28,194.01 Lakhs are pledged with Exchange as on March 31, 2017. ( Previous Year ₹ 84,368.80 Lakhs)

## Note 45 :

Disclosures pursuant to Sec. 186 of the Companies Act, 2013

### Particulars

Motilal Oswal Financial Services Limited

[For the purpose of meeting working capital requirements. It is repayable on demand and carries an average rate of interest of 10.00% (P.Y. 10.75%)]

	As at 31-Mar-17 (₹ in Lakhs)	As at 31-Mar-16 (₹ in Lakhs)
	–	11.00

## Note 46 :

### Corporate Social Responsibility

Recognizing the responsibilities towards society, as a part of on -going activities, the company has contributed towards various CSR initiatives.

- Gross amount required to be spent by the company during the year ₹ 168.78 Lakhs (Previous Year ₹ 179 Lakhs)
- Amount spent during the period ended 31st March 2017 on :

Particulars	Paid In Cash		Yet to be paid in Cash		Total	
	2016–17	2015–16	2016–17	2015–16	2016–17	2015–16
i) Construction/acquisition of any asset:	85.90	2.64	–	–	85.90	2.64
ii) On Purposes other than (i) above	145.53	302.00	–	–	145.53	302.00
<b>Total</b>	<b>231.42</b>	<b>304.64</b>	<b>–</b>	<b>–</b>	<b>231.42</b>	<b>304.64</b>

- Above includes a contribution of ₹ 95.20 Lakhs (Previous year ₹ 135.8 Lakhs) to Motilal Oswal Foundation which is classified as related party under Accounting Standard 18 - "Related Party Disclosures".
- The company does not carry any provisions for corporate social responsibility expense for current year and previous year.

## Note 47 :

The previous year figures have been regrouped/reclassified, wherever necessary to confirm the current presentation.

### For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration no. 103523W / W100048

### Purushottam Nyati

Partner

Membership No. 118970

Place : Mumbai

Dated : 27th April 2017

For and on behalf of the Board of Directors

**MOTILAL OSWAL SECURITIES LTD.**

### Ajay Menon

Chairman & Managing Director

DIN No. 00024589

Place : Mumbai

Dated : 27th April 2017

### Harsh Joshi

Whole Time Director

DIN No. 02951058

### Pooja Sutradhar

Company Secretary

### Shalibhadra Shah

Chief Financial Officer

# **MOPE Investment Advisors Private Limited**

**Annual Report 2016-2017**

# INDEPENDENT AUDITORS' REPORT

To the Members of **MOPE INVESTMENT ADVISORS PRIVATE LIMITED**

## **Report on the Financial Statements**

We have audited the accompanying financial statements of MOPE Investment Advisors Private Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2017, 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 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 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2017, 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;
  - 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

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

- d. In our opinion, the aforesaid 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 financial statements – Refer Note 30 on Contingent Liabilities to the financial statements;
  - (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.
  - (iv) The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 (Refer Note No. 12 to the financial statements);

For **Haribhakti & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration No.103523W / W100048

**Purushottam Nyati**

*Partner*

Membership No. 118970

Place: Mumbai

Date: 26th April, 2017

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## 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 MOPE Investment Advisors Private Limited on the financial statements for the year ended March 31, 2017]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) During the year, the fixed assets of the Company have been physically verified by the management and as informed, material discrepancies identified on such verification have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) The Company does not have any immovable property recorded as fixed assets in the books of account of the Company, hence clause 3(c) of the Order is not applicable to the Company.
- (ii) The Company does not have any inventory during the year, hence clause 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has granted unsecured loan to one company, 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 are not prejudicial to the interest of the Company.
  - (b) Since there is no stipulation as regards repayment of principal and interest, clause 2(iii)(b) of the Order is not applicable.
  - (c) In respect of the aforesaid loans, there is no overdue amount of loans granted to company listed in the register maintained under Section 189 of the Act.
- (iv) Based on information and explanation given to us, the Company has not given any guarantees and securities. Further, in respect of loans and investments, 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, income tax, service tax, cess and any other material statutory dues applicable to it. As explained to us, the provisions regarding employees' state insurance, sales tax, value added tax, custom duty, excise duty are presently not applicable to the Company and,  
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, 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, there are no dues with respect to income tax, sales tax, service tax, value added tax, customs duty, excise duty, which have not been deposited on account of any dispute.
- (viii) The Company does not have any loan or borrowing from bank(s) / government(s) or dues to debenture holder(s). Further According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(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.
- (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.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

- (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 not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Haribhakti & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration No. 103523W / W100048

**Purushottam Nyati**

*Partner*

Membership No. 118970

Place: Mumbai

Date: 26th April, 2017

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2 under „Report on Other Legal and Regulatory Requirements’ in the Independent Auditor’s Report of even date to the members of MOPE Investment Advisors Private Limited on the financial statements for the year ended March 31, 2017]

### **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 MOPE Investment Advisors Private Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the 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 (the “Guidance Note”) 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 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.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## **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, 2017, 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 / W100048

**Purushottam Nyati**

*Partner*

Membership No. 118970

Place: Mumbai

Date: 26th April, 2017

# BALANCE SHEET

## BALANCE SHEET AS AT 31ST MARCH, 2017

	Note No.	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>A. Share Holders' Funds :</b>			
(a) Share Capital	1	588,250	588,250
(b) Reserves and Surplus	2	350,539,256	416,891,919
<b>TOTAL</b>	<b>(A)</b>	<b>351,127,506</b>	<b>417,480,169</b>
<b>B. Non-Current Liabilities :</b>			
Long-term provisions	3	3,203,862	3,031,752
<b>TOTAL</b>	<b>(B)</b>	<b>3,203,862</b>	<b>3,031,752</b>
<b>C. Current Liabilities :</b>			
(a) Short-term borrowings	4	33,000,000	128,295
(b) Other current liabilities	5	111,702,008	132,839,106
(c) Short-term provisions	6	20,904,710	41,165,654
<b>TOTAL</b>	<b>(C)</b>	<b>165,606,718</b>	<b>174,133,055</b>
<b>TOTAL</b>	<b>(A+B+C)</b>	<b>519,938,087</b>	<b>594,644,976</b>
<b>II. ASSETS</b>			
<b>D. Non-current assets:</b>			
(a) Fixed assets			
Property, Plant & Equipment	7	5,249,702	3,037,719
Intangible assets	7	3,818	34,819
(b) Non-current investments	8	410,251,019	363,473,899
(c) Deferred tax assets (net)	9	6,141,068	2,543,064
(d) Long term loans and advances	10	63,005,867	41,391,217
<b>TOTAL</b>	<b>(D)</b>	<b>484,651,474</b>	<b>410,480,717</b>
<b>E. Current assets:</b>			
(a) Trade receivables	11	1,836,625	3,448,230
(b) Cash and Bank Balances	12	22,878,423	115,310,980
(c) Short-term loans and advances	13	10,571,565	65,405,049
<b>TOTAL</b>	<b>(E)</b>	<b>35,286,613</b>	<b>184,164,258</b>
<b>TOTAL</b>	<b>(D+E)</b>	<b>519,938,087</b>	<b>594,644,976</b>

Significant accounting policies

22

Notes forming part of Accounts

23-38

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 Registration No. 103523W / W100048

**Purushottam Nyati**

*Partner*

Membership.No 118970

Place : Mumbai

Dated : 26th April, 2017

**For and on behalf of the Board of Directors**

**MOPE Investment Advisors Private Limited**

**Vishal Tulsyan**

*Managing Director & Chief Executive Officer*

DIN No. 00139754

Place : Mumbai

Dated : 26th April, 2017

**Motilal Oswal**

*Director*

DIN No. 00024503

# STATEMENT OF PROFIT AND LOSS

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	Note No.	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
<b>REVENUE</b>			
Revenue from Operations	14	193,091,688	219,445,557
Other Income	15	608,590,764	30,161,910
<b>TOTAL</b>	<b>(A)</b>	<b>801,682,452</b>	<b>249,607,467</b>
<b>EXPENSES</b>			
Employee Benefit Expenses	16	83,149,196	94,648,040
Finance Cost	17	275,980	3,113,978
Depreciation	7	5,044,817	3,108,653
Other Expenses	18	71,631,229	50,653,093
<b>TOTAL</b>	<b>(B)</b>	<b>160,101,222</b>	<b>151,523,764</b>
<b>Profit/(Loss) before Prior period, Exceptional Items &amp; Tax</b>	<b>(C) = (B) - (A)</b>	<b>641,581,230</b>	<b>98,083,703</b>
Prior Period Item	19	–	(406,483)
Exceptional Item Income/(Expenses)	20	(19,143,500)	–
<b>Profit/(Loss) Before Tax</b>	<b>(D)</b>	<b>622,437,730</b>	<b>97,677,220</b>
<b>Less: Tax Expenses</b>			
Current Tax		132,850,688	36,124,229
Deferred tax		(3,598,005)	2,321,664
Minimum Alternate Tax Credit Entitlement		(14,381,569)	–
Short/ (Excess) Provision of earlier years		2,986,982	–
<b>Total Tax expenses</b>	<b>(E)</b>	<b>117,858,096</b>	<b>38,445,893</b>
<b>Profit/(Loss) for the year</b>	<b>(F) = (D) - (E)</b>	<b>504,579,634</b>	<b>59,231,327</b>
Earnings Per Share (Face Value of share ₹ 10 each, PY ₹ 10 each )			
Basic		8,577.64	1,006.91
Diluted		8,577.64	1,006.91
Significant accounting policies	22		
Notes forming part of Accounts	23-38		
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 Registration No. 103523W / W100048

**Purushottam Nyati**  
Partner  
Membership.No 118970

Place : Mumbai  
Dated : 26th April, 2017

**For and on behalf of the Board of Directors**  
**MOPE Investment Advisors Private Limited**

**Vishal Tulsyan**  
Managing Director & Chief Executive Officer  
DIN No. 00139754

Place : Mumbai  
Dated : 26th April, 2017

**Motilal Oswal**  
Director  
DIN No. 00024503

# CASH FLOW STATEMENT

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>PROFIT BEFORE TAX</b>	<b>622,437,730</b>	<b>97,677,220</b>
Adjustment for :		
1) Depreciation	5,044,817	3,108,653
2) Interest Expenses	275,980	3,113,978
3) Interest Income	(3,346,321)	(20,560)
4) Dividend Income	(570,942,740)	–
5) Profit on sale of Investment	–	(3,817,960)
6) (Profit)/Loss on sale of fixed assets	(131,844)	(3,983)
7) Partnership Gain	(28,627,895)	(27,208,769)
8) Provision for Gratuity	883,930	825,870
9) Provision for Compensated Absences	195,752	375,793
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>25,789,409</b>	<b>74,050,242</b>
Movement in Working Capital:		
1) Increase/(Decrease) in Long Term Provision	172,110	(287,665)
2) Increase/(Decrease) In Other Current Liabilities	(21,294,550)	125,509,202
3) Increase/(Decrease) Short Term Borrowings	32,871,705	
3) Increase/(Decrease) In Short Term Provisions	(21,340,626)	(2,819,400)
4) (Increase)/Decrease in Long-term Loans And Advances	(20,664,377)	78,847
5) (Increase)/Decrease in Trade Receivable	1,611,605	82,150,642
6) (Increase)/Decrease in Short-term Loans & Advances	4,817,621	(12,415,994)
<b>CASH GENERATED FROM/(USED IN) OPERATIONS</b>	<b>1,962,899</b>	<b>266,265,874</b>
Direct Taxes Paid (Net of Refunds)	(122,406,333)	(61,128,410)
<b>NET CASH FLOW FROM/(USED IN) OPERATIONS</b>	<b>(A) (120,443,434)</b>	<b>205,137,464</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(7,486,458)	(193,297)
Proceeds From Sale of Fixed assets	392,463	9,000
Investment in Subsidiary company	(100,010)	(10)
Purchase of Long Term Investments	(18,049,215)	(96,900,450)
Proceed from Sale of Investments	–	32,788,769
Interest Received	3,346,321	20,560
Dividend Received	570,942,740	–
Partnership Gain	–	–
Loan given to subsidiary company	–	(50,015,862)
Loan repaid by Subsidiary Company	50,015,862	–
<b>NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>(B) 599,061,703</b>	<b>(114,291,290)</b>

# CASH FLOW STATEMENT (Contd..)

Particulars		For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of long term borrowings		–	(505,951)
Interest Paid		(118,529)	(3,129,578)
Dividend Paid		(570,932,296)	–
<b>NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>( C )</b>	<b>(571,050,825)</b>	<b>(3,635,529)</b>
<b>NET INCREASE/(DECREASE) IN CASH/CASH EQUIVALENTS</b>	<b>(A+B+C)</b>	<b>(92,432,556)</b>	<b>87,210,645</b>
<b>Cash and cash equivalent comprise of:</b>			
Cash on hand		392,888	461,381
Scheduled bank - In Current Account		114,918,091	27,638,953
<b>Total Cash &amp; Cash Equivalents as at beginning of the year</b>		<b>115,310,979</b>	<b>28,100,334</b>
<b>Cash and cash equivalent comprise of:</b>			
Cash on hand		427,311	392,888
Scheduled bank - In Current Account		22,451,112	114,918,091
<b>Total Cash &amp; Cash Equivalents as at end of the year</b>		<b>22,878,423</b>	<b>115,310,979</b>

Note : The above cash flow statement has been prepared under the Indirect method" as set out in Accounting Standard - 3 on cash flow statements issued by the Institute of Chartered Accountants of India.

## As per our attached report of even date

**For Haribhakti & Co LLP**  
Chartered Accountants  
ICAI Firm Registration No. 103523W / W100048

**Purushottam Nyati**  
Partner  
Membership.No 118970

Place : Mumbai  
Dated : 26th April, 2017

**For and on behalf of the Board of Directors**  
**MOPE Investment Advisors Private Limited**

**Vishal Tulsyan**  
Managing Director & Chief Executive Officer  
DIN No. 00139754

Place : Mumbai  
Dated : 26th April, 2017

**Motilal Oswal**  
Director  
DIN No. 00024503

# NOTES TO FINANCIAL STATEMENT

## NOTE 1 : SHARE CAPITAL

	As at 31-Mar-17		As at 31-Mar-16	
	Number of Shares	(In ₹)	Number of Shares	(In ₹)
<b>Authorised</b>				
Equity Shares of ₹ 10 each ( PY ₹ 10 each)	500,000	5,000,000	500,000	5,000,000
Non Convertible Preference Shares of ₹ 10/ each ( P.Y. ₹ 10/- each)	500,000	5,000,000	500,000	5,000,000
<b>TOTAL</b>	<b>1,000,000</b>	<b>10,000,000</b>	<b>1,000,000</b>	<b>10,000,000</b>
<b>Issued, Subscribed &amp; Paid Up</b>				
58,825 Equity Shares of ₹ 10 each fully paid up ( PY ₹ 10 each)	58,825	588,250	58,825	588,250
Of the above 50,000 shares (previous year 50,000 Shares) held by holding company Motilal Oswal Financial Services Limited*				
<b>TOTAL</b>	<b>58,825</b>	<b>588,250</b>	<b>58,825</b>	<b>588,250</b>

### 1.1 Terms and Conditions

#### Equity Shares :

The Company has issued one class of shares referred to as equity shares having a par value of ₹ 10/. 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 rate of dividend. The Dividend for the year ended 31st March, 2017 is ₹ 9705.60/- per share. The dividend appropriated amounts to ₹ 57,09,32,296/-.

#### Preference Shares :

The Company has one class of preference shares having a par value of ₹ 10/- and there are no preference shares issued & subscribed as on 31.03.2017 and 31.03.2016.

**1.2** 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.

### 1.3 Reconciliation of number of shares outstanding

Particulars	As at 31-Mar-17		As at 31-Mar-16	
	Number of Shares	(In ₹)	Number of Shares	(In ₹)
Number of share at beginning of the year	58,825	588,250	58,825	588,250
Add : Share issued during the year	—	—	—	—
<b>Number of Share at the end of the year</b>	<b>58,825</b>	<b>588,250</b>	<b>58,825</b>	<b>588,250</b>

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

Name of Shareholder	As at 31-Mar-17		As at 31-Mar-16	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Motilal Oswal Financial Services Ltd (Holding Company) *	50,000	85.00	50,000	85.00
Mr. Vishal Tulsyan	6,345	10.78	6,345	10.78

\* including 2 shares held by its Nominees

# NOTES TO FINANCIAL STATEMENT

## NOTE 2 : RESERVES AND SURPLUS

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Surplus</b>		
Opening Balance	416,891,919	357,660,592
Addition during the year	504,579,634	59,231,327
Less Dividend paid	(570,932,296)	–
<b>TOTAL</b>	<b>350,539,256</b>	<b>416,891,919</b>

## NOTE 3 : LONG-TERM PROVISIONS

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Provision for Employee Benefits (Unfunded) (Refer Note No. 33 )	3,203,862	3,031,752
<b>TOTAL</b>	<b>3,203,862</b>	<b>3,031,752</b>

## NOTE 4 : SHORT-TERM BORROWINGS

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Loan and advance from Related Party, Repayable on demand (Unsecured, Considered Good)</b>		
Motilal Oswal Financial services Ltd (Holding Company)	33,000,000	128,295
<b>TOTAL</b>	<b>33,000,000</b>	<b>128,295</b>

## NOTE 5 : OTHER CURRENT LIABILITIES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Interest accrued but not due on borrowings	157,451	–
<b>Other Payables</b>		
Statutory Dues payable	5,702,723	1,823,496
For expenses	3,532,370	5,812,867
Advance received from Customers	101,406,985	125,202,743
Accrued Salaries & Benefits	902,479	–
<b>TOTAL</b>	<b>111,702,008</b>	<b>132,839,106</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 6 : SHORT-TERM PROVISIONS

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Provision for Employee Benefits</b>		
Ex-Gratia Payable	19,059,250	38,675,000
Gratuity Obligation (Unfunded) (Refer Note No. 33 )	936,856	761,573
Leave Salary	195,752	375,793
<b>Other</b>		
Provision for expenses	712,852	1,353,288
<b>TOTAL</b>	<b>20,904,710</b>	<b>41,165,654</b>

## NOTE 7 : FIXED ASSETS

### Current Year

(In ₹)

PARTICULARS	Gross Block				ACCUMULATED DEPRECIATION				NET BLOCK		
	As at 1-Apr-16	Additions	Deductions	As at 31-Mar-17	As at 1-Apr-16	Additions	Deductions	As at 31-Mar-17	As at 31-Mar-17	As at 31-Mar-16	
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>											
Lease Hold Improvement	10,283,388	–	–	10,283,388	8,320,644	1,962,714	–	10,283,358	30	1,962,745	
Computer	2,024,886	279,686	–	2,369,072	1,912,261	164,267	–	2,141,068	228,004	112,625	
Furniture	2,171,658	220,482	–	2,392,140	1,737,933	436,363	–	2,174,296	217,844	433,725	
Electrical Equipment	–	23,850	–	23,850	–	896	–	896	22,954	–	
Office Equipments	1,518,684	12,440	–	1,531,124	1,299,981	89,391	–	1,389,372	141,752	218,703	
Car	766,518	6,950,000	766,518	6,950,000	456,596	2,360,185	505,899	2,310,882	4,639,118	309,922	
<b>TOTAL (A)</b>	<b>16,765,134</b>	<b>7,486,458</b>	<b>766,518</b>	<b>23,549,574</b>	<b>13,727,415</b>	<b>5,013,816</b>	<b>505,899</b>	<b>18,299,872</b>	<b>5,249,702</b>	<b>3,037,719</b>	
<b>INTANGIBLE ASSETS</b>											
Computer Software	376,025	–	–	376,025	341,206	31,001	–	372,207	3,818	34,819	
<b>TOTAL (B)</b>	<b>376,025</b>	<b>–</b>	<b>–</b>	<b>376,025</b>	<b>341,206</b>	<b>31,001</b>	<b>–</b>	<b>372,207</b>	<b>3,818</b>	<b>34,819</b>	
<b>TOTAL (A+B)</b>	<b>17,141,159</b>	<b>7,486,458</b>	<b>766,518</b>	<b>23,925,599</b>	<b>14,068,621</b>	<b>5,044,817</b>	<b>505,899</b>	<b>18,672,079</b>	<b>5,253,520</b>	<b>3,072,538</b>	

### Previous Year

(In ₹)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK		
	As at 1-Apr-15	Additions	Deductions	As at 31-Mar-16	As at 1-Apr-15	Additions	Deductions	As at 31-Mar-16	As at 31-Mar-16	As at 31-Mar-15	
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>											
Lease Hold Improvement	10,283,388	–	–	10,283,388	6,352,666	1,967,978	–	8,320,644	1,962,744	3,930,722	
Computer	2,070,192	88,725	134,031	2,024,886	1,740,180	236,588	64,507	1,912,261	112,625	330,012	
Furniture	2,171,658	–	–	2,171,658	1,304,104	433,829	–	1,737,933	433,725	867,554	
Office Equipments	1,414,114	104,570	–	1,518,684	1,166,395	133,586	–	1,299,981	218,703	247,719	
Car	766,518	–	–	766,518	254,865	201,731	–	456,596	309,922	511,653	
<b>TOTAL (A)</b>	<b>16,705,870</b>	<b>193,295</b>	<b>134,031</b>	<b>16,765,134</b>	<b>10,818,210</b>	<b>2,973,712</b>	<b>64,507</b>	<b>13,727,415</b>	<b>3,037,719</b>	<b>5,887,660</b>	
<b>INTANGIBLE ASSETS</b>											
Computer Software	376,025	–	–	376,025	270,771	70,435	–	341,206	34,819	105,254	
<b>TOTAL (B)</b>	<b>376,025</b>	<b>–</b>	<b>–</b>	<b>376,025</b>	<b>270,771</b>	<b>70,435</b>	<b>–</b>	<b>341,206</b>	<b>34,819</b>	<b>105,254</b>	
<b>TOTAL (A+B)</b>	<b>17,081,895</b>	<b>193,295</b>	<b>134,031</b>	<b>17,141,159</b>	<b>11,088,981</b>	<b>3,044,147</b>	<b>64,507</b>	<b>14,068,621</b>	<b>3,072,538</b>	<b>5,992,914</b>	

# NOTES TO FINANCIAL STATEMENT

## NOTE 8 : NON-CURRENT INVESTMENTS (AT COST)

Sr. No.	Particulars	Subsidiary/ Others	No. of Shares / Units		Quoted / Unquoted	Face Value	Partly Paid / Fully paid	Extend of Holding %		Amount (In ₹)	
			31-Mar-17	31-Mar-16				31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
<b>(A) TRADE INVESTMENTS</b>											
<b>(a) Investment in Equity Instruments</b>											
	India Business Excellence Management Co.	Subsidiary	40,000	40,000	Unquoted	1 USD	Fully paid	100.00%	100.00%	5,783,343	5,783,343
	Motilal Oswal Real Estate Investment Advisors Private Limited	Subsidiary	100,000	89,999	Unquoted	10	Fully paid	100.00%	89.99%	1,000,000	899,990
	Aspire Home Finance Corporation Limited*	Fellow Subsidiary	10	10	Unquoted	1	Fully paid	0.00%	0.00%	10	10
<b>(b) Investment in Preference Instruments</b>											
	Motilal Oswal Real Estate Investment Advisors II Private Limited	Step Down Subsidiary	4,950,000	4,950,000	Unquoted	10	Fully paid	100.00%	100.00%	49,500,000	49,500,000
<b>Total (A)</b>										<b>56,283,353</b>	<b>56,183,343</b>
<b>(B) OTHER INVESTMENTS</b>											
<b>(a) Investment in Equity Instruments</b>											
	Shubham Housing Development Finance Co. Pvt. Ltd.	Others	15	15	Unquoted	10	Fully paid	0.00%	0.00%	12,663	12,663
<b>(b) Investment in Partnership Firm</b>											
	India Realty Excellence Fund II LLP										
	Opening Balance									189,463,200	123,050,250
	Add : Contribution made during the year									-	84,000,000
	Add : Share of Profit									28,627,895	27,208,769
	Less : Return/Receipts during the year									(26,403,285)	(44,795,819)
	Closing Balance	Others	2,000	2,000	Unquoted	100,000	Fully paid	4.09%	4.09%	191,687,810	189,463,200
<b>(c) Investment in Private Equity Funds</b>											
	India Realty Excellence Fund	Others	200	200	Unquoted	500,000	Fully paid	6.10%	6.13%	27,147,984	33,507,984
	India Business Excellence Fund II	Others	135,500	135,500	Unquoted	1,000	Fully paid	3.99%	3.99%	135,119,209	84,306,709
<b>Total (B)</b>										<b>353,967,666</b>	<b>307,290,556</b>
<b>TOTAL (A+B)</b>										<b>410,251,019</b>	<b>363,473,899</b>

\* During the year, the company has increased the number of shares by splitting the face value from ₹ 10 each to ₹. 1 each. Hence the previous year number of shares have been modified to make it comparable with current year.

Particulars	31-Mar-17		31-Mar-16	
	Cost (In ₹)	Market Value (In ₹)	Cost (In ₹)	Market Value (In ₹)
Aggregate value of quoted investments and market value	NA	NA	NA	NA
Aggregate value of unquoted investments				
Others	410,251,019	NA	363,473,899	NA
Aggregate provision for diminution in value of investments	NA	NA	NA	NA

## NOTE 9 : DEFERRED TAX ASSETS

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Deferred Tax Assets</b>		
Interest on late payment of call money	—	598,914
Difference between book depreciation and tax depreciation	2,688,782	—
Expenses allowable u/s 43B on payment basis	1,194,183	360,418
Accrued Income on investments in units of private equity funds.	2,258,102	1,554,486
Capital Gain on IREF	—	652,297
<b>Total</b>	<b>(i) 6,141,068</b>	<b>3,166,115</b>
<b>Deferred Tax Liability</b>		
Difference between book depreciation and tax depreciation	—	(623,051)
<b>Total</b>	<b>(ii) —</b>	<b>(623,051)</b>
<b>TOTAL</b>	<b>(i-ii) 6,141,068</b>	<b>2,543,064</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 10 : LONG-TERM LOANS & ADVANCES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Unsecured, Considered Good</b>		
Rent, Electricity, and other deposits	13,940,853	4,601,430
<b>Other Loans and Advances (Unsecured, considered good)</b>		
Prepaid Expenses	8,945,928	–
MAT Credit Entitlement	14,381,569	–
Advance Tax [Net of Provision for Tax of ₹ 13,30,09,472 (PY ₹ 14,35,83,848)]	25,737,517	36,789,787
<b>TOTAL</b>	<b>63,005,867</b>	<b>41,391,217</b>

## NOTE 11 : TRADE RECEIVABLES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Unsecured, Considered Good</b>		
a) Outstanding for a period exceeding 6 months from the date they are due for payment	–	–
b) Others	1,836,625	3,448,230
<b>TOTAL</b>	<b>1,836,625</b>	<b>3,448,230</b>

## NOTE 12 : CASH AND BANK BALANCES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Cash and Cash Equivalents</b>		
<b>Balance with banks</b>		
In current accounts	22,451,112	114,918,092
Cash on hand	427,311	392,888
<b>TOTAL</b>	<b>22,878,423</b>	<b>115,310,980</b>

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:

Particulars	SBNs	Other denomination notes (₹)#	Total
Closing cash in hand as on 8-11-2016	–	365,732.00	365,732.00
(+) Withdrawal from Banks	–	250,000.00	250,000.00
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	2,000.00	2,000.00
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on 30-12-2016	–	613,732.00	613,732.00

1. Specified Bank Notes is defined as Bank Notes of denominations of the existing series of the value of Five hundred rupees and one thousand rupees.
2. Other denomination notes (Rupees) Includes Foreign Currency

# NOTES TO FINANCIAL STATEMENT

## NOTE 13 : SHORT TERM LOANS & ADVANCES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Unsecured, Considered Good</b>		
Motilal Oswal Real Estate Investment Advisors II Pvt Ltd	–	50,015,862
<b>Others</b>		
Service Tax Credit Receivable	4,568,893	1,525,978
Prepaid Expenses	1,347,263	759,935
Advances recoverable in cash or kind for value to be received	1,640,400	2,537,258
Loan and Advances to employees	3,015,009	10,566,016
<b>TOTAL</b>	<b>10,571,565</b>	<b>65,405,049</b>

## NOTE 14 : INCOME FROM OPERATIONS

	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
<b>Sale of Services</b>		
Advisory Fees	120,227,199	118,342,987
Management Fees	66,114,817	94,034,427
Profit on sale of Investment	3,690,390	5,979,058
<b>Other Operating Revenue</b>		
Recovery of Out of Pocket Expenses	3,059,282	1,089,085
<b>TOTAL</b>	<b>193,091,688</b>	<b>219,445,557</b>

## NOTE 15 : OTHER INCOME

	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
Interest Income	3,346,321	20,560
Dividend Income from Subsidiary	570,942,740	–
<b>Other Non Operating Income</b>		
Interest on Income Tax refund	2,310,604	3,983
Partnership gain (Refer Note No. 27)	28,627,895	27,208,769
Rent Income	3,231,360	2,928,598
Profit on Sale of Fixed Assets	131,844	–
<b>TOTAL</b>	<b>608,590,764</b>	<b>30,161,910</b>

## NOTE 16 : EMPLOYEE BENEFIT EXPENSES

	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
Salary, Bonus And Allowances	78,808,355	90,444,607
Contribution To Provident & Other Funds	1,870,800	1,633,352
Staff Welfare Expenses	1,586,111	1,744,211
Gratuity and other Long Term Benefits (Refer Note no. 33)	883,930	825,870
<b>TOTAL</b>	<b>83,149,196</b>	<b>94,648,040</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 17 : FINANCE COST

	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
Interest Cost	275,980	3,113,978
<b>TOTAL</b>	<b>275,980</b>	<b>3,113,978</b>

## NOTE 18 : OTHER EXPENSES

	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
Referral fee	8,573,931	4,798,858
Rates and taxes	40,003	8,656
Rent	21,990,929	9,218,199
Insurance	258,190	300,306
Computer Repairs & Maintenance	45,701	62,097
Legal & Professional Charges	13,925,305	13,589,549
Remuneration to Auditors (Refer Note no. 24)	323,256	444,491
Marketing & Brand Promotion Expenses	1,548,723	1,945,296
Printing & Stationery	1,186,521	787,277
Power and fuel	3,092,342	1,549,447
Communication Expenses	1,185,115	503,120
Travelling Expenses	10,544,151	7,678,601
Miscellaneous Expenses	5,943,062	4,782,196
CSR Donation (Refer Note no. 34)	2,874,000	4,985,000
Donation	100,000	-
<b>TOTAL</b>	<b>71,631,229</b>	<b>50,653,093</b>

## NOTE 19 : PRIOR PERIOD ITEM

	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
Advisory fees	-	406,483
<b>TOTAL</b>	<b>-</b>	<b>406,483</b>

## NOTE 20 : EXCEPTIONAL ITEM INCOME/(EXPENSES)

	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
(a) Contractual Bonus Expense on exit from Business Excellence Fund	(123,500,000)	
(b) Advisory fees Income on exit from Business Excellence Fund	104,356,500	-
<b>TOTAL</b>	<b>(19,143,500)</b>	<b>-</b>

# NOTES TO FINANCIAL STATEMENT

## SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2017

### NOTE 21 : CORPORATE INFORMATION

MOPE Investment Advisors Private Limited ('the Company') is an Investment Manager and Venture Capital Advisor managing various funds including Business Excellence Funds, Realty Excellence Fund, etc. The Company is also engaged in providing financial, investment advisory services, management & facilitation services and identifying investment opportunities etc. The Company holds license of Investment Advisor issued by SEBI, Reg. No. for same is INA000000508 date of registration is 12th December 2013.

### NOTE 22 : SIGNIFICANT ACCOUNTING POLICIES

#### 22.1 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 (GAAP) 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 and the provisions of the Companies Act, 2013 ('the Act').

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 non-current as per the Company's normal operating cycle and other criteria set out in the schedule III to the Act.

#### 22.2 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 of 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 or materialized.

#### 22.3 PROPERTY, PLANT & EQUIPMENT(PPE):

PPE are stated at cost less accumulated depreciation and impairment thereon. The cost of PPE 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 PPE 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 leasehold premises are depreciated over the initial period of lease on Straight Line Basis.

#### 22.4 INTANGIBLE ASSETS 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.

#### 22.5 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.

#### 22.6 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

# NOTES TO FINANCIAL STATEMENT

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.

## 22.7 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. 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.

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.

## 22.8 REVENUE RECOGNITION:

- a) Management & Advisory Fees are accounted on accrual basis net of service tax in accordance with the terms of contracts entered into between the Company and the counter party.
- b) Interest income is recognized on accrual basis.
- c) Dividend income is recognized when the right to receive payment is established.
- d) 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.
- e) Profit and Loss from Partnership firm are accounted on accrual basis and as per terms of Partnership LLP agreement dated 29th January 2014, entered between IREF II LLP, Motilal Oswal Real Estate Investment Advisors Private Limited & Motilal Oswal Securities Limited.
- f) In respect of other heads of income, the Company accounts the same on accrual basis.

## 22.9 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.

## 22.10 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.

### Other Long Term Benefits:

Other Long Term Benefits consist of Heritage Club benefit and are recognized as a liability at the present value of defined benefit obligation as at the balance sheet date. The defined benefit obligation is calculated at the balance sheet date by an independent actuary using the projected unit credit method.

# NOTES TO FINANCIAL STATEMENT

## **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.

## **Bonus / Ex-gratia Plans:**

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.

## **22.11 TAXATION:**

Tax expenses comprises of 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 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 recognized 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 recognized only if there is a virtual certainty of realisation 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 realised.

### **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.

## **22.12 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.

## **22.13 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 accrual basis as per the terms of agreements entered with the counter parties.

### **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.

# NOTES TO FINANCIAL STATEMENT

## 22.14 EARNINGS 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 earnings 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.

## 22.15 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.

## NOTE 23 : EARNINGS PER SHARE

Particulars	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Net Profit attributable to equity shareholders [A] (₹)	504,579,633	59,231,327
Weighted Average number of equity shares issued [B]	58,825	58,825
Basic/Diluted Earnings per share (EPS) (face value ₹ 10/- each) [A/B] (₹)	8577.64	1006.91

## NOTE 24 : AUDITOR'S REMUNERATION

Particulars	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>As Auditors:</b>		
Audit Fees	255,000	330,000
Tax Audit Fees	60,000	60,000
<b>In any other capacity, In respect of :</b>		
Certification	—	50,000
Out of pocket expenditure	8,256	4,491
<b>TOTAL</b>	<b>323,256</b>	<b>444,491</b>

## NOTE 25 :

Provisions made for the period ended 31st March, 2017 comprises of

(In ₹)

Particulars	Opening balance as at 1-Apr-2016	Provided during the F.Y. 2016-17	Provision reversed/paid during the F.Y. 2016-17	Closing balance as at 31-Mar-2017
Ex-gratia	38,675,000	147,819,200	167,434,950	19,059,250
Gratuity	3,793,325	754,919	536,537	4,011,707
Compensated Absences	375,793	195,752	375,793	195,752
Heritage	—	129,011	—	129,011

# NOTES TO FINANCIAL STATEMENT

Provisions made for the period ended 31st March, 2016 comprises of:

(In ₹)

Particulars	Opening balance as at 1-Apr-2015	Provided during the F.Y. 2015-16	Provision reversed/paid during the F.Y. 2015-16	Closing balance as at 31-Mar-2016
Ex-gratia	40,790,000	39,175,000	41,290,000	38,675,000
Gratuity	4,111,684	825,870	1,144,229	3,793,325
Compensated Absences	187,644	375,793	187,644	375,793

## NOTE 26 : DUES TO MICRO AND SMALL ENTERPRISES

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 filed 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-17	31-Mar-16
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	–	–

## NOTE 27 :

Other Income includes ₹ 2,86,27,895/- towards partnership gain, which is based on management accounts of IREF II LLP.

## NOTE 28 : SEGMENT INFORMATION

Since the Company is engaged in single segment i.e. asset management and advisory services, thus there are no separate reportable segment as required under Accounting Standard – 17.

## NOTE 29 : ACTIVITY IN FOREIGN CURRENCY

Particulars	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Earnings in foreign currency		
Dividend Income	570,942,740	–
<b>TOTAL</b>	<b>570,942,740</b>	<b>–</b>
Expenditure in foreign currency (on accrual basis)		
Overseas travel expenses	676,285	1,016,455
Meeting and Events	379,812	222,720
<b>TOTAL</b>	<b>1,056,097</b>	<b>1,239,175</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 30 : CONTINGENT LIABILITIES AND COMMITMENTS TO THE EXTENT NOT PROVIDED FOR

Particulars	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Contingent Liabilities:</b>		
(a) Demand in respect of Income tax matters for which appeal is pending (Refer note a)	–	13,611,562
<b>Capital Commitments:</b>		
(i) Estimated amount of contracts remaining to be executed on capital account	–	–
(ii) Uncalled Liability on shares and other investments partly paid:		
(1) India Business Excellence Fund II	–	50,812,500
(1) India Realty Excellence Fund II	21,573,453	21,573,453

(a) Demand in respect of Income Tax matters for which appeal is pending is ₹ Nil (Previous Year ₹ 1,36,11,562) out of which Nil (Previous Year ₹ 1,31,75,602) 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. 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 believes that its position will likely be upheld in the appellant 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 31 : OPERATING LEASE

### Company as Lessee:-

- (a) The Company has taken office premises on lease for the period of 1 year.
- (b) There are no future minimum lease payments as the lease is cancellable and there is no escalation clause.
- (c) **Lease Payments**

During the year, ₹ 2,19,90,929 (Previous year ₹ 92,18,199) has been recognised as Lease Payments in the statement of Profit and Loss under the head "Other Expense"

### Company as Lessor-

- (d) The Company has given office premises on sub lease for the period of 5 years.
- (e) Sub Lease expected to be received under non - cancellable sub lease as at 31st march, 2017 is ₹ Nil (PY ₹ Nil).
- (f) **Sub Lease Rent Income**

During the year, ₹ 32,31,360 (Previous year ₹ 29,28,420) has been recognised as Sub Lease Rent Income in the statement of Profit and Loss under the head "Other Income"

## NOTE 32 : LIST OF RELATED PARTIES AND TRANSACTIONS DURING THE YEAR

### (i) Relationships during the year

#### Ultimate Holding Company

- Passionate Investment Management Private Limited

#### Holding Company

- Motilal Oswal Financial Services Limited

#### Subsidiaries and Step-down subsidiaries

- Motilal Oswal Real Estate Investment Advisors Private Limited
- India Business Excellence Management Company
- Motilal Oswal Real Estate Investment Advisors II Private Limited

# NOTES TO FINANCIAL STATEMENT

## Fellow subsidiaries

- Motilal Oswal Capital Markets Private Limited
- Motilal Oswal Trustee Company Limited
- Motilal Oswal Insurance Brokers Private Limited
- Motilal Oswal Commodities Broker Private Limited
- Motilal Oswal Asset Management Company Limited
- Motilal Oswal Investment Advisory Limited (Formerly known as Motilal Oswal Investment Advisory Private Limited)
- Motilal Oswal Securities Limited
- Motilal Oswal Wealth Management Limited
- Motilal Oswal Securities International Private Limited
- Motilal Oswal Capital Market (Hongkong) Private Limited
- Motilal Oswal Capital Markets (Singapore) Pte. Limited
- Aspire Home Finance Corporation Limited
- Motilal Oswal Asset Management (Mauritius) Private Limited
- Motilal Oswal Capital Limited
- Nagori Agro & Cattle Feeds Private Limited
- Carnation Township Management, LLP (upto 29th March, 2016)

## Enterprises in which key management personnel have control

- OSAG Enterprises LLP
- VISU Associates - Partnership Firm (Dissolved from 31st March, 2017)

## Key management personnel

- Motilal Oswal - Director
- Raamdeo Agarawal – Director
- Vishal Tulsyan – CEO And MD from 1st September, 2016

## Enterprises in which key management personnel and their relatives exercise significant Influence

- Motilal Oswal Foundation (Trust)

## (ii) Transactions with related parties: 31-March-2017

(In ₹)

Transaction	Name of the related Party	Holding Company		Fellow Subsidiaries		Subsidiaries / Step-down subsidiaries		Enterprise in which Key managerial Personnel exercise significant influence		Associate		Key Managerial Personnel		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16			2016-17	2015-16
Referral Fees (Income) and Expense	Motilal Oswal Securities Limited	-	-	-	277,314	-	-	-	-	-	-	-	-	-	277,314
	Motilal Oswal Wealth Management Pvt Ltd	-	-	(1,399,197)	-	-	-	-	-	-	-	-	-	(1,399,197)	-
	Motilal Oswal Wealth Management Pvt Ltd	-	-	301,500	3,858,099	-	-	-	-	-	-	-	-	301,500	3,858,099
<b>Total Referral Fees (Income)</b>				<b>(1,399,197)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,399,197)</b>	<b>-</b>
<b>Total Referral Fees Expense</b>				<b>301,500</b>	<b>4,135,413</b>									<b>301,500</b>	<b>4,135,413</b>
Profit From IREF II LLP (Partnership Firm)	India Reality Excellence Fund II LLP	-	-	-	-	-	-	-	-	28,627,895	27,208,769	-	-	28,627,895	27,208,769
<b>Total Profit From IREF II LLP</b>										<b>28,627,895</b>	<b>27,208,769</b>			<b>28,627,895</b>	<b>27,208,769</b>
Brokerage Sharing Income	Motilal Oswal Wealth Management Pvt Ltd	-	-	-	(58,721)	-	-	-	-	-	-	-	-	-	(58,721)
<b>Total Brokerage Sharing</b>				<b>-</b>	<b>(58,721)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(58,721)</b>

# NOTES TO FINANCIAL STATEMENT

Transaction	Name of the related Party	Holding Company		Fellow Subsidiaries		Subsidiaries / Step-down subsidiaries		Enterprise in which Key managerial Personnel exercise significant influence		Associate		Key Managerial Personnel		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16			2016-17	2015-16
Capital Contribution	India Reality Excellence Fund II LLP									-	80,000,241	-	-	-	80,000,241
<b>Total Capital Contributed</b>		-	-	-	-	-	-	-	-	-	80,000,241	-	-	-	80,000,241
Capital Contribution Received	India Reality Excellence Fund II LLP									-	21,573,453	-	-	-	21,573,453
<b>Total Capital Contribution Received</b>		-	-	-	-	-	-	-	-	-	21,573,453	-	-	-	21,573,453
Advisory fees (Income)	India Business Excellence Management Company					(222,985,050)	(114,879,919)			-	-	-	-	(222,985,050)	(114,879,919)
	Motilal Oswal Securities Limited									-	-	-	-		
<b>Total Income From Advisory Fees</b>		-	-	-	-	(222,985,050)	(114,879,919)	-	-	-	-	-	-	(222,985,050)	(114,879,919)
Rent Deposit Given	Motilal Oswal Financial Services Limited	9,339,423												9,339,423	
<b>Total Rent Deposit Given</b>		9,339,423												9,339,423	
PMS Sharing Expense	Motilal Oswal Securities Limited			5,962,966										5,962,966	
	Motilal Oswal Wealth Management Pvt Ltd			1,262,486										1,262,486	
<b>Total PMS Sharing Expense</b>				7,225,452										7,225,452	
Dividend Paid	Motilal Oswal Financial Services Limited	485,280,320												485,280,320	
Dividend Paid		485,280,320												485,280,320	
Interest Expense	Motilal Oswal Financial Services Limited	275,967	3,113,978											275,967	3,113,978
<b>Total Interest Expense</b>		275,967	3,113,978											275,967	3,113,978
Interest (Income)	Motilal Oswal Real Estate Investment Advisors II Pvt Ltd.					(1,030,548)	(17,623)							(1,030,548)	(17,623)
<b>Total Interest (Income)</b>						(1,030,548)	(17,623)							(1,030,548)	(17,623)
Rent (Income) and Expense	Motilal Oswal Real Estate Investment Advisors II Pvt Ltd.					(3,231,360)	(2,928,420)							(3,231,360)	(2,928,420)
	Motilal Oswal Financial Services Limited	21,881,505	9,202,872											21,881,505	9,202,872
<b>Total Rent Expense</b>		21,881,505	9,202,872											21,881,505	9,202,872
<b>Total Rent (Income)</b>						(3,231,360)	(2,928,420)							(3,231,360)	(2,928,420)
Dividend (Income)	India Business Excellence Management Company					(570,942,740)								(570,942,740)	
<b>Total Dividend (Income)</b>						(570,942,740)								(570,942,740)	
Reimbursement of expense	Motilal Oswal Financial Services Limited	573,694	2,139,803											573,694	2,139,803
	Motilal Oswal Securities Limited	4,789,526												4,789,526	
<b>Total Reimbursement of Expense Paid</b>		5,363,220	2,139,803											5,363,220	2,139,803

# NOTES TO FINANCIAL STATEMENT

Transaction	Name of the related Party	Holding Company		Fellow Subsidiaries		Subsidiaries / Step-down subsidiaries		Enterprise in which Key managerial Personnel exercise significant influence		Associate		Key Managerial Personnel		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16			2016-17	2015-16
Donation	Motilal Oswal Foundation (Trust)	-	-	-	-	-	-	2,600,000	2,620,000	-	-	-	-	2,600,000	2,620,000
<b>Total Donation</b>		-	-	-	-	-	-	2,600,000	2,620,000	-	-	-	-	2,600,000	2,620,000
Loan (Taken)	Motilal Oswal Financial Services Limited	(157,967,547)	194,572,200	-	-	-	-	-	-	-	-	-	-	(157,967,547)	194,572,200
Loan (Given)	Motilal Oswal Real Estate Investment Advisors II Pvt Ltd.	-	-	-	-	-	50,015,861	-	-	-	-	-	-	-	50,015,861
Repayment of Loan Taken	Motilal Oswal Financial Services Limited	125,095,840	195,206,450	-	-	-	-	-	-	-	-	-	-	125,095,840	195,206,450
Repayment of Loan Given	Motilal Oswal Real Estate Investment Advisors II Pvt Ltd.	-	-	-	-	(50,015,861)	-	-	-	-	-	-	-	(50,015,861)	-
Loan (taken)/ Given (Maximum balance)	Motilal Oswal Financial Services Limited	(39,000,000)	(99,137,650)	-	-	-	-	-	-	-	-	-	-	(39,000,000)	(99,137,650)
	Motilal Oswal Real Estate Investment Advisors II Pvt Ltd.	-	-	-	-	50,015,861	50,015,861	-	-	-	-	-	-	50,015,861	50,015,861
Managerial Remuneration	Vishal Tulsyan	-	-	-	-	-	-	-	-	-	-	30,931,552	-	30,931,552	-
<b>Outstanding Balances:</b>															
Loan/Interest (Payables)	Motilal Oswal Financial Services Limited	(33,157,451)	(674,135)	-	-	-	-	-	-	-	-	-	-	(33,157,451)	(674,135)
	Motilal Oswal Securities Limited	-	-	-	(289,794)	-	-	-	-	-	-	-	-	-	(289,794)
	Motilal Oswal Wealth Management Pvt Ltd	-	-	-	(4,031,713)	-	-	-	-	-	-	-	-	-	(4,031,713)
<b>Total Loan/Interest (Payable)</b>		<b>(33,157,451)</b>	<b>(674,135)</b>	<b>-</b>	<b>(4,321,507)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(33,157,451)</b>	<b>(4,995,642)</b>
Other payable	Motilal Oswal Securities Limited	-	-	(1,715,414)	-	-	-	-	-	-	-	-	-	(33,157,451)	-
<b>Total Other payable</b>		<b>-</b>	<b>-</b>	<b>(1,715,414)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(66,314,902)</b>	<b>-</b>
Rent Deposit Receivable	Motilal Oswal Financial Services Limited	13,940,853	4,601,430	-	-	-	-	-	-	-	-	-	-	13,940,853	4,601,430
<b>Total Rent Deposit Receivable</b>		<b>13,940,853</b>	<b>4,601,430</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,940,853</b>	<b>4,601,430</b>
Loan - Other Receivables / (Payables)	Motilal Oswal Financial Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Motilal Oswal Wealth Management Pvt Ltd	-	-	155,400	61,363	-	-	-	-	-	-	-	-	155,400	61,363
	Motilal Oswal Real Estate Investment Advisors Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	India Business Excellence Management Company	-	-	-	-	(101,406,985)	(122,521,299)	-	-	-	-	-	-	(101,406,985)	(122,521,299)
	Motilal Oswal Real Estate Investment Advisors II Pvt Ltd.	-	-	-	-	-	50,015,861	-	-	-	-	-	-	-	50,015,861
<b>Total Other Receivables</b>		<b>-</b>	<b>-</b>	<b>155,400</b>	<b>61,363</b>	<b>(101,406,985)</b>	<b>(72,505,438)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(101,251,585)</b>	<b>(72,444,075)</b>

# NOTES TO FINANCIAL STATEMENT

Transaction	Name of the related Party	Holding Company		Fellow Subsidiaries		Subsidiaries / Step-down subsidiaries		Enterprise in which Key managerial Personnel exercise significant influence		Associate		Key Managerial Personnel		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16			2016-17	2015-16
<b>Maximum / Outstanding balance in respect of Investment in related parties:</b>															
Investment	India Business Excellence Management Co	-	-	-	-	5,783,343	5,783,343	-	-	-	-	-	-	5,783,343	5,783,343
	Motilal Oswal Real Estate Investment Advisors Private Ltd.	-	-	-	-	900,000	899,990	-	-	-	-	-	-	900,000	899,990
	Aspire Home Finance Corporation Limited	-	-	10	10	-	-	-	-	-	-	-	-	10	10
	Motilal Oswal Real Estate Investment Advisors II Private Ltd.	-	-	-	-	49,500,000	49,500,000	-	-	-	-	-	-	49,500,000	49,500,000
	India Realty Excellence Fund II LLP	-	-	-	-	191,687,810	189,463,200	-	-	-	-	-	-	191,687,810	189,463,200

## NOTE 33 : THE FOLLOWING TABLE SET OUT THE GRATUITY PLAN AS REQUIRED UNDER AS 15.

### Employee Benefit Disclosure

#### (a) Defined Contribution Plan

	31-Mar-17	31-Mar-16
Employer Contribution to Provident Fund ( Including Admin Charges)	1,870,800	1,633,352

#### (b) Defined Benefit Plan

	Gratuity		Other long Term Benefits	
<b>I Mortality</b>	IALM (2006-08) Ult.	IALM (2006-08) Ult.	IALM (2006-08) Ult.	
Interest / Discount Rate	6.69%	7.49%	6.69%	-
Rate of increase in compensation	11.00%	10.00%	-	-
Rate of return (expected) on plan assets				
Employee Attrition Rate(Past Service (PS))	PS: 0 to 37 : 18.4%	PS: 0 to 37 : 15.52%	PS: 0 to 37 : 28% to 28.16%	-
Expected average remaining service	4.28	5.18	2.52 to 6.77	-
<b>II Changes in present value of obligations</b>				
PVO at beginning of period	3,793,325	4,111,684	-	-
Interest cost	264,027	275,025	-	-
Current Service Cost	559,110	532,482	129,011	-
Past Service Cost- (non vested benefits)	-	-	-	-
Past Service Cost -(vested benefits)	-	-	-	-
Benefits Paid	(536,537)	(1,144,229)	-	-
Actuarial (Gain)/Loss on obligation	(68,218)	18,363	-	-
PVO at end of period	4,011,707	3,793,325	129,011	-
<b>III Changes in fair value of plan assets</b>				
Fair Value of Plan Assets at beginning of period	-	-	-	-
Expected Return on Plan Assets	-	-	-	-
Contributions	536,537	1,144,229	-	-
Benefit Paid	(536,537)	(1,144,229)	-	-
Actuarial Gain/(Loss) on plan assets	-	-	-	-
Fair Value of Plan Assets at end of period	-	-	-	-
<b>IV Fair Value of Plan Assets</b>				
Fair Value of Plan Assets at beginning of period	-	-	-	-
Actual Return on Plan Assets	-	-	-	-
Contributions	536,537	1,144,229	-	-
Benefit Paid	(536,537)	(1,144,229)	-	-
Fair Value of Plan Assets at end of period	-	-	-	-
Funded Status (including unrecognised past service cost)	(4,011,707)	(3,793,325)	(129,011)	-
Excess of actual over estimated return on Plan Assets	-	-	-	-

# NOTES TO FINANCIAL STATEMENT

V Experience History	Gratuity					Other long Term Benefits	
	31/Mar/17	31/Mar/16	31/Mar/15	31/Mar/14	31/Mar/13	31/Mar/17	31/Mar/16
PVO at end of period	4,011,707	3,793,325	4,111,684	4,230,870	4,722,562	129,011	-
Fair Value of Plan Assets at end of period	-	-	-	-	-	-	-
Surplus / (Deficit)	(4,011,707)	(3,793,325)	(4,111,684)	(4,230,870)	(4,722,562)	(129,011)	-
(Gain)/Loss on obligation due to change in Assumption	234,322	(146,279)	462,267	(916,988)	421,696	-	-
Experience (Gain)/ Loss on obligation	(302,540)	164,642	(892,304)	41,281	(594,714)	-	-
Actuarial Gain/(Loss) on plan assets	-	-	-	-	-	-	-

Note : Experience History of Last Five Years in case of Other Long term Benefits is Not Applicable since, provision for the same is made from F.Y. 2016-17.

	Gratuity		Other long Term Benefits	
<b>VI Actuarial Gain/(Loss) Recognised</b>				
Actuarial Gain/(Loss) for the period (Obligation)		68,218	(18,363)	-
Actuarial Gain/(Loss) for the period (Plan Assets)		-	-	-
<b>Total Gain/(Loss) for the period</b>		<b>68,218</b>	<b>(18,363)</b>	-
Actuarial Gain/(Loss) recognized for the period		68,218	(18,363)	-
Unrecognized Actuarial Gain/(Loss) at end of period		-	-	-
<b>VII Past Service Cost Recognised</b>				
Past Service Cost- (non vested benefits)		-	-	-
Past Service Cost -(vested benefits)		-	-	-
Average remaining future service till vesting of the benefit		-	-	-
Recognised Past service Cost- non vested benefits		-	-	-
Recognised Past service Cost- vested benefits		-	-	-
Unrecognized Past Service Cost- non vested benefits		-	-	-
<b>VIII Amounts to be recognized in the balance sheet and Statement of Profit &amp; Loss</b>				
PVO at end of period		4,011,707	3,793,325	129,011
Fair Value of Plan Assets at end of period		-	-	-
Funded Status		(4,011,707)	(3,793,325)	(129,011)
Unrecognized Actuarial Gain/(Loss)		-	-	-
Unrecognised Past Service Cost- non vested benefits		-	-	-
Net Asset/(Liability) recognized in the balance sheet		(4,011,707)	(3,793,325)	(129,011)
<b>IX Expense recognized in the statement of P &amp; L</b>				
Current Service Cost		559,110	532,482	129,011
Interest cost		264,027	275,025	-
Past Service Cost- (non vested benefits)		-	-	-
Past Service Cost (vested benefits)		-	-	-
Unrecognised Past Service Cost- non vested benefits		-	-	-
Expected Return on Plan Assets		-	-	-
Net Actuarial (Gain)/Loss recognized for the period		(68,218)	18,363	-
Expense recognized in the statement of P & L		754,919	825,870	129,011
<b>X Movements in the Liability recognized in Balance Sheet</b>				
Opening Net Liability		3,793,325	4,111,684	-
Expenses as above		754,919	825,870	129,011
Contribution paid		(536,537)	(1,144,229)	-
Closing Net Liability		4,011,707	3,793,325	129,011
<b>XI Schedule III of Companies Act, 2013</b>				
Current Liability		936,856	761,573	-
Non-Current Liability		3,074,851	3,031,752	129,011

# NOTES TO FINANCIAL STATEMENT

## NOTE 34 : 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.

- a) Gross amount required to be spent by the company during the year is ₹ 27,42,702 (Previous year : ₹ 26,20,000)  
b) Amount spent during the period ended 31st March, 2017 on :

Particulars	Amount paid	Yet to be paid	Total
a) Construction/acquisition of any asset	–	–	–
b) On Purposes other than (a) above	2,874,000	–	2,874,000
<b>TOTAL</b>	<b>2,874,000</b>	<b>–</b>	<b>2,874,000</b>

Amount spent during the period ended 31st March, 2016 on :

Particulars	Amount paid	Yet to be paid	Total
a) Construction/acquisition of any asset	–	–	–
b) On Purposes other than (a) above	4,985,000	–	4,985,000
<b>TOTAL</b>	<b>4,985,000</b>	<b>–</b>	<b>4,985,000</b>

- (c) Above includes a contribution of ₹ 25,00,000 (Previous year ₹ 26,20,000) 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 35 :

Disclosures Pursuant to Sec. 186 of the Companies Act, 2013 :

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Loan to subsidiary company - Motilal Oswal Real Estate Investment Advisors II private Limited(for the purpose of meeting working capital requirements. It is repayable on demands and carries average rate of interest of 10.75%)	–	5,015,861
<b>TOTAL</b>	<b>–</b>	<b>5,015,861</b>

## NOTE 36 :

During the year the company has submitted the request for cancellation/surrender of SEBI registration for Investment Advisors, the same is approved by board of Directors in board meeting held on 20th July, 2016. The SEBI approval for the same is awaited.

## NOTE 37 :

The cost incurred by Motilal Oswal Financial Services Limited for issuing ESOP to employees of the company is ₹ Nil.

## NOTE 38 :

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 Registration No. 103523W / W100048

**Purushottam Nyati**  
Partner  
Membership. No 118970

Place : Mumbai  
Dated : 26th April, 2017

**For and on behalf of the Board of Directors**  
**MOPE Investment Advisors Private Limited**

**Vishal Tulsyan**  
Managing Director & Chief Executive Officer  
DIN No. 00139754

Place : Mumbai  
Dated : 26th April, 2017

**Motilal Oswal**  
Director  
DIN No. 00024503

**Motilal Oswal Investment Advisors Limited**  
**(Formerly known as Motilal Oswal Investment Advisors Private Limited)**

**Annual Report 2016-2017**

# INDEPENDENT AUDITORS' REPORT

The MEMBERS of **MOTILAL OSWAL INVESTMENT ADVISORS LIMITED**

## REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of MOTILAL OSWAL INVESTMENT ADVISORS LIMITED ('the Company'), which comprise the balance sheet as at 31st March 2017, the statement of profit and loss, the statement of cash flows for the year then ended and a summary of the 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 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 prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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, 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.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of 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 financial statements.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 financial position of the Company as at 31 March, 2017, 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 (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
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 AUDITORS' REPORT

- (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, the statement of cash flows are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
- (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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, refer to our separate report in “ Annexure B”, and
- (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 did not have any long-term contracts including derivative contracts for which any material foreseeable losses on in financial statements;
  - ii. there were no amount which required to be transferred to the Investor Education and Protection Fund by the Company; and
  - iii. the Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company.

For **ANEEL LASOD AND ASSOCIATES**

*Chartered Accountants*

Firm Registration No.:- 124609W

**Aneel Lasod**

*(Partner)*

M.No: 040117

Place: Mumbai

Date: April 24, 2017

# INDEPENDENT AUDITORS' REPORT (Contd.)

**Annexure A referred to in our report to the members of MOTILAL OSWAL INVESTMENT ADVISORS LIMITED for the year ended March 31, 2017.**

**We report that:**

**1. Fixed Assets:**

- a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. The fixed assets were physically verified by the management at reasonable intervals and no discrepancies were noticed with that stated in the books of accounts.
- c. The title deeds of immovable properties are held in the name of the company.

**2. Inventories:**

According to the information and explanations given to us, there are no inventories on the balance sheet date; therefore this clause is not applicable.

**3. Loans and Advances:**

The Company has not granted any secured or unsecured loan to its holding company covered in the register maintained under section 189 of the Companies Act, 2013; therefore this clause is not applicable

**4. Compliance of section 185 and 186 of the Companies Act, 2013:-**

According to the information and explanations given to us; in respect of loans, investments, guarantees and security given by the company are in compliance with the provisions of Section 185 and 186 of the Companies Act, 2013.

**5. Deposits from Public:**

In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the "public" attracting the provisions of Sections 73 and 76 of the Companies Act 2013 or the rules framed there under

**6. Cost Records:**

The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for any of the activities conducted/services rendered by the Company. Accordingly Para 3(vii) of the Order is not applicable.

**7. Statutory Records:**

- a. According to the records of the Company and according to the information and explanations provided to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Service Tax, Professional Tax, and any other statutory dues wherever applicable with the appropriate authorities.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Service Tax, Professional Tax, and any other statutory dues were outstanding as at 31st March, 2017 for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us, there are no dues of Provident Fund, Employees State Insurance, Income Tax, Service Tax, Professional Tax, SEBI turnover fees and any other statutory dues, which have not been deposited on account of any dispute.

**8. Repayment of Dues:**

According to the information and explanations given to us, there being no borrowings taken from any financial institution or bank and the company has not issued any debentures; therefore this clause is not applicable.

**9. IPO or further public offer:**

According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer (IPO) or further public offer (including debt instruments) and; therefore this clause is not applicable

# INDEPENDENT AUDITORS' REPORT (Contd..)

## **10. Fraud:**

Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company or by its officers or employees has been noticed or reported during the year.

## **11) Managerial Remuneration:**

According to the information and explanations given to us, the Company has not paid or provided any managerial remuneration; therefore this clause is not applicable.

## **12) Nidhi Company:**

The Company is not regulated by the provisions of Nidhi Company; therefore this clause is not applicable

## **13) Related Party Transaction:**

According to the information and explanations given to us all the transactions with the related parties are in compliance with Section 188 and Section 177 of the Companies Act, 2013 wherever applicable the details have been disclosed in the Financial Statements etc as required by accounting standard.

## **14) Private Placement/ Preferential Allotment:**

According to the information and explanations given to us the company has not made any Preferential Allotment/private placement of shares or fully or partly convertible debentures during the year; therefore this clause is not applicable.

## **15) Non cash transactions:**

According to the information and explanations given to us the company has not entered into non cash transactions with directors or persons connected with him as covered under section 192 of the Companies Act, 2013; therefore this clause is not applicable.

## **16) Registration with Reserve Bank of India:**

The Company is not a Non-Banking Financial Company therefore the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934; therefore this clause is not applicable.

For **ANEEL LASOD AND ASSOCIATES**

*Chartered Accountants*

Firm Registration No.: 124609W

**Aneel Lasod**

*(Partner)*

M.No: 040117

Place: Mumbai

Date: April 24, 2017

# INDEPENDENT AUDITORS' REPORT (Contd.)

The MEMBERS of MOTILAL OSWAL INVESTMENT ADVISORS LIMITED.

## **REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF COMPANIES ACT, 2013 (“THE ACT”):**

We have audited the internal financial controls over financial reporting of MOTILAL OSWAL INVESTMENT ADVISORS LIMITED (“the Company”) as of 31st March 2017 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

### **Management’s Responsibility for the Internal Financial Controls:**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the essential components of internal control stated in the guidance notes on Audit of Internal Financial

Controls over Financial Reporting issued by The Institute of Chartered Accountants of India (ICAI). These responsibility 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 financial information, as required under the Companies Act, 2013.

### **Auditor’s Responsibility:**

Our responsibility is to express an opinion on these Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance notes on Audit of internal financial controls over financial reporting and Standards on Auditing to the extent applicable to an audit of internal financial controls, both issued by The institute of chartered accountant of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the internal financial controls are free from material misstatement.

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 judgment 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 Control 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 preparations of financial statements for external purpose in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting include those policies and procedures that (1) pertain to the maintenance of record that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the company; (2) provide reasonable assurance that transaction are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 misstatement due to error or fraud may occur and not to 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.

# INDEPENDENT AUDITORS' REPORT (Contd..)

**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 31st March, 2017, based on the essential components of internal control stated in the guidance notes issued by ICAI.

For **ANEEL LASOD AND ASSOCIATES**

*Chartered Accountants*

Firm Registration No.:- 124609W

Sd/-

**Aneel Lasod**

*(Partner)*

M.No.: 040117

Place: Mumbai

Date: April 24, 2017

# BALANCE SHEET

## BALANCE SHEET AS AT 31ST MARCH, 2017

	Note No.	As at 31-Mar-17 (in ₹)	As at 31-Mar-16 (in ₹)
<b>I EQUITY AND LIABILITIES</b>			
<b>Share Holders' Funds :</b>			
Share Capital	1	10,000,000	99,000,000
Reserves and Surplus	2	415,814,556	43,839,711
<b>Non-Current Liabilities:</b>			
Long-term Provision	3	2,850,602	6,554,121
<b>Current Liabilities:</b>			
Short-term Borrowings	4	7,500,000	27,411,963
Trade Payables	5	52,422,018	67,461
Other Current Liabilities	6	39,068,802	12,421,493
Short-term Provisions	7	158,580,299	11,952,132
<b>TOTAL</b>		<b>686,236,278</b>	<b>201,246,881</b>
<b>II ASSETS</b>			
<b>Non-Current Assets</b>			
Property Plant & Equipments:	8		
Tangible Assets		985,306	6,548,307
Intangible Assets		16,891	25,941
Non-Current Investments	9	208,487,706	28,526,613
Deferred Tax Asset (Net)	10	5,167,901	40,602,738
Long Term Loans & Advances	11	35,594,910	82,345,156
<b>Current Assets</b>			
Trade Receivables	12	416,085,555	40,000,697
Cash and bank balances	13	6,548,565	1,800,365
Short Term Loans & Advances	14	13,349,443	1,397,063
<b>TOTAL</b>		<b>686,236,278</b>	<b>201,246,881</b>

Significant Accounting Policies & Notes to Accounts 18-31

Notes referred above form an internal part of significant part of the financial statements

As per our attached report of even date

**For Aneel Lasod and Associates**

*Chartered Accountants*

Firm Registration No. 124609W

**Aneel Lasod**

*Partner*

M No: 40117

Place : Mumbai

Dated : 24th April, 2017

For and on behalf of the Board of

**Motilal Oswal Investment Advisors Limited**

**Motilal Oswal**

*Director*

DIN No: 00024503

**Raamdeo Agarawal**

*Director*

DIN No: 00024533

**Vidhi Gala**

*Company Secretary*

# STATEMENT OF PROFIT AND LOSS

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	Note No.	For the Year ended 31-Mar-17 (in ₹)	For the Year ended 31-Mar-16 (in ₹)
<b>REVENUE</b>			
Revenue from operations	15	855,246,413	248,284,202
Other Income	16	17,091,759	672,885
<b>Total Revenue</b>		<b>872,338,172</b>	<b>248,957,087</b>
<b>EXPENSES</b>			
Employee benefit Expenses	17	192,966,777	147,541,528
Finance Cost	17	540,594	7,139,018
Depreciation	8	5,859,239	5,952,110
Other Expenses	17	118,612,147	69,584,059
<b>Total Expenses</b>		<b>317,978,757</b>	<b>230,216,716</b>
<b>Profit Before Taxation</b>		<b>554,359,414</b>	<b>18,740,371</b>
Less: <b>Tax Expenses</b>			
Current tax		151,912,424	1,750,999
Deferred tax		35,434,837	9,102,556
For previous year(s) income tax		(4,962,691)	–
<b>Total Tax Expense</b>		<b>182,384,570</b>	<b>10,853,555</b>
<b>Profit for the period</b>		<b>371,974,845</b>	<b>7,886,816</b>
<b>Earnings per share (₹) (Face value per share ₹ 10/-)</b>			
Basic		371.97	7.89
Diluted		371.97	7.89

Notes referred above form an integral part of the financial statements

As per our attached report of even date

**For Aneel Lasod and Associates**

*Chartered Accountants*

Firm Registration No. 124609W

**Aneel Lasod**

*Partner*

M No: 40117

Place : Mumbai

Dated : 24th April, 2017

For and on behalf of the Board of  
**Motilal Oswal Investment Advisors Limited**

**Motilal Oswal**

*Director*

DIN No: 00024503

**Raamdeo Agarawal**

*Director*

DIN No: 00024533

**Vidhi Gala**

*Company Secretary*

# CASH FLOW STATEMENT

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	For the Year ended 31-Mar-17 (in ₹)	For the Year ended 31-Mar-16 (in ₹)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>PROFIT / (LOSS) BEFORE TAX</b>	554,359,414	18,740,371
Add:-		
1) Depreciation	5,859,239	5,952,110
2) Bad debts w/off / Provision for bad debt	24,232,516	6,133,675
3) Interest Expense	540,594	7,139,018
4) Gratuity	4,944,169	288,862
Less:-		
1) Interest Income	(956)	(1,475)
2) Profit on Investments	(8,856,749)	–
3) Dividend Received	–	(671,410)
<b>OPERATING PROFIT</b>	<b>581,078,228</b>	<b>37,581,152</b>
Adjustment For:		
1) Increase / (Decrease) In Long-term Provision	(8,647,688)	194,818
2) Increase / (Decrease) in Short-term Provision	84,276,260	2,412,491
3) Increase / (Decrease) in Trade payable	52,354,557	(2,031,478)
4) Increase / (Decrease) in Other Current Liabilities	246,420	(1,616,807)
5) Increase / (Decrease) in short term borrowing	(19,911,963)	(14,744,250)
6) (Increase) / Decrease in Trade Receivables	(400,317,375)	6,830,517
7) (Increase) / Decrease in Short Term Loans & Advances	(11,952,379)	461,472
8) (Increase) / Decrease in Long Term Loans & Advances	1,911,317	(19,402,887)
<b>CASH GENERATED FROM OPERATION</b>	<b>279,037,378</b>	<b>9,685,029</b>
Taxes Paid	(12,159,374)	(1,746,796)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>266,878,003</b>	<b>7,938,233</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(287,189)	(3,932,244)
Sale of investment	16,395,666	(10)
Purchase of Investment	(187,500,000)	–
Interest Received	956	1,475
Dividend Received	–	671,410
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(171,390,577)</b>	<b>(3,259,370)</b>

# CASH FLOW STATEMENT (Contd..)

Particulars	For the Year ended 31-Mar-17 (in ₹)	For the Year ended 31-Mar-16 (in ₹)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / (Decrease) In Share capital	(89,000,000)	—
Interest Paid	(1,739,226)	(7,139,018)
<b>NET CASH GENERATED / (USED) FROM FINANCING ACTIVITIES</b>	<b>(90,739,226)</b>	<b>(7,139,018)</b>
<b>NET CASH GENERATED / (USED) FOR THE YEAR ENDED</b>	<b>4,748,200</b>	<b>(2,460,155)</b>
<b>Cash &amp; Cash Equivalents as at beginning of period :</b>		
Cash as at beginning of period	8,460	66,434
Scheduled Banks- In Current Accounts	1,791,905	4,194,086
<b>Cash &amp; Cash Equivalents as at beginning of year</b>	<b>1,800,365</b>	<b>4,260,520</b>
<b>Cash &amp; Cash Equivalents as at end of period :</b>		
Cash as at end of period	202,803	8,460
Scheduled Banks- In Current Accounts	6,345,762	1,791,905
<b>Cash &amp; Cash Equivalents as at end of year</b>	<b>6,548,565</b>	<b>1,800,365</b>

As per our attached report of even date

**For Aneel Lasod and Associates**  
Chartered Accountants

Firm Registration No. 124609W

**Aneel Lasod**  
Partner

M No: 40117

Place : Mumbai

Dated : 24th April, 2017

For and on behalf of the Board of  
**Motilal Oswal Investment Advisors Limited**

**Motilal Oswal**  
Director

DIN No: 00024503

**Raamdeo Agarawal**  
Director

DIN No: 00024533

**Vidhi Gala**

Company Secretary

# NOTES TO FINANCIAL STATEMENT

## NOTE 1 : SHARE CAPITAL

	As at 31-Mar-17		As at 31-Mar-16	
	in Numbers	in ₹	in Numbers	in ₹
<b>Authorised</b>				
Equity Shares, of ₹ 10/- par value	1,000,000	10,000,000	1,000,000	10,000,000
Preference Shares of ₹ 10/- par value	9,000,000	90,000,000	9,000,000	90,000,000
<b>TOTAL</b>	<b>10,000,000</b>	<b>100,000,000</b>	<b>10,000,000</b>	<b>100,000,000</b>
<b>Issued, Subscribed &amp; Paid Up</b>				
Equity Shares of ₹ 10/- each fully paid up	1,000,000	10,000,000	1,000,000	10,000,000
Preference Shares of ₹ 10/- each fully paid up	–	–	8,900,000	89,000,000
<b>TOTAL</b>	<b>1,000,000</b>	<b>10,000,000</b>	<b>9,900,000</b>	<b>99,000,000</b>

### 1.1 Rights, preferences and restrictions attached to shares

#### 1.1.1 Equity Shares :

The Company has issued one class of shares referred to as equity shares having a par value of ₹ 10 /- each. Each holder of equity shares is entitled to one vote per share.

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.

#### 1.1.2 Preference Shares :

During current year the Company has redeemed one class of 89,00,000 preference shares of ₹ 10 each.

### 1.2 Reconciliation of the number of Equity shares outstanding

Particulars	As at 31-Mar-17		As at 31-Mar-16	
	in Numbers	in ₹	in Numbers	in ₹
Number of share at beginning of the year	1,000,000	10,000,000	1,000,000	10,000,000
Number of share at end of the year	1,000,000	10,000,000	1,000,000	10,000,000

### 1.3 Reconciliation of the number of Preference shares outstanding

Particulars	As at 31-Mar-17		As at 31-Mar-16	
	in Numbers	in ₹	in Numbers	in ₹
Number of share at beginning of the year	8,900,000	89,000,000	8,900,000	89,000,000
Less: Shares issued during the year	(8,900,000)	(89,000,000)	–	–
Number of share at end of the year	–	–	8,900,000	89,000,000

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

Share Holders	As at 31-Mar-17		As at 31-Mar-16	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Motilal Oswal Financial Services Ltd.	1,000,000	100	1,000,000	100

### 1.5 Share holder having more than 5% preference holding in the Company

Share Holders	As at 31-Mar-17		As at 31-Mar-16	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Motilal Oswal Financial Services Ltd.	–	–	8,900,000	100

# NOTES TO FINANCIAL STATEMENT

## NOTE 2: RESERVES AND SURPLUS

	As at 31-Mar-17 in ₹	As at 31-Mar-16 in ₹
<b>General Reserve</b>		
Opening balance	66,344,267	66,344,267
Add: Addition during the year	–	(1)
Less: Transfer to Capital Redemption Reserve	(14,000,000)	
<b>Balance as at end of the year</b>	<b>52,344,267</b>	<b>66,344,266</b>
<b>Capital Redemption Reserve</b>		
Opening balance	90,000,000	90,000,000
Add: Addition during the year	89,000,000	–
<b>Balance as at end of the year</b>	<b>179,000,000</b>	<b>90,000,000</b>
<b>Surplus</b>		
Opening balance	(112,504,555)	(120,391,371)
Add: Profit of Current year	371,974,845	7,886,816
Less: Transfer to Capital Redemption Reserve	(75,000,000)	–
<b>Balance as at end of the year</b>	<b>184,470,289</b>	<b>(112,504,555)</b>
<b>TOTAL</b>	<b>415,814,556</b>	<b>43,839,711</b>

## NOTE 3 : LONG TERM PROVISION

	As at 31-Mar-17 in ₹	As at 31-Mar-16 in ₹
<b>Provision for employee benefits</b>		
Provision for Gratuity (also refer note 23)	2,850,602	6,554,121
<b>TOTAL</b>	<b>2,850,602</b>	<b>6,554,121</b>

## NOTE 4 : SHORT TERM BORROWINGS

	As at 31-Mar-17 in ₹	As at 31-Mar-16 in ₹
<b>Loan from Related Party (Unsecured, Considered good)</b>		
From Holding Co. (Motilal Oswal Financial Services Ltd)	7,500,000	27,411,963
<b>TOTAL</b>	<b>7,500,000</b>	<b>27,411,963</b>

## NOTE 5: TRADE PAYABLES

	As at 31-Mar-17 in ₹	As at 31-Mar-16 in ₹
Trade Payables	52,422,018	67,461
<b>TOTAL</b>	<b>52,422,018</b>	<b>67,461</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 6 : OTHER CURRENT LIABILITIES

	As at 31-Mar-17 in ₹	As at 31-Mar-16 in ₹
For Other Liabilities:		
Salary, bonus & other benefits	253,919	487,469
For Expenses	3,037,456	1,433,259
Withholding and other Taxes Payable	35,689,912	8,090,391
Other Payables	85,528	1,209,754
Interest Accrued and due	1,988	1,200,619
<b>TOTAL</b>	<b>39,068,802</b>	<b>12,421,493</b>

## NOTE 7 : SHORT TERM PROVISIONS

	As at 31-Mar-17 in ₹	As at 31-Mar-16 in ₹
Provision for taxes	62,351,907	–
<b>Provision for employee benefits</b>		
For Gratuity (also refer note 23)	230,364	1,145,402
Ex-Gratia	94,900,000	8,100,000
Other provisions (includes provision for expenses)	1,098,028	2,706,730
<b>TOTAL</b>	<b>158,580,299</b>	<b>11,952,132</b>

## NOTE 8 : PROPERTY PLANT & EQUIPMENTS

### Current Year

(in ₹)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK		
	As at 1-Apr-16	Additions	Deduction	As at 31-Mar-17	As at 1-Apr-16	Additions	Deduction	As at 31-Mar-17	As at 31-Mar-17	As at 31-Mar-16	
<b>TANGIBLE ASSETS</b>											
Renovation to Leased Office Premises	3,688,404			3,688,404	1,236,346	2,267,638		3,503,984	184,420	2,452,058	
Lease Hold Improvement	17,642,662			17,642,662	14,604,183	3,038,436		17,642,619	43	3,038,479	
Furniture	4,842,927			4,842,927	4,382,208	221,912		4,604,120	238,807	460,719	
Electrical Equipment	439,097			439,097	345,319	24,625		369,944	69,153	93,778	
Air Conditioner		44,000		44,000		1,899		1,899	42,101		
Mobile	299,513			299,513	284,537			284,537	14,976	14,976	
Office Equipments	363,378	87,564		450,942	269,189	66,923		336,112	114,830	94,189	
Projector	100,829			100,829	95,788			95,788	5,041	5,041	
Computer	3,139,185	155,625		3,294,810	2,750,122	228,753		2,978,875	315,935	389,066	
<b>Total (A)</b>	<b>30,515,995</b>	<b>287,189</b>	<b>–</b>	<b>30,803,184</b>	<b>23,967,691</b>	<b>5,850,186</b>	<b>–</b>	<b>29,817,878</b>	<b>985,306</b>	<b>6,548,307</b>	
<b>INTANGIBLE ASSETS</b>											
Computer Software	178,038			178,038	152,097	9,053		161,150	16,891	25,941	
<b>Total (B)</b>	<b>178,038</b>	<b>–</b>	<b>–</b>	<b>178,038</b>	<b>152,097</b>	<b>9,053</b>	<b>–</b>	<b>161,150</b>	<b>16,891</b>	<b>25,941</b>	
<b>TOTAL (A+B)</b>	<b>30,694,033</b>	<b>287,189</b>	<b>–</b>	<b>30,981,222</b>	<b>24,119,788</b>	<b>5,859,239</b>	<b>–</b>	<b>29,979,028</b>	<b>1,002,197</b>	<b>6,574,248</b>	

# NOTES TO FINANCIAL STATEMENT

## Previous Year

(in ₹)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK		
	As at 1-Apr-15	Additions	Deduction	As at 31-Mar-16	As at 1-Apr-15	Additions	Deduction	As at 31-Mar-16	As at 31-Mar-16	As at 31-Mar-15	
<b>TANGIBLE ASSETS</b>											
Renovation to Leased Office Premises		7,376,808	3,688,404	3,688,404		1,236,346		1,236,346	2,452,058	–	
Lease Hold Improvement	17,642,662			17,642,662	11,557,401	3,046,782		14,604,183	3,038,479	6,085,261	
Furniture	4,842,927			4,842,927	3,385,736	996,472		4,382,208	460,719	1,457,191	
Electrical Equipment	439,097			439,097	294,987	50,332		345,319	93,778	113,643	
Mobile	299,513			299,513	263,447	21,090		284,537	14,976	36,066	
Office Equipments	320,578	68,800	26,000	363,378	162,594	106,595		269,189	94,189	192,651	
Projector	100,829			100,829	95,788			95,788	5,041	5,041	
Computer	2,970,187	337,996	168,998	3,139,185	2,276,150	473,972		2,750,122	389,066	694,037	
<b>Total (A)</b>	<b>26,615,793</b>	<b>7,783,604</b>	<b>3,883,402</b>	<b>30,515,995</b>	<b>18,036,103</b>	<b>5,931,589</b>	<b>–</b>	<b>23,967,691</b>	<b>6,548,307</b>	<b>8,583,890</b>	
<b>INTANGIBLE ASSETS</b>											
Computer Software	145,996	64,084	32,042	178,038	131,576	20,521		152,097	25,941	14,424	
<b>Total (B)</b>	<b>145,996</b>	<b>64,084</b>	<b>32,042</b>	<b>178,038</b>	<b>131,576</b>	<b>20,521</b>	<b>–</b>	<b>152,097</b>	<b>25,941</b>	<b>14,424</b>	
<b>TOTAL (A+B)</b>	<b>26,761,789</b>	<b>7,847,688</b>	<b>3,915,444</b>	<b>30,694,033</b>	<b>8,167,679</b>	<b>5,952,109</b>	<b>–</b>	<b>24,119,788</b>	<b>6,574,248</b>	<b>8,598,314</b>	

## NOTE 9 : NON-CURRENT INVESTMENTS (At Cost)

### Investment in Funds (Unquoted)

Reliance Alternative Investments Fund - Private Equity Scheme I  
1,052,090.20 units of ₹ 10 each, ₹ 10 paid up (Previous Year 15,00,000 units of ₹ 10 each, ₹ 10 Paid up)

Aditya Birla Private Equity - Fund I  
67,213 units of ₹ 95.76, ₹ 95.76 paid up (Previous Year 1,41,263 units of ₹ 95.76, ₹ 95.76 paid up, face value of ₹ 100 each)

Motilal Oswal Most Focused Multicap 35 Fund - Direct Growth  
86,74,566.868 Units of ₹ 23.4327 (Previous Year Nil)

Investment in Shares (Unquoted)

### TOTAL

	As at 31-Mar-17 in ₹	As at 31-Mar-16 in ₹
Reliance Alternative Investments Fund - Private Equity Scheme I	10,857,743	15,000,000
Aditya Birla Private Equity - Fund I	10,129,953	13,526,603
Motilal Oswal Most Focused Multicap 35 Fund - Direct Growth	187,500,000	–
Investment in Shares (Unquoted)	10	10
<b>TOTAL</b>	<b>208,487,706</b>	<b>28,526,613</b>

## NOTE 10: DEFERRED TAX ASSET (NET)

### Deferred tax asset on

Written Down Value of Fixed Assets

Business Loss

Gratuity provision

### TOTAL

	As at 31-Mar-17 in ₹	As at 31-Mar-16 in ₹
Written Down Value of Fixed Assets	4,279,351	3,402,881
Business Loss	–	34,820,705
Gratuity provision	888,551	2,379,153
<b>TOTAL</b>	<b>5,167,901</b>	<b>40,602,738</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 11: LONG TERM LOANS AND ADVANCES

	As at 31-Mar-17 in ₹	As at 31-Mar-16 in ₹
Unsecured, considered good		
Other deposits	5,553,373	7,160,970
Prepaid Expenses	92,484	396,204
Advance Tax and TDS	29,949,053	74,787,982
<b>TOTAL</b>	<b>35,594,910</b>	<b>82,345,156</b>

## NOTE 12: TRADE RECEIVABLES

	As at 31-Mar-17 in ₹	As at 31-Mar-16 in ₹
<b>Unsecured, Considered Good</b>		
Debts outstanding for a period exceeding Six months	–	27,458,650
Other debts for a period Less then Six months	416,085,555	12,542,047
<b>TOTAL</b>	<b>416,085,555</b>	<b>40,000,697</b>

## NOTE 13: CASH AND CASH EQUIVALENTS

	As at 31-Mar-17 in ₹	As at 31-Mar-16 in ₹
<b>Cash and Cash Equivalents</b>		
Cash in Hand	202,803	8,460
Balance with Bank		
Scheduled Banks- In Current Accounts	6,345,762	1,791,905
<b>TOTAL</b>	<b>6,548,565</b>	<b>1,800,365</b>

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the table below:

Particulars	SBNs	Other denomination notes	Total (in ₹)
Opening cash in hand as on 8-11-2016	–	–	–
(+) Permitted receipts	–	150,000	150,000
(–) Permitted payments	–	14,000	14,000
(–) Amount deposited in Banks	–	–	–
Closing cash in hand as on 30-12-2016	–	136,000	136,000

## NOTE 14: SHORT TERM LOANS AND ADVANCES

	As at 31-Mar-17 in ₹	As at 31-Mar-16 in ₹
<b>Unsecured, considered good</b>		
Other Loans & Advances		
Advances for supply for services	71,288	–
Prepaid Expenses	1,551,036	1,211,478
Loans and Advances to employees	11,414,975	18,861
Others	312,143	166,724
<b>TOTAL</b>	<b>13,349,443</b>	<b>1,397,063</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 15: INCOME FROM OPERATIONS

	For the Year Ended 31-Mar-17 in ₹	For the Year Ended 31-Mar-16 in ₹
Sale of Services (Advisory & Referral Fees)	840,816,892	248,284,202
Other Operating Revenue	14,429,521	–
<b>TOTAL</b>	<b>855,246,413</b>	<b>248,284,202</b>

## NOTE: 16 OTHER INCOME

	For the Year Ended 31-Mar-17 in ₹	For the Year Ended 31-Mar-16 in ₹
Profit on Sale of Investments	8,856,749	–
Interest Income (Gross)	956	1,475
Dividend Income	–	671,410
Other Non-Operating Revenue	534,367	–
Interest on Income tax refund	7,699,687	–
<b>TOTAL</b>	<b>17,091,759</b>	<b>672,885</b>

## NOTE 17: EXPENSES

	For the Year Ended 31-Mar-17 in ₹	For the Year Ended 31-Mar-16 in ₹
<b>EMPLOYEE BENEFIT</b>		
Salary, Bonus and Allowances	180,704,234	139,509,301
Contribution to provident & other Funds	1,991,299	3,301,289
Staff Welfare Expenses	5,327,074	4,442,077
Gratuity (refer note 23)	4,944,169	288,862
<b>TOTAL</b>	<b>192,966,777</b>	<b>147,541,528</b>
<b>FINANCE COST</b>		
Interest Cost	540,594	7,139,018
<b>TOTAL</b>	<b>540,594</b>	<b>7,139,018</b>
<b>OTHER EXPENSES</b>		
Advisory/Referral expenses	52,128,888	–
Rent	13,415,551	16,330,095
Insurance	678,692	687,742
Remuneration to Auditors (Refer Note 20)	168,715	138,935
Membership & Subscription	2,201,337	4,394,878
Marketing & Brand Promotion Expenses	1,144,172	836,951
Power & Fuel	1,900,710	2,585,411
Communication Expenses	2,118,295	2,434,160
Travelling Expenses & Conveyance	8,270,494	16,749,435
Entertainment Expenses	2,740,062	3,896,188

# NOTES TO FINANCIAL STATEMENT

	For the Year Ended 31-Mar-17 in ₹	For the Year Ended 31-Mar-16 in ₹
Legal & Professional Charges	4,459,453	4,095,088
Bad debts w/off (Net of provision for doubtful debts)	24,232,516	6,133,675
Printing & Stationery	643,836	1,403,207
Rates & Taxes	10,987	9,970
Computer Maintenance	17,611	6,422
Depository charges	22,248	–
Foreign Exchange Fluctuation	–	639,613
Brokerage Paid	2,044,331	5,398,751
Repairs & Maintenance -Others	31,920	11,000
Filing Fees	–	559,940
Miscellaneous Expenses	2,382,330	3,272,598
<b>TOTAL</b>	<b>118,612,147</b>	<b>69,584,059</b>

## SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH, 31 2017

### NOTE 18: NATURE OF BUSINESS

The company is a merchant banker and an investment banker. As an investment banking company Motilal Oswal Investment Advisors Limited is engaged in capital raising, Domestic IPOs, Private Equity placements, M & A Advisory, Corporate Finance Advisory, Restructuring and FCCBs and GDRs. The company is providing its various services at both international and domestic frontier

### NOTE 19: SIGNIFICANT ACCOUNTING POLICIES

#### 19.1 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 and the provisions of the Companies Act, 2013.

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. Based on the nature of business the company has ascertained its operating cycle as twelve months for the purpose of current and non - current classification of assets and liabilities.

#### 19.2 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 of 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 to such estimates are prospectively made in current or future periods.

#### 19.3 Property, Plant & Equipments & Depreciation

Properties, Plant & Equipments are stated at cost less accumulated depreciation thereon. The cost of property, plant & equipments comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. The Company provides pro-rata depreciation from the date on which asset is acquired / put to use. In respect of assets sold, pro-rata depreciation is provided up to the date on which the asset is sold. 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 property, plant & equipments 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

# NOTES TO FINANCIAL STATEMENT

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 leasehold premises are depreciated over the initial period of lease on Straight Line Basis.

## 19.4 Intangible Assets 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.

## 19.5 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.

## 19.6 Revenue Recognition:

- a) 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.
- b) Interest income is recognised on accrual basis.
- c) Dividend income is recognised when the right to receive payment is established.
- d) In respect of other heads of income, the Company accounts the same on accrual basis.

## 19.7 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 profit and loss account. 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 profit and loss account and related assets and liabilities are accordingly restated in the balance sheet.

## 19.8 Employee Benefits:

### Provident Fund:

Contribution payable to the recognised provident fund, which is a defined contribution scheme, is charged to the profit and loss account in the period in which it occurs.

### Gratuity:

Gratuity is post employment benefit and is in the nature of Defined Benefit Plan. The Liability recognised in the balance sheet in respect of gratuity is the present value of defined benefit obligation at the balance sheet date and less the fair value of plan assets, 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.

### Bonus / Ex-gratia Plans:

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.

# NOTES TO FINANCIAL STATEMENT

## 19.9 Taxation:

Income-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) and fringe benefit tax.

### 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 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 reasonable / virtually certain (as the case may be) to be realised.

### Classification:

Advance tax and provision for tax is shown on net basis. If the net amount is credit, it is disclosed as short term provision. If the net amount is debit, it is bifurcated into current and non-current on the basis of status of assessment proceedings and estimation of time for final outcome i.e. if the tax refund is expected within 12 months from the balance sheet date, it is disclosed under short term loans and advances, otherwise it is disclosed under long term loans and advances.

## 19.10 Sign on Bonus:

Sign on Bonus paid to the employees is accounted under Other Assets in the Balance sheet and debited to Profit & Loss over the period of minimum employment as agreed.

## 19.11 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 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.

## 19.12 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 profit and loss account. 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.

# NOTES TO FINANCIAL STATEMENT

## NOTE 20 : AUDITOR'S REMUNERATION

	31-Mar-17 in (₹)	31-Mar-16 in (₹)
Audit Fees	30,000	30,000
Tax Audit Fees	15,000	15,000
Interim Review	30,000	30,000
Other Services	93,715	63,935
<b>TOTAL</b>	<b>168,715</b>	<b>138,935</b>

## NOTE 21 : BASIC & DILUTED EARNINGS / (LOSS) PER SHARE

	31-Mar-17	31-Mar-16
Net Profit attributable to equity shareholders [A]	371,974,845	7,886,816
Number of weighted average equity shares issued [B]	1,000,000	1,000,000
Basic Earnings per share (EPS) –[A/B] (₹)	371.97	7.89
Weighted Number of equity shares outstanding for Diluted EPS [C]	1,000,000	1,000,000
Diluted Earnings per share (DEPS) [A/C] (₹)	371.97	7.89

## NOTE 22 : RELATED PARTY

### (i) Relationships during the year

#### Holding Company:

- Motilal Oswal Financial Services Limited

#### Ultimate Holding Company:

- Passionate Investment Management Private Limited

#### Fellow Subsidiaries:

- Motilal Oswal Capital Markets Private Limited
- Motilal Oswal Trustee Company Limited
- Motilal Oswal Insurance Brokers Private Limited
- Motilal Oswal Commodities Broker Private Limited
- Motilal Oswal Asset Management Company Limited
- MOPE Investment Advisors Private Limited
- Motilal Oswal Securities Limited
- Motilal Oswal Wealth Management Limited
- Motilal Oswal Securities International Private Limited
- Motilal Oswal Capital Market (Hongkong) Private Limited
- Motilal Oswal Capital Market (Singapore) Pte Limited
- Aspire Home Finance Corporation Limited
- Motilal Oswal Real Estate Investment Advisors Private Limited
- Motilal Oswal Real Estate Investment Advisors II Private Limited
- India Business Excellence Management Company
- Motilal Oswal Asset Management (Mauritius) Pvt. Ltd.
- Nagori Agro & Cattle Feeds Private Limited
- Motilal Oswal Capital Limited

#### Key management personnel

- Motilal Oswal - Director
- Raamdeo Agarawal – Director

# NOTES TO FINANCIAL STATEMENT

## Enterprises in which key management personnel exercise significant Influence

- Motilal Oswal Foundation
- VISU Associates - Partnership firm
- OSAG Enterprises LLP

## (ii) The transactions were entered into with the above related parties during the year in the ordinary course of business have been provided in the Annexure below:

### Transactions with related parties: 31-03-2017

Transaction	Name of the related Party	Holding Company		Fellow Subsidiaries		Total	
		2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
Advisory Fees (Income)	Motilal Oswal Financial Services Limited	(421,044)	(5,323,453)	–	–	(421,044)	(5,323,453)
	Motilal Oswal Securities Limited	–	–	–	(1,500,000)	–	(1,500,000)
Referral Fee Expense	Motilal Oswal Wealth Management Limited	–	–	2,366,456	260,000	2,366,456	260,000
Brokerage Expense	Motilal Oswal Securities Limited	–	–	2,044,331	–	2,044,331	–
Interest Expense	Motilal Oswal Financial Services Limited	441,419	6,954,059	–	–	441,419	6,954,059
Rent Expense	Motilal Oswal Financial Services Limited	11,434,567	14,321,940	–	–	11,434,567	14,321,940
	Motilal Oswal Securities Limited	–	–	1,980,984	1,980,984	1,980,984	1,980,984
Repayment received of rent deposit	Motilal Oswal Financial Services Limited	1,607,597	–	–	–	1,607,597	–
Reimbursement of Expenses	Motilal Oswal Financial Services Limited	893,097	–	–	–	893,097	–
	Motilal Oswal Securities Limited	–	–	2,037,957	–	2,037,957	–
Loans (Taken)	Motilal Oswal Financial Services Limited	(110,387,414)	–	–	–	(110,387,414)	–
Loans Repaid	Motilal Oswal Financial Services Limited	132,279,541	–	–	–	132,279,541	–
Loans (Maximum balance)	Motilal Oswal Financial Services Limited	(38,862,631)	(90,527,613)	–	–	(38,862,631)	(90,527,613)
<b>Outstanding Balances:</b>							
Loans Given / (Taken)	Motilal Oswal Financial Services Limited	(7,500,000)	(31,797,369)	–	–	(7,500,000)	(31,797,369)
Sundry (payables) / receivables	Motilal Oswal Financial Services Limited	50,000	1,357,184	–	–	50,000	1,357,184
	Motilal Oswal Securities Limited	–	–	(2,311,253)	(33,655)	(2,311,253)	(33,655)
Other (payables)	Motilal Oswal Financial Services Limited	(1,988)	(849,729)	–	–	(1,988)	(849,729)
Rent Deposit (Received) / Given	Motilal Oswal Financial Services Limited	5,553,373	7,160,970	–	–	5,553,373	7,160,970

Notes: Income/Liability figure are shown in brackets.

## NOTE 23 : GRATUITY

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

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

	31-Mar-17	31-Mar-16
<b>I Assumptions as at</b>	31-Mar-17	31-Mar-16
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest / Discount Rate	7.49%	7.49%
Rate of increase in compensation	6.00%	6.00%
Rate of return (expected) on plan assets		
Employee Attrition Rate (Past Service (PS))	PS: 0 to 37 : 12.41	PS: 0 to 37 : 10.34
Expected average remaining service	6.24	7.04
<b>II Changes in present Value of Obligations</b>		
PVO at beginning of period	7,699,523	8,103,352
Interest cost	218,570	602,719

# NOTES TO FINANCIAL STATEMENT

	31-Mar-17	31-Mar-16			
Current Service Cost	1,321,468	1,559,098			
Past Service Cost - (non vested benefits)	–	–			
Past Service Cost - (vested benefits)	–	–			
Benefits Paid	(9562726)	(692,691)			
Actuarial (Gain) / Loss on obligation	3404131	(1,872,955)			
PVO at end of period	3,080,966	7,699,523			
<b>III Changes in fair Value of Plan Assets</b>					
Fair Value of Plan Assets at beginning of period	–	–			
Expected Return on Plan Assets	–	–			
Contributions	9,562,726	692,691			
Benefit Paid	(9562726)	(692,691)			
Actuarial Gain / (Loss) on plan assets	–	–			
Fair Value of Plan Assets at end of period	–	–			
<b>IV Fair Value of Plan Assets</b>					
Fair Value of Plan Assets at beginning of period	–	–			
Actual Return on Plan Assets	–	–			
Contributions	9,562,726	692,691			
Benefit Paid	(9562726)	(692,691)			
Fair Value of Plan Assets at end of period	–	–			
Funded Status (including unrecognised past service cost)	(3,080,966)	(7,699,523)			
Excess of actual over estimated return on Plan Assets	–	–			
<b>V Experience History</b>	<b>31-Mar-17</b>	<b>31-Mar-16</b>	<b>31-Mar-15</b>	<b>31-Mar-14</b>	<b>31-Mar-13</b>
(Gain) / Loss on obligation due to change in Assumption	(30,321)	(633,093)	(72,109)	(191,243)	941,276
Experience (Gain) / Loss on obligation	3,434,452	(1,239,862)	9,383	(1,553,515)	(858,117)
Actuarial Gain / (Loss) on plan assets	–	–	–	–	–
	<b>31-Mar-17</b>	<b>31-Mar-16</b>			
<b>VI Actuarial Gain/(Loss) Recognized</b>					
Actuarial Gain / (Loss) for the period (Obligation)	(3,404,131)	1,872,955			
Actuarial Gain / (Loss) for the period (Plan Assets)	–	–			
Total Gain / (Loss) for the period	(3,404,131)	1,872,955			
Actuarial Gain / (Loss) recognized for the period	(3,404,131)	1,872,955			
Unrecognized Actuarial Gain/(Loss) at end of period	–	–			
<b>VII Past Service Cost Recognised</b>					
Past Service Cost- (non vested benefits)	–	–			
Past Service Cost - (vested benefits)	–	–			
Average remaining future service till vesting of the benefit	–	–			
Recognised Past service Cost- non vested benefits	–	–			
Recognised Past service Cost- vested benefits	–	–			
Unrecognised Past Service Cost - non vested benefits	–	–			
<b>VIII Amounts to be recognized in the balance sheet and statement of profit &amp; loss account</b>					
PVO at end of period	3,080,966	7,699,523			
Fair Value of Plan Assets at end of period	–	–			

# NOTES TO FINANCIAL STATEMENT

	31-Mar-17	31-Mar-16
Funded Status	(3,080,966)	(7,699,523)
Unrecognized Actuarial Gain / (Loss)	–	–
Unrecognised Past Service Cost- non vested benefits	–	–
Net Asset / (Liability) recognized in the balance sheet	(3,080,966)	(7,699,523)
<b>IX Expense recognized in the statement of P &amp; LAIC</b>		
Current Service Cost	1,321,468	1,559,098
Interest cost	218,570	602,719
Past Service Cost- (non vested benefits)	–	–
Past Service Cost (vested benefits)	–	–
Unrecognised Past Service Cost- non vested benefits	–	–
Expected Return on Plan Assets	–	–
Net Actuarial (Gain) / Loss recognized for the period	3,404,131	(1,872,955)
Expense recognized in the statement of P & L AIC	4,944,169	288,862
<b>X Movements in the Liability recognized in Balance Sheet</b>		
Opening Net Liability	7,699,523	8,103,352
Expenses as above	4,944,169	288,862
Contribution paid	(9,562,726)	(692,691)
Closing Net Liability	3,080,966	7,699,523
<b>XI Revised Schedule III</b>		
Current Liability	230,364	1,145,402
Non-Current Liability	2,850,602	6,554,121

## NOTE 24 : ACTIVITY IN FOREIGN CURRENCY

	31-Mar-17 in (₹)	31-Mar-16 in (₹)
Expenditure in foreign currency		
Membership and subscription Charges	1,920,481	2,325,591
<b>Total</b>	<b>1,920,481</b>	<b>2,325,591</b>

## NOTE 25 : FOREIGN EXCHANGE GAIN / LOSS

Foreign exchange gain / loss comprises of the difference in exchange rate on the date of booking & date of realization. In respect of monetary items on the Balance sheet date the foreign exchange Loss / (gain) arising thereon of ₹ 194 (P.Y ₹ 6,39,613) Miscellaneous Expenses has been debited / credited to profit and loss account and shown Miscellaneous expenses .

## NOTE 26 : Provisions made for the Year ended 31st March, 2017 comprises of:

	Opening balance	Provided during the year ended 31st March, 2017	Paid / reversed during the year ended 31st March, 2017	Closing balance as of 31st March, 2017
Ex-gratia (Bonus)	8,100,000	95,775,400	8,975,400	94,900,000
Gratuity	7,699,523	4,944,169	9,562,726	3,080,966

## Provisions made for the Year ended 31st March, 2016 comprises of:

	Opening balance	Provided during the year ended 31st March, 2016	Provision Paid / reversed during the year ended 31st March, 2016	Closing balance as of 31st March, 2016
Ex-gratia (Bonus)	4,800,000	8,100,000	4,800,000	8,100,000
Gratuity	8,103,352	288,862	692,691	7,699,523

# NOTES TO FINANCIAL STATEMENT

## NOTE 27 : CONTINGENT LIABILITIES

Demand in respect of Income Tax matters for which appeal is pending is ₹ Nil/- (P. Y. Nil).

## NOTE 28 : CAPITAL COMMITMENTS

The Company has given a capital commitment of ₹ 15,000,000 to Aditya Birla Private Equity Fund . In respect of this, the Company has contributed an amount of ₹ 1,50,00,000/- (Previous year ₹ 1,50,00,000/-) and during the year also received a capital refund of ₹ 33,96,650 (Previous year ₹ Nil) and balance commitment of ₹ Nil (Previous year ₹ Nil ) is outstanding as on 31st March, 2017.

The Company has given a capital commitment of ₹ 150,00,000 to Reliance Alternative Investment Fund Private Equity Scheme I and during the year also received a capital refund of ₹ 41,42,257 (Previous year ₹ Nil) and balance commitment of ₹ Nil (Previous year ₹ Nil) is outstanding as on 31st March, 2017.

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances) is ₹ 4,08,350/- (Previous Year : ₹ Nil)

## NOTE 29 : DUES TO MICRO AND SMALL ENTERPRISES

There is no amount outstanding for more than thirty days to any small scale industrial undertaking as at the Balance Sheet date. There are no Micro, Small and Medium Enterprises to whom the Company owes the dues, which are outstanding for more than forty five days as at the Balance Sheet date. The Micro, Small and Medium Enterprises have been identified on the basis of information provided by the vendors to the Company.

## NOTE 30 : SEGMENT INFORMATION

Since the Company is engaged in single segment i.e. Advising and managing real estate funds, hence there are no separate reportable segment as required under Accounting Standard – 17.

## NOTE 31 :

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

As per our attached report of even date

### For Aneel Lasod and Associates

Chartered Accountants

Firm Registration No. 124609W

**Aneel Lasod**

Partner

M No: 40117

Place : Mumbai

Dated : 24th April, 2017

For and on behalf of the Board of  
**Motilal Oswal Investment Advisors Limited**

**Motilal Oswal**

Director

DIN No: 00024503

**Raamdeo Agarawal**

Director

DIN No: 00024533

**Vidhi Gala**

Company Secretary

# **Motilal Oswal Commodities Broker Private Limited**

**Annual Report 2016-2017**

# INDEPENDENT AUDITORS' REPORT

The MEMBERS of **MOTILAL OSWAL COMMODITIES BROKER PRIVATE LIMITED**

## **REPORT ON THE STANDALONE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of MOTILAL OSWAL COMMODITIES BROKER PRIVATE LIMITED ('the Company'), which comprise the balance sheet as at 31st March 2017, the statement of profit and loss, the statement of cash flows for the year then ended and a summary of the 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 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 prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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, 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.

## **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of 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 financial statements.

## **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 financial position of the Company as at 31 March, 2017, its Profits and its cash flows for the year ended on that date.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
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 AUDITORS' 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, the statement of cash flows are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
- (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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, refer to our separate report in "Annexure B", and
- (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 did not have any long-term contracts including derivative contracts for which any material foreseeable losses on in financial statements;
  - ii. there were no amount which required to be transferred to the Investor Education and Protection Fund by the Company; and
  - iii. the Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company.

For **Aneel Lasod And Associates**

*Chartered Accountants*

Firm Registration No.: 124609W

**Aneel Lasod**

*(Partner)*

M.No.: 040117

Place: Mumbai

Date: 24th April, 2017

## **ANNEXURE TO AUDITORS' REPORT:**

**Annexure referred to in our report to the members of MOTILAL OSWAL COMMODITIES BROKER PRIVATE LIMITED for the year ended March 31, 2017.**

### **We report that:**

#### **1. Fixed Assets:**

- a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. The fixed assets were physically verified by the management at reasonable intervals and no discrepancies were noticed with that stated in the books of accounts.
- c. The title deeds of immovable properties are held in the name of the company.

#### **2. Inventories:**

According to the information and explanations given to us, there are no inventories on the Balance sheet date; therefore this clause is not applicable.

#### **3. Loans and Advances:**

The Company has not granted any secured or unsecured loan to its holding company covered in the register maintained under section 189 of the Companies Act, 2013; therefore this clause is not applicable

#### **4. Compliance of section 185 and 186 of the Companies Act, 2013:**

According to the information and explanations given to us; in respect of loans, investments, guarantees and security given by the company are in compliance with the provisions of Section 185 and 186 of the Companies Act, 2013.

#### **5. Deposits from Public:**

In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the "public" attracting the provisions of Sections 73 and 76 of the Companies Act, 2013 or the rules framed there under.

#### **6. Cost Records:**

The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for any of the activities conducted/services rendered by the Company. Accordingly Para 3(vii) of the Order is not applicable.

#### **7. Statutory Records:**

- a. According to the records of the Company and according to the information and explanations provided to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Service Tax, Professional Tax, and any other statutory dues wherever applicable with the appropriate authorities.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Service Tax, Professional Tax, and any other statutory dues were outstanding as at 31st March 2016 for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us, there are no dues of Provident Fund, Employees State Insurance, Income Tax, Service Tax, Professional Tax, SEBI turnover fees and any other statutory dues, which have not been deposited on account of any dispute.

#### **8. Repayment of Dues:**

According to the information and explanations given to us, there being no borrowings taken from any financial institution or bank and the company has not issued any debentures; therefore this clause is not applicable.

#### **9. IPO or further public offer:**

According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer (IPO) or further public offer (including debt instruments); therefore this clause is not applicable.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## **10. Fraud:**

Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company or by its officers or employees has been noticed or reported during the year.

## **11) Managerial Remuneration:**

According to the information and explanations given to us, the Company has not paid or provided any managerial remuneration; therefore this clause is not applicable.

## **12) Nidhi Company:**

The Company is not regulated by the provisions of Nidhi Company; therefore this clause is not applicable.

## **13) Related Party Transaction:**

According to the information and explanations given to us all the transactions with the related parties are in compliance with Section 188 and Section 177 of the Companies Act, 2013 wherever applicable the details have been disclosed in the Financial Statements etc. as required by accounting standard.

## **14) Private Placement/ Preferential Allotment:**

According to the information and explanations given to us the company has not made any Preferential Allotment/private placement of shares or fully or partly convertible debentures during the year; therefore this clause is not applicable.

## **15) Non cash transactions:**

According to the information and explanations given to us the company has not entered into non cash transactions with directors or persons connected with him as covered under section 192 of the Companies Act, 2013; therefore this clause is not applicable.

## **16) Registration with Reserve Bank of India:**

The Company is not a Non-Banking Financial Company therefore the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934; therefore this clause is not applicable.

For **Aneel Lasod And Associates**

*Chartered Accountants*

Firm Registration No.: 124609W

**Aneel Lasod**

*(Partner)*

M.No.: 040117

Place: Mumbai

Date: 24th April, 2017

# BALANCE SHEET

## BALANCE SHEET AS AT 31ST MARCH, 2017

	Note No.	As on 31-Mar-2017 (In ₹)	As on 31-Mar-2016 (In ₹)
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>(1) Share Holder's Funds :</b>			
Share Capital	1	4,100,440	4,100,440
Reserve & Surplus	2	173,999,613	154,445,386
<b>(2) Non-Current Liabilities</b>			
Long-term Provision	3	2,050,239	1,557,100
<b>(3) Current Liabilities</b>			
Short term borrowings	4	–	166,275
Trade Payables	5	3,106,618,678	2,838,051,219
Other current liabilities	6	78,208,614	83,396,253
Short term provisions	7	10,395,132	5,426,181
<b>TOTAL</b>		<b>3,375,372,716</b>	<b>3,087,142,854</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
Property Plant and Equipments	8		
(i) Tangible Assets		654,716	5,586,154
(ii) Intangible Assets		71,224	325,139
Non-current Investment	9	50,000,000	50,000,000
Deferred tax assets (net)	10	3,539,270	18,075,197
Long term loans & advances	11	7,452,042	4,291,426
Other Non-current Assets	12	3,350,000	–
<b>(2) Current Assets</b>			
Inventories	13	44,116	44,116
Trade Receivables	14	2,579,431,209	2,590,900,612
Cash & bank balances	15	605,803,326	298,066,830
Short term loans & advances	16	110,095,466	109,101,512
Other current assets	17	14,931,347	10,751,868
<b>TOTAL</b>		<b>3,375,372,716</b>	<b>3,087,142,854</b>

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

As per our attached report of even date

**For Aneel Lasod and Associates**

Chartered Accountants

Firm Registration No. 124609W

**Aneel Lasod**

Partner

M. No: 40117

Place : Mumbai

Dated : 24th April, 2017.

For and on behalf of the Board of

**Motilal Oswal Commodities Broker Private Limited**

**Ajay Menon**

Director

**Anupam Agal**

Director

Place : Mumbai

Dated : 24th April, 2017.

# STATEMENT OF PROFIT AND LOSS

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	Note No.	For the Year ended 31-Mar-2017 (In ₹)	For the Year ended 31-Mar-2016 (In ₹)
<b>INCOME</b>			
Income from Operations	18	173,781,289	111,053,000
Other income	19	1,779,890	–
<b>Gross Revenue</b>		<b>175,561,179</b>	<b>111,053,000</b>
<b>EXPENDITURE</b>			
Employee Benefits	20	51,168,992	37,327,859
Finance costs	21	13,630,458	7,122,776
Depreciation and amortization expenses	8	1,559,440	5,925,339
Other Expenses	22	74,850,153	74,442,111
<b>TOTAL EXPENSES</b>		<b>141,209,043</b>	<b>124,818,085</b>
<b>Profit before Tax and exceptional item</b>		<b>34,352,136</b>	<b>(13,765,085)</b>
Exceptional items - Loss		–	–
<b>Profit before taxation</b>		<b>34,352,136</b>	<b>(13,765,085)</b>
Less: Provision for Taxation			
i) Current tax		–	1,980,217
ii) Deferred tax		14,535,928	(5,693,027)
iii) Previous Years Short / (Excess)		261,980	–
<b>Profit / (Loss) After Tax</b>		<b>19,554,228</b>	<b>(10,052,275)</b>
Earnings / (Loss) Per Share (₹)			
Basic and diluted Earnings / (Loss) per share (Face value of ₹ 10 each)		47.69	(24.52)

Notes referred to above form an integral part of this Financial Statements

As per our attached report of even date

**For Aneel Lasod and Associates**

Chartered Accountants

Firm Registration No. 124609W

**Aneel Lasod**

Partner

M. No: 40117

Place : Mumbai

Dated : 24th April, 2017.

For and on behalf of the Board of

**Motilal Oswal Commodities Broker Private Limited**

**Ajay Menon**

Director

Place : Mumbai

Dated : 24th April, 2017.

**Anupam Agal**

Director

# CASH FLOW STATEMENT

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	For the Year ended 31-Mar-2017 (In ₹)	For the Year ended 31-Mar-2016 (In ₹)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	34,352,136	(13,765,085)
Adjustment for		
Interest expense	13,630,458	7,122,776
Profit on sale of fixed assets	(1,779,890)	–
Depreciation	1,559,440	5,925,339
Provision for Bad & Doubtful debts	(47,097,365)	14,632,946
Bad debts written off	52,047,034	–
Adjustment for working capital changes		
Increase / (Decrease) Other Long Term Provisions	493,139	992,651
Increase / (Decrease) Current Liabilities & Provisions	268,348,769	70,335,197
(Increase) / Decrease In Current Assets	(1,814,315)	(16,699,562)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>319,739,406</b>	<b>68,544,262</b>
Taxes Paid (Net of Refunds)	(261,980)	(3,961,079)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>319,477,425</b>	<b>64,583,183</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment in fixed deposit	(3,350,000)	3,850,000
Sale of Office premises	6,000,000	–
Purchase of fixed assets	(594,196)	(370,583)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>2,055,804</b>	<b>3,479,417</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan repaid to holding company	(166,275)	(19,843,980)
Interest paid	(13,630,458)	(7,122,776)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(13,796,733)</b>	<b>(26,966,756)</b>
<b>NET CASH FLOW FOR THE YEAR ENDED</b>	<b>307,736,496</b>	<b>41,095,845</b>
<b>Cash &amp; Cash Equivalents comprise of</b>		
Cash on hand	–	–
Scheduled Bank - In Current Account	49,288,781	46,970,985
Fixed Deposit with Banks	248,778,049	210,000,000
<b>Total Cash &amp; Cash Equivalents as at beginning of year</b>	<b>298,066,830</b>	<b>256,970,985</b>
<b>Cash &amp; Cash Equivalents as at end of year :</b>		
Cash on hand	294,000	–
Scheduled Bank - In Current Account	74,045,177	49,288,781
Fixed Deposit with Banks	531,464,149	248,778,049
<b>Total Cash &amp; Cash Equivalents as at end of year</b>	<b>605,803,326</b>	<b>298,066,830</b>

As per our attached report of even date

**For Aneel Lasod and Associates**

Chartered Accountants

Firm Registration No. 124609W

**Aneel Lasod**

Partner

M. No: 40117

Place : Mumbai

Dated : 24th April, 2017.

For and on behalf of the Board of

**Motilal Oswal Commodities Broker Private Limited**

**Ajay Menon**

Director

**Anupam Agal**

Director

Place : Mumbai

Dated : 24th April, 2017.

# NOTES TO FINANCIAL STATEMENT

## NOTE 1 : SHARE CAPITAL

	As at 31-Mar-2017		As at 31-Mar-2016	
	In Numbers	In ₹	In Numbers	In ₹
<b>Authorised</b>				
500,000 Equity Shares of ₹ 10/- each	500,000	5,000,000	500,000	5,000,000
600,000 Preference Shares of ₹ 10/- each	600,000	6,000,000	600,000	6,000,000
<b>TOTAL</b>	<b>1,100,000</b>	<b>11,000,000</b>	<b>1,100,000</b>	<b>11,000,000</b>
<b>Issued, Subscribed &amp; paid up</b>				
410,044 Equity Shares of ₹ 10/- each	410,044	4,100,440	410,044	4,100,440
<b>TOTAL</b>	<b>410,044</b>	<b>4,100,440</b>	<b>410,044</b>	<b>4,100,440</b>

### Rights, preferences and restrictions attached to shares

#### Equity Shares :

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

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.

### Reconciliation of the number of shares outstanding

	As at 31-Mar-2017		As at 31-Mar-2016	
	In Numbers	In ₹	In Numbers	In ₹
Number of shares at the beginning	410,044	4,100,440	410,044	4,100,440
<b>Number of Share at the end of the year</b>	<b>410,044</b>	<b>4,100,440</b>	<b>410,044</b>	<b>4,100,440</b>

### Details of shares held by share holders holding more than 5% of the aggregate shares in the company

	As at 31-Mar-2017		As at 31-Mar-2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Motilal Oswal Financial Services Ltd., the Holding Company	410,044	100.00	400,000	100.00

## NOTE 2: RESERVES AND SURPLUS

	As at 31-Mar-2017		As at 31-Mar-2016	
	In ₹		In ₹	
<b>Capital Redemption Reserve</b>				
Balance b/f		6,000,000		6,000,000
Addition during the year		—		—
<b>Balance as at end of the year</b>		<b>6,000,000</b>		<b>6,000,000</b>
<b>General Reserves</b>				
Balance b/f		200,000		200,000
Addition during the year		—		—
<b>Balance as at end of the year</b>		<b>200,000</b>		<b>200,000</b>

# NOTES TO FINANCIAL STATEMENT

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
Surplus - Opening Balance	148,245,386	158,297,661
Add: Net profit after tax transferred from Statement of Profit and Loss	19,554,227	(10,052,276)
<b>Amount available for appropriation</b>	<b>167,799,613</b>	<b>148,245,386</b>
<b>Appropriations :</b>		
Less: Transitional depreciation	-	-
<b>Balance in profit and loss account</b>	<b>167,799,613</b>	<b>148,245,386</b>
<b>TOTAL</b>	<b>173,999,613</b>	<b>154,445,386</b>

## NOTE 3 : LONG TERM PROVISIONS

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
<b>Provision for employee benefits:-</b>		
Provision for gratuity	2,050,239	1,557,100
Provision For Taxation (Net of Advance Tax paid)	-	-
<b>TOTAL</b>	<b>2,050,239</b>	<b>1,557,100</b>

## NOTE 4 : SHORT TERM BORROWINGS

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
<b>Unsecured, considered good:</b>		
Loans from holding company	-	166,275
<b>TOTAL</b>	<b>-</b>	<b>166,275</b>

Above loan is repayable on demand

## NOTE 5 : TRADE PAYABLES

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
Creditors	446,018,801	272,924,012
Other trade payables	2,475,877,976	2,475,877,976
Margin Money	184,721,902	89,249,231
<b>TOTAL</b>	<b>3,106,618,678</b>	<b>2,838,051,219</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 6 : OTHER CURRENT LIABILITIES

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
Interest accrued and due on borrowings	–	268,210
For other Liabilities		
– Withholding and other taxes payable	5,533,180	2,335,470
– For expenses	15,663,713	10,276,240
– Book Overdrafts	–	10,798,591
– Other Payables	57,011,721	59,717,742
<b>TOTAL</b>	<b>78,208,614</b>	<b>83,396,253</b>

## NOTE 7 : SHORT TERM PROVISIONS

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
<b>Provision for employee benefits</b>		
Provision for gratuity	255,293	65,348
Provision for Employee Benefits (Ex-gratia)	10,060,963	5,294,934
Provision for Taxation	(2,871,807)	34,422
Other provisions (includes provision for expenses)	2,950,683	31,477
<b>TOTAL</b>	<b>10,395,132</b>	<b>5,426,181</b>

## NOTE 8 : FIXED ASSETS

### Property Plant and Equipments

(In ₹)

PARTICULARS	CURRENT PERIOD									
	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	Opening	Additions	Deductions	Closing	Opening	Additions	Deductions	Closing	Opening	Closing
Computer Software and Licence	3,467,061	–	–	3,467,061	3,204,252	191,590	–	3,395,842	262,809	71,219
Membership Card	1,515,000	–	–	1,515,000	1,452,671	62,325	–	1,514,995	62,330	5
Office Premises	11,587,540	–	4,220,110	7,367,430	6,361,023	1,006,407	–	7,367,430	5,226,517	–
Computer-2	–	261,350	–	261,350	–	38,327	–	38,327	–	223,023
Furniture	114,852	–	–	114,852	107,888	2,276	–	110,164	6,964	4,688
Electrical Equipment	258,847	–	–	258,847	224,628	5,804	–	230,432	34,219	28,416
Office Equipments	286,775	52,335	–	339,110	216,232	43,200	–	259,432	70,543	79,678
Computer-1	3,759,607	280,511	–	4,040,118	3,511,698	209,510	–	3,721,207	247,909	318,911
<b>TOTAL</b>	<b>20,989,682</b>	<b>594,196</b>	<b>4,220,110</b>	<b>17,363,768</b>	<b>15,078,391</b>	<b>1,559,440</b>	<b>–</b>	<b>16,637,830</b>	<b>5,911,291</b>	<b>725,940</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 9 : NON-CURRENT INVESTMENT

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
<b>Investment in</b>		
Motilal Oswal MOST Focused Multicap 35 Fund - Direct Growth	50,000,000	50,000,000
<b>TOTAL</b>	<b>50,000,000</b>	<b>50,000,000</b>

## NOTE 10 : DEFERRED TAX ASSET

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
<b>Deferred Tax Asset:</b>		
Difference in Net Block of Fixed Assets	74,545	1,574,062
Provision for VAT	1,289,986	15,999,799
Gratuity Provision	635,232	501,336
Loss on sale of Office premises	1,539,507	-
<b>TOTAL</b>	<b>3,539,270</b>	<b>18,075,197</b>

## NOTE 11 : LONG TERM LOANS & ADVANCES

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
<b>Security Deposits:</b>		
Unsecured, considered good		
Other deposits	1,647,691	1,482,495
<b>Other Loans and Advances:</b>		
Unsecured, considered good		
– Prepaid Exp	18,491	3,071
Advance Tax	5,785,860	2,805,860
<b>TOTAL</b>	<b>7,452,042</b>	<b>4,291,426</b>

## NOTE 12 : OTHER NON-CURRENT ASSETS

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
<b>Unsecured, considered good:</b>		
Fixed deposits (maturity more than 12 months)	3,350,000	-
<b>TOTAL</b>	<b>3,350,000</b>	<b>-</b>

## NOTE 13 : INVENTORIES (AT COST)

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
Equity Shares	44,116	44,116
<b>TOTAL</b>	<b>44,116</b>	<b>44,116</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 14 : TRADE RECEIVABLES

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
<b>Unsecured, considered good:</b>		
a) Outstanding for a period exceeding six months from the date they are due for payment:	2,574,986,359	2,625,715,886
b) Outstanding for a period less than six months from the date they are due for payment:	5,902,314	14,453,676
<b>Doubtful</b>	(4,681,920)	(51,779,285)
<b>Secured, considered good:</b>		
a) Outstanding for a period exceeding six months from the date they are due for payment	812,057	544,260
b) Outstanding for a period less than six months from the date they are due for payment	2,412,399	1,966,075
<b>TOTAL</b>	<b>2,579,431,209</b>	<b>2,590,900,612</b>

## NOTE 15 : CASH AND BANK BALANCES

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹	
<b>Cash &amp; Cash Equivalents:</b>			
Cash on hand	294,000	-	
Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:			
Particulars	SBNs	Other denomination notes (₹)	Total (₹)
Opening cash in hand as on 8-11-2016	-	-	-
(+) Withdrawn from Bank	-	300,000	300,000
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	6,000	6,000
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30-12-2016	-	294,000	294,000
<b>Balance with banks:</b>			
In current accounts	74,045,177		49,288,781
Fixed deposit (maturity Less than 12 months)	531,464,149		248,778,049
<b>TOTAL</b>	<b>605,803,326</b>		<b>298,066,830</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 16 : SHORT TERM LOANS AND ADVANCES

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
Deposits with Exchange	39,366,816	42,116,816
<b>Others loans &amp; Advances:</b>		
Prepaid Exp	523,820	487,043
– Balance with Government Authorities	1,221,692	1,086,674
– For supply of services	246,567	–
Loans and Advances to employees	540,209	221,581
Advance tax, TDS (Net of provision)	8,953,473	8,953,473
VAT/Tax credit receivables	51,577,620	52,766,475
Others (ST)	7,665,269	3,469,450
<b>TOTAL</b>	<b>110,095,466</b>	<b>109,101,512</b>

## NOTE 17 : OTHER CURRENT ASSETS

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
Accrued interest but not due on Fixed Deposits	14,922,192	10,751,868
Interest due and accrued on loan	9,155	–
<b>TOTAL</b>	<b>14,931,347</b>	<b>10,751,868</b>

## NOTE 18 : INCOME FROM OPERATIONS

	For the Year ended 31-Mar-2017 In ₹	For the Year ended 31-Mar-2016 In ₹
Brokerage and Commission Income	148,934,970	91,936,490
Arbitrage Income	–	(64,059)
Other Operating Revenue	24,846,319	19,180,568
<b>TOTAL</b>	<b>173,781,289</b>	<b>111,053,000</b>

## NOTE 19 : OTHER INCOME

	For the Year ended 31-Mar-2017 In ₹	For the Year ended 31-Mar-2016 In ₹
Profit on sale of fixed assets	1,779,890	–
<b>TOTAL</b>	<b>1,779,890</b>	<b>–</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 20 : EMPLOYEE BENEFITS EXPENSE

	For the Year ended 31-Mar-2017 In ₹	For the Year ended 31-Mar-2016 In ₹
Salary, Bonus and Allowances	48,779,095	35,246,866
Contribution to Provident and other funds	1,316,970	954,578
Gratuity	683,084	1,020,604
Staff Welfare Expenses	389,843	105,811
<b>TOTAL</b>	<b>51,168,992</b>	<b>37,327,859</b>

## NOTE 21 : FINANCE COST

	For the Year ended 31-Mar-2017 In ₹	For the Year ended 31-Mar-2016 In ₹
Interest Expense	13,543,377	6,674,081
Other borrowing cost	87,082	448,694
<b>TOTAL</b>	<b>13,630,458</b>	<b>7,122,776</b>

## NOTE 22 : OTHER EXPENSES

	For the Year ended 31-Mar-2017 In ₹	For the Year ended 31-Mar-2016 In ₹
Brokerage Sharing with Intermediaries	57,468,054	37,002,410
Insurance	530,606	472,207
Legal & Professional Charges	1,991,555	4,215,807
Marketing & Brand Promotion	1,835,884	2,342,063
Remuneration to Auditors	181,969	207,884
Data Processing Charges	256,007	675,439
Entertainment Expenses	600,153	532,004
Rates & Taxes	21,484	24,700
Rent	305,045	274,212
Power & Fuel	90,114	225,727
Communication Expenses	2,093,351	2,084,613
Bad Debts	52,047,034	7,500,114
Provision on Doubtful Debts	2,465,638	-
Provision on Value Added Tax	(49,563,003)	14,632,946
Travelling & conveyance Expenses	3,374,815	2,798,371
CSR	600,000	600,000
Miscellaneous Expenses	551,447	853,615
<b>TOTAL</b>	<b>74,850,153</b>	<b>74,442,111</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 23 : NATURE OF BUSINESS

The company is a registered commodities broker on Multi Commodity Exchange of India Limited (MCX), National Commodity & Derivatives Exchange Limited (NCDEX) and National Spot Exchange Limited (NSEL) and is primarily engaged in the business of providing commodities markets related transaction services. The company is also engaged in the business of proprietary trading in commodities.

## NOTE 24 : SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of Preparation of Financial Statements:

The accompanying 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 notified under section 133 of the Companies Act, 2013 (to the extent applicable) and in accordance with the generally accepted accounting principles and the provisions 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.

### b) Use of Estimates:

The preparation of the financial statements are 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 of 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.

### c) Property, Plant and Equipments & Depreciation

Property, Plant and Equipment are stated at cost less accumulated depreciation thereon. The cost of property, plant and equipment comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. The Company provides pro-rata depreciation from the date on which asset is acquired /put to use. In respect of assets sold, pro-rata depreciation is provided upto the date on which the asset is sold. 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 property, plant and equipment 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 leasehold premises are depreciated over the remaining initial period of lease on Straight Line Basis.

### d) Intangible Assets 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.

Payment made for the membership of the Multi-Commodity Exchange is considered as Intangible asset and depreciated over a period of five years on Straight Line Basis (SLM) from the date of acquisition.

### e) Investments:

- 1) 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.
- 2) Long term investments are valued at cost. Provision for diminution in value of long term investments is made if in the opinion of management such a decline is other than temporary.
- 3) Current investments are valued at cost or market/fair value, whichever is lower.

### f) 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.

# NOTES TO FINANCIAL STATEMENT

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.

## **g) Revenue Recognition:**

- 1) Brokerage income is recognized on trade date basis and is exclusive of service tax and Commodity Transaction Tax (CTT) wherever applicable.
- 2) Interest income is recognized on accrual basis.
- 3) Dividend income is recognized when the right to receive payment is established.
- 4) Income from proprietary trading /arbitrage comprises profit/loss on sale of commodities held as stock-in-trade and profit/loss on counter derivative instruments.
  - a) In respect to the purchase and sale of commodities in spot exchange (NSEL)

Purchase and corresponding liability is recognised in the financial statements on the date on which the transaction was executed on the exchange and Delivery allocation report were issued by the exchange confirming the identification/ allocation of inventory on behalf of the Company.

Sale and corresponding receivable recognised in the financial statements on the date on which the transaction was executed on the exchange and the Delivery allocation report were issued by the exchange. confirming dispatch of inventory on behalf of the Company.

The margin i.e. difference between the sale price and purchase price of the commodity was recognised entirely in the income statement in the period in which the purchase and sale was completed and is presented as part of its operating /Business income nomenclated as "Income from proprietary trading in commodities/arbitrage Income"
  - b) Profit/loss on sale of all other commodities is determined based on the weighted average cost of the commodities sold.
- 5) In respect of other heads of income, the Company accounts the same on accrual basis.

## **h) 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.

## **i) Employee Benefits:**

### **Provident Fund:**

Contribution payable to the recognised 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 recognised 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 Plans:**

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.

# NOTES TO FINANCIAL STATEMENT

## **j) Taxation:**

Income-tax 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.

### **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 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 realisation 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 realised.

## **k) Preliminary Expenses:**

Preliminary expenses are charged to the statement of profit and loss in the year in which they are incurred.

## **l) 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.

## **m) 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.

## **NOTE 25 : RELATED PARTY DISCLOSURE**

### **(i) Names of Related Parties :-**

#### **Holding Company:**

Motilal Oswal Financial Services Limited

#### **Ultimate Holding Company:**

Passionate Investment Management Private Limited

#### **Fellow Subsidiaries:**

- 1) Motilal Oswal Securities Limited
- 2) Motilal Oswal Investment Advisors Limited (formerly known as Motilal Oswal Investment Advisors Private Limited)
- 3) MOPE Investment Advisors Private Limited

# NOTES TO FINANCIAL STATEMENT

- 4) Motilal Oswal Capital Markets Private Limited
- 5) Motilal Oswal Wealth Management Limited
- 6) Motilal Oswal Insurance Broker Private Limited
- 7) Motilal Oswal Asset Management Company Limited
- 8) Motilal Oswal Trustee Company Limited
- 9) Motilal Oswal Securities International Private Limited
- 10) Motilal Oswal Capital Market (Hongkong) Private Limited
- 11) Motilal Oswal Capital Market (Singapore) Pte Limited
- 12) Aspire Home Finance Corporation Limited
- 13) Motilal Oswal Real Estate Investment Advisors Private Limited
- 14) Motilal Oswal Real Estate Investment Advisors II Private Limited
- 15) India Business Excellence Management Company
- 16) Motilal Oswal Asset Management (Mauritius) Pvt. Ltd.
- 17) Nagori Agro & Cattle Feeds Private Limited
- 18) Motilal Oswal Capital Limited

#### Key management Personnel

- Ajay Menon - Director
- Anupam Agal - Director

(ii) The transactions were entered into with the above related parties during the year in the ordinary course of business have been provided in the Annexure.

#### Transactions with related parties for the year ended 31st March, 2017 :

Transaction	Name of the related Party	Holding Company (A)		Fellow Subsidiaries (B)		Total (A+B)	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Interest Expense	Motilal Oswal Financial Services Limited	13,515,877	6,427,198	–	–	13,515,877	6,427,198
Rent Expense	Motilal Oswal Securities Limited	–	–	302,093	273,756	302,093	273,756
Reimbursement of Expenses Paid	Motilal Oswal Securities Limited	–	–	105,577	148,627	105,577	148,627
	Motilal Oswal Financial Services Limited	57,863	225,727	–	–	57,863	225,727
Loan Taken	Motilal Oswal Financial Services Limited	(2,734,226,668)	(1,076,548,107)	–	–	(2,734,226,668)	(1,076,548,107)
Loan Repaid	Motilal Oswal Financial Services Limited	2,734,392,943	1,096,212,896	–	–	2,734,392,943	1,096,212,896
Loans (Maximum balance)	Motilal Oswal Financial Services Limited	(398,634,485)	(232,271,702)	–	–	(398,634,485)	(232,271,702)
Rent Deposit Paid	Motilal Oswal Securities Limited	–	–	28,319	–	28,319	–
<b>Outstanding Balances:</b>						–	–
Corporate Guarantees	Motilal Oswal Financial Services Limited	(50,000,000)	(50,000,000)	–	–	(50,000,000)	(50,000,000)
Other liabilities	Motilal Oswal Securities Limited	–	–	(20,330)	(502,463,838)	(20,330)	(502,463,838)
Unsecured Loan	Motilal Oswal Financial Services Limited	–	(166,275)	–	–	–	(166,275)
Other Receivables	Motilal Oswal Financial Services Limited	9,155	(268,210)	–	–	9,155	(268,210)
Rent Deposit Receivable	Motilal Oswal Securities Limited	–	–	165,196	136,877	165,196	136,877

Note: Income/liabilities figures are shown in brackets.

# NOTES TO FINANCIAL STATEMENT

## NOTE 26 : AUDITORS REMUNERATION

Particulars	31-Mar-2017	31-Mar-2016
Audit fees	140,000	140,000
Tax Audit fees	10,000	10,000
In any other capacity, in respect of:		
Other Services	31,969	57,884
<b>TOTAL</b>	<b>181,969</b>	<b>207,884</b>

## NOTE 27 : BASIC & DILUTED EARNINGS PER SHARE

Particulars	2016-17	2015-16
Net Profit / (Loss) attributable to equity shareholders [A] (₹)	19,554,228	(10,052,276)
Number of equity shares issued [B]	410,044	410,044
<b>Basic &amp; Diluted Earnings / (Loss) per share [A/B] (₹)</b>	<b>47.69</b>	<b>(24.52)</b>

## NOTE 28 :

The following table set out the Gratuity Plan as required under as 15.

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

The Company follows the Revised Accounting Standard 15 on Employee Benefits. Reconciliation of opening and closing balances of the present value of the defined benefit obligation for gratuity benefits is as under:

	March 31, 2017	March 31, 2016
<b>(I) Assumptions as at</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest / Discount Rate	6.69%	7.49%
Rate of increase in compensation	10.00%	10.00%
Rate of return (expected) on plan assets	—	—
Employee Attrition Rate(Past Service (PS))	PS: 0 to 37 : 24.91%	PS: 0 to 37 : 16.31%
Expected average remaining service	2.98	4.98
<b>(II) Changes in present value of obligations (PVO)</b>		
PVO at beginning of year	1,622,448	601,844
Interest cost	121,521	46,763
Current Service Cost	859,470	448,913
Past Service Cost - (non vested benefits)	—	—
Past Service Cost - (vested benefits)	—	—
Benefits Paid	—	—
Actuarial (Gain) / Loss on obligation	(297,907)	524,928
PVO at end of year	2,305,532	1,622,448
<b>(III) Changes in fair value of plan assets</b>		
Fair Value of Plan Assets at beginning of year	—	—
Expected Return or Plan Assets	—	—
Contributions	—	—

# NOTES TO FINANCIAL STATEMENT

	March 31, 2017	March 31, 2016			
Benefit Paid	–	–			
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	–	–			
Benefit Paid	–	–			
Fair Value of Plan Assets at end of year	–	–			
Funded Status (including unrecognised past service cost)	(2,305,532)	(1,622,448)			
Excess of actual over estimated return on Plan Assets	–	–			
	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>(V) Experience History</b>					
(Gain) / Loss on obligation due to change in Assumption	(294,531)	498,271	92,318	(12,678)	(16,849)
Experience (Gain) / Loss on obligation	(3,876)	26,657	(40,748)	(5,148)	(2,027)
Actuarial Gain / (Loss) on plan assets	–	–	–	–	–
	March 31, 2017	March 31, 2016			
<b>(VI) Actuarial Gain/(Loss) Recognized</b>					
Actuarial Gain / (Loss) for the year (Obligation)	297,907	(524,928)			
Actuarial Gain / (Loss) for the year (Plan Assets)	–	–			
Total Gain / (Loss) for the year	297,907	(524,928)			
Actuarial Gain / (Loss) recognized for the year	297,907	(524,928)			
Unrecognized Actuarial Gain/(Loss) at end of year	–	–			
<b>(VII) Past Service Cost Recognised</b>					
Past Service Cost - (non vested benefits)	–	–			
Past Service Cost - (vested benefits)	–	–			
Average remaining future service till vesting of the benefit	–	–			
Recognised Past service Cost - non vested benefits	–	–			
Recognised Past service Cost - vested benefits	–	–			
Unrecognised Past Service Cost - non vested benefits	–	–			
<b>(VIII) Amounts to be recognized in the balance sheet and statement of profit and loss</b>					
PVO at end of period	2,305,532	1,622,448			
Fair Value of Plan Assets at end of year	–	–			
Funded Status	(2,305,532)	(1,622,448)			
Unrecognized Actuarial Gain / (Loss)	–	–			
Unrecognised Past Service Cost - non vested benefits	–	–			
Net Asset / (Liability) recognized in the balance sheet	(2,305,532)	(1,622,448)			
<b>(IX) Expense recognized in the statement of profit and loss</b>					
Current Service Cost	859,470	448,913			
Interest cost	121,521	46,763			
Past Service Cost - (non vested benefits)	–	–			
Past Service Cost - (vested benefits)	–	–			

# NOTES TO FINANCIAL STATEMENT

	March 31, 2017	March 31, 2016
Unrecognised Past Service Cost- non vested benefits	-	-
Expected Return on Plan Assets	-	-
Net Actuarial (Gain) / Loss recognized for the year	(297,907)	524,928
Expense recognized in the statement of profit and loss	683,084	1,020,604
<b>(X) Movements in the Liability recognized in Balance Sheet</b>		
Opening Net Liability	1,622,448	601,844
Expenses as above	683,084	1,020,604
Contribution paid	-	-
Closing Net Liability	2,305,532	1,622,448
<b>(XI) Revised schedule VI</b>		
Current liability	255,293	65,348
Non-current liability	2,050,239	1,557,100

## NOTE 29 : SEGMENT REPORTING

The Company is engaged in single segment as defined in AS – 17; hence Segment Reporting is not applicable to the Company.

## NOTE 30 : PROVISIONS MADE FOR THE YEAR ENDED 31.3.2017 COMPRISES OF:

Particulars	Opening balance	Provided during the year ended 31.3.17	Provision Paid /reversed during the year ended 31.3.17	Closing balance as of 31.3.17
Ex-gratia	5,294,934	10,250,056	5,484,027	10,060,963
Gratuity	1,622,448	683,084	-	2,305,532

Particulars	Opening balance	Provided during the year ended 31.3.16	Provision Paid /reversed during the year ended 31.3.16	Closing balance as of 31.3.16
Ex-gratia	6,127,640	5,191,058	6,023,764	5,294,934
Gratuity	601,844	1,020,604	-	1,622,448

## NOTE 31 : CONTINGENT LIABILITIES & CAPITAL COMMITMENTS:

### Contingent Liabilities:

- a) Claims against the company in respect of Legal matters filed against the Company

Pending against Forum	As at 31st March 2017		As at 31st March 2016	
	No. of Cases	Amount	No. of Cases	Amount
Arbitration Cases	1	340,000	2	5,657,446

Future cash outflow in respect of (b) above determinable only on receipt of judgement / decisions pending with Various forums / authorities

- b) Demand in respect of Income Tax matters for which appeal is pending is ₹ 2,10,53,740/- (Previous Year ₹ 15,89,323/-) . This is disputed by the company and hence not provided for. Above liability does not include interest u/s 234 B and 234 C as the same depends on the outcome of the demand.

### Capital Commitments:

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances) is ₹ 4,39,791 (Previous Year : ₹ 32,500)

# NOTES TO FINANCIAL STATEMENT

## NOTE 32 :

Trade receivables in case of the company includes ₹ 25,179.14 Lakhs (Previous year ₹ 25,179.14 Lakhs) receivable from National Spot Exchange Limited on behalf of customers and the same is also shown as Other Trade payable to customers at ₹ 24,758.78 Lakhs (Previous year ₹ 24,758.78 Lakhs) which will become due only on receipt from National Spot Exchange Limited.

## NOTE 33 :

Other trade payables includes amount not due to customers, receivable from National Spot Exchange Limited, the same will be due only on receipt from National Spot Exchange Limited.

## NOTE 34 : 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 is ₹ 3,45,109 (Previous year : ₹ 5,90,000)  
b) Amount spent during the period ended 31st March, 2017 on :

Particulars	Amount paid	Yet to be paid	Total
a) Construction/acquisition of any asset			
b) For Education Purpose (Kalinga Institute of Social Sciences) on Purposes other than (a) above	600,000		600,000
<b>Total</b>	<b>600,000</b>	<b>-</b>	<b>600,000</b>

Amount spent during the period ended 31st March, 2016 on :

Particulars	Amount paid	Yet to be paid	Total
a) Construction/acquisition of any asset			
International Foundation for Research and Education (Construction of Ashoka University) through Motilal Oswal Foundation	600,000		600,000
b) on Purposes other than (a) above			-
<b>Total</b>	<b>600,000</b>	<b>-</b>	<b>600,000</b>

## NOTE 35 :

There is no amount outstanding for more than thirty days to any Small Scale Industrial Undertaking as at the Balance Sheet date. There are no Micro, Small and Medium Enterprises to whom the company owes dues, which are outstanding for more than forty five days as at the Balance Sheet date. The Micro, Small and Medium Enterprises have been identified on the basis of the information provided by the vendors to the company.

## NOTE 36 :

Previous year figures have been regrouped/rearranged where necessary to confirm to year's classification. As per our attached report of even date

**For Aneel Lasod and Associates**

*Chartered Accountants*

Firm Registration No. 124609W

**Aneel Lasod**

*Partner*

M. No: 40117

Place : Mumbai

Dated : 24th April, 2017.

For and on behalf of the Board of

**Motilal Oswal Commodities Broker Private Limited**

**Ajay Menon**

*Director*

Place : Mumbai

Dated : 24th April, 2017.

**Anupam Agal**

*Director*

# **Motilal Oswal Insurance Brokers Private Limited**

**Annual Report 2016-2017**

# INDEPENDENT AUDITORS' REPORT

To the Members of **MOTILAL OSWAL INSURANCE BROKERS PRIVATE LIMITED.**

## **REPORT ON THE STANDALONE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of MOTILAL OSWAL INSURANCE BROKERS PRIVATE LIMITED ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss, the statement of cash flows for the year then ended and a summary of the 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 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 prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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, 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.

## **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of 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 financial statements.

## **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 financial position of the Company as at 31 March, 2017, its loss and its cash flows for the year ended on that date.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
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 AUDITORS' 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, the statement of cash flows are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
- (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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, refer to our separate report in “ Annexure B”, and
- (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 did not have any long-term contracts including derivative contracts for which any material Foreseeable losses on in financial statements;
  - ii. there were no amount which required to be transferred to the Investor Education and Protection Fund by the Company; and
  - iii. the Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company.

**For Aneel Lasod And Associates**  
*Chartered Accountants*  
Firm Registration No.:- 124609W

**Aneel Lasod**  
*(Partner)*  
M.No.:-040117

Place: Mumbai  
Date: 24th April, 2017.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## **ANNEXURE TO AUDITORS' REPORT:**

Annexure referred to in our report to the members of MOTILAL OSWAL INSURANCE BROKERS PRIVATE LIMITED for the year ended March 31, 2017. We report that:

### **1. Fixed Assets:**

- a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. The fixed assets were physically verified by the management at reasonable intervals and no discrepancies were noticed with that stated in the books of accounts.
- c. The title deeds of immovable properties are held in the name of the company.

### **2. Inventories:**

According to the information and explanations given to us, there are no inventories on the balance sheet date; therefore this clause is not applicable.

### **3. Loans and Advances:**

The Company has not granted any secured or unsecured loan to its holding company covered in the register maintained under section 189 of the Companies Act, 2013; therefore this clause is not applicable.

### **4. Compliance of section 185 and 186 of the Companies Act, 2013:-**

According to the information and explanations given to us; in respect of loans, investments, guarantees and security given by the company are in compliance with the provisions of Section 185 and 186 of the Companies Act, 2013.

### **5. Deposits from Public:**

In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the "public" attracting the provisions of Sections 73 and 76 of the Companies Act, 2013 or the rules framed there under.

### **6. Cost Records:**

The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for any of the activities conducted/services rendered by the Company. Accordingly Para 3(vii) of the Order is not applicable.

### **7. Statutory Records:**

- a. According to the records of the Company and according to the information and explanations provided to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Professional Tax, and any other statutory dues wherever applicable with the appropriate authorities.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Professional Tax, and any other statutory dues were outstanding as at 31st March, 2017 for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us, there are no dues of Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Professional Tax, SEBI turnover fees and any other statutory dues, which have not been deposited on account of any dispute.

### **8. Repayment of Dues:**

According to the information and explanations given to us, there being no borrowings taken from any financial institution or bank and the company has not issued any debentures; therefore this clause is not applicable.

### **9. IPO or further public offer:**

According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer (IPO) or further public offer (including debt instruments); therefore this clause is not applicable.

### **10. Fraud:**

Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company or by its officers or employees has been noticed or reported during the year.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## **11) Managerial Remuneration:**

According to the information and explanations given to us, the Company has not paid or provided any managerial remuneration; therefore this clause is not applicable.

## **12) Nidhi Company:**

The Company is not regulated by the provisions of Nidhi Company; therefore this clause is not applicable

## **13) Related Party Transaction:**

According to the information and explanations given to us all the transactions with the related parties are in compliance with Section 188 and Section 177 of the Companies Act, 2013 wherever applicable the details have been disclosed in the Financial Statements etc as required by accounting standard.

## **14) Private Placement/ Preferential Allotment:**

According to the information and explanations given to us the company has not made any Preferential Allotment/private placement of shares or fully or partly convertible debentures during the year; therefore this clause is not applicable.

## **15) Non cash transactions:**

According to the information and explanations given to us the company has not entered into non cash transactions with directors or persons connected with him as covered under section 192 of the Companies Act, 2013; therefore this clause is not applicable.

## **16) Registration with Reserve Bank of India:**

The Company is not a Non-Banking Financial Company therefore the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934; therefore this clause is not applicable.

During the financial year, the company has decided to surrender the License (Regn No. IRDA/DB439/09 date of Regn Aug 20, 2013) vide Board Resolution dt. 21-03-2017 and applied to IRDA on 5th April, 2017.

For **Aneel Lasod And Associates**

*Chartered Accountants*

Firm Registration No.:- 124609W

**Aneel Lasod**

*(Partner)*

M.No.:-040117

Place: Mumbai

Date: 24th April, 2017.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

The Members of **MOTILAL OSWAL INSURANCE BROKERS PRIVATE LIMITED.**

**Report on the Internal Financial Controls over financial reporting under clause (i) of Sub-section 3 of section 143 of Companies Act, 2013 ("the Act"):**

We have audited the internal financial controls over financial reporting of MOTILAL OSWAL INSURANCE BROKERS PRIVATE LIMITED ("the Company") as of 31st March 2017 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

## **MANAGEMENT'S RESPONSIBILITY FOR THE INTERNAL FINANCIAL CONTROLS:**

The Company's management is responsible for establishing and maintaining internal financial controls based on the essential components of internal control stated in the guidance notes on Audit of Internal Financial

Controls over Financial Reporting issued by The Institute of Chartered Accountants of India (ICAI). These responsibility 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 financial information, as required under the Companies Act, 2013.

## **AUDITOR'S RESPONSIBILITY:**

Our responsibility is to express an opinion on these Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance notes on Audit of internal financial controls over financial reporting and Standards on Auditing to the extent applicable to an audit of internal financial controls, both issued by The Institute of Chartered Accountant of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the internal financial controls are free from material misstatement.

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 judgment 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 CONTROL 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 preparations of financial statements for external purpose in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting include those policies and procedures that (1) pertain to the maintenance of record that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the company; (2) provide reasonable assurance that transaction are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 misstatement due to error or fraud may occur and not to 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.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## **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 31st March, 2017, based on the essential components of internal control stated in the guidance notes issued by ICAI.

For **Aneel Lasod And Associates**  
*Chartered Accountants*  
Firm Registration No.:- 124609W

**Aneel Lasod**  
*(Partner)*  
M.No.:-040117

Place: Mumbai  
Date: 24th April, 2017.

# BALANCE SHEET

## BALANCE SHEET AS AT 31ST MARCH, 2017

	Note No.	As at 31-Mar-2017 (In ₹)	As at 31-Mar-2016 (In ₹)
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>Share Holder's Funds :</b>			
Share Capital	1	30,000,000	30,000,000
Reserve & Surplus	2	(10,209,719)	(6,154,134)
<b>Non Current Liabilities</b>			
Long term provisions	3	122,867	106,719
<b>Current Liabilities</b>			
Short term borrowings	4	2,365,056	(33,736)
Other current liabilities	5	363,142	112,758
Short term provisions	6	1,437,475	1,096,534
<b>TOTAL</b>		<b>24,078,821</b>	<b>25,128,141</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(i) Tangible assets	7	83,543	66,941
(ii) Intangible assets			
Deferred tax assets (net )	8	47,489	2,947,700
Long term loans & advances	9	4,976,546	1,358
Other non current assets	10	8,060,097	7,413,718
<b>(2) Current Assets</b>			
Trade receivables	11	31,790	3,357,421
Cash & cash equivalents	12	10,399,904	7,673,877
Short term loans & advances	13	479,452	3,667,124
<b>TOTAL</b>		<b>24,078,821</b>	<b>25,128,141</b>

Notes referred to above form an integral part of the Balance Sheet

As per our attached report of even date

**For Aneel Lasod and Associates**

*Chartered Accountants*

Firm Registration No. 124609W

**Aneel Lasod**

*Partner*

M No: 40117

Place : Mumbai

Dated : 24th April, 2017

For and on behalf of the Board of  
**Motilal Oswal Insurance Brokers Private Ltd.**

**Shalibhadra Shah**

*Director*

DIN No. 00024503

Place : Mumbai

Dated : 24th April, 2017

**Anupam Agal**

*Director*

DIN No. 00024533

# STATEMENT OF PROFIT AND LOSS

## PROFIT & LOSS ACCOUNT FOR THE YEAR 31ST MARCH, 2017

	Note No.	For the year ended 31-Mar-2017 (In ₹)	For the year ended 31-Mar-2016 (In ₹)
<b>INCOME :</b>			
Revenue from operations	14	7,833,309	27,787,165
Other Income	15	1,210,284	681,596
<b>TOTAL REVENUE</b>		<b>9,043,593</b>	<b>28,468,761</b>
<b>EXPENSES :</b>			
Employee benefits expense	16	7,565,163	7,432,675
Finance costs	17	37,508	499,917
Depreciation and amortization expense	7	66,110	129,645
Other expenses	18	2,530,183	2,388,583
<b>TOTAL EXPENSES</b>		<b>10,198,965</b>	<b>10,450,820</b>
<b>Loss before exceptional and extraordinary items and tax</b>		<b>(1,155,371)</b>	<b>18,017,941</b>
<b>Exceptional items</b>		<b>–</b>	<b>–</b>
<b>Profit before extraordinary items and tax (V - VI)</b>		<b>(1,155,371)</b>	<b>18,017,941</b>
<b>Extraordinary Items</b>		<b>–</b>	<b>–</b>
<b>Profit/ (Loss) before tax</b>		<b>(1,155,371)</b>	<b>18,017,941</b>
<b>Tax expense:</b>			
Current tax		–	3,303,480.49
MAT Credit Entitlement		–	(3,303,480.49)
Deferred tax		2,900,213	5,653,675
<b>Profit/ (Loss) after tax</b>		<b>(4,055,584)</b>	<b>12,364,267</b>
<b>Earnings per equity share:</b>			
(1) Basic		(1.35)	4.12
(2) Diluted		(1.35)	4.12

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

As per our attached report of even date

**For Aneel Lasod and Associates**  
Chartered Accountants  
Firm Registration No. 124609W  
**Aneel Lasod**  
Partner  
M No: 40117

Place : Mumbai  
Dated : 24th April, 2017

For and on behalf of the Board of  
**Motilal Oswal Insurance Brokers Private Ltd.**

**Shalibhadra Shah**  
Director  
DIN No. 00024503

Place : Mumbai  
Dated : 24th April, 2017

**Anupam Agal**  
Director  
DIN No. 00024533

# CASH FLOW STATEMENT

## CASH FLOW STATEMENT AS OF 31ST MARCH, 2017

Particulars	For the year ended 31-Mar-2017 (In ₹)	For the year ended 31-Mar-2016 (In ₹)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>(1,155,371)</b>	<b>18,017,941</b>
Adjustment for		
Interest paid	37,508	499,917
Interest Received	(1,210,284)	(681,596)
Depreciation	66,110	129,645
Adjustment for working capital changes		
Increase/(Decrease) other long term provision	16,148	40,030
Increase/(Decrease) Other Current Liabilities	250,384	470,013
Increase/(Decrease) Short-term Provision	340,941	(147,072)
(Increase)/Decrease In Short-term Loans & Advances	3,187,671	(2,190,285)
(Increase)/Decrease In trade receivables	3,325,631	(3,357,421)
(Increase)/Decrease In long term loans & advances	(4,975,188)	3,972
(Increase)/Decrease In Other Current Assets	(646,379)	–
<b>CASH USED IN OPERATIONS</b>	<b>(762,829)</b>	<b>12,785,143</b>
Taxes Paid (Net of Refunds )	–	–
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(762,829)</b>	<b>12,785,143</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of tangible assets	(82,713)	–
Interest Received on Fixed Deposits	1,210,284	681,596
Investment in FD	–	(569,742)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>1,127,571</b>	<b>111,854</b>

# CASH FLOW STATEMENT (Contd..)

Particulars	For the year ended 31-Mar-2017 (In ₹)	For the year ended 31-Mar-2016 (In ₹)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) Short-term Borrowings	2,398,792	(4,844,526)
Interest paid	(37,508)	(499,917)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>2,361,284</b>	<b>(5,344,443)</b>
<b>NET CASH FLOW FOR THE YEAR ENDED</b>	<b>2,726,026</b>	<b>7,552,555</b>
<b>Cash &amp; Cash Equivalents comprise of</b>		
Scheduled Bank - In Current Account	7,673,877	121,324
<b>Total Cash &amp; Cash Equivalents as at beginning of the year</b>	<b>7,673,877</b>	<b>121,324</b>
<b>Cash &amp; Cash Equivalents as at end of the year</b>		
Cash on hand	148,000	–
Scheduled Bank - In Current Account	251,904	7,673,877
Fixed Deposit with Banks	10,000,000	–
<b>Total Cash &amp; Cash Equivalents as at end of the year</b>	<b>10,399,904</b>	<b>7,673,877</b>

Note : The above Cash flow statement has been prepared under the Indirect method as set out in Accounting Standard - 3 on Cash flow statement issued by the Institute of Chartered Accountants of India.

As per our attached report of even date

**For Aneel Lasod and Associates**  
Chartered Accountants  
Firm Registration No. 124609W  
**Aneel Lasod**  
Partner  
M No: 40117

Place : Mumbai  
Dated : 24th April, 2017

For and on behalf of the Board of  
**Motilal Oswal Insurance Brokers Private Ltd.**

**Shalibhadra Shah**  
Director  
DIN No. 00024503

Place : Mumbai  
Dated : 24th April, 2017

**Anupam Agal**  
Director  
DIN No. 00024533

# NOTES TO FINANCIAL STATEMENT

## NOTE 1 : SHARE CAPITAL

	As at 31-Mar-2017		As at 31-Mar-2016	
	Number of Shares	In ₹	Number of Shares	In ₹
<b>Authorised :</b>				
Equity Shares of ₹ 10/- Each	5,000,000	50,000,000	5,000,000	50,000,000
<b>Issued, Subscribed and Paid Up :</b>				
Equity Shares of ₹ 10/- Each	3,000,000	30,000,000	3,000,000	30,000,000
<b>TOTAL</b>	<b>3,000,000</b>	<b>30,000,000</b>	<b>3,000,000</b>	<b>30,000,000</b>

The Company has one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holder of the equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all the preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

### a) Reconciliation of the number of shares outstanding

	As at 31-Mar-2017 No. of shares	As at 31-Mar-2016 No. of shares
Number of shares at the beginning	3,000,000	3,000,000
Add: Shares issued during the year	—	—
<b>Number of shares at the end</b>	<b>3,000,000</b>	<b>3,000,000</b>

### b) Share holder having more than 5% equity holding in the Company

Name of Shareholder	As at 31-Mar-2017		As at 31-Mar-2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Motilal Oswal Financial Services Limited	3,000,000	100.00	3,000,000	100.00

## NOTE 2: RESERVES AND SURPLUS

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
<b>Surplus/(Deficit)</b>		
Opening balance	(6,154,134)	(18,518,401)
(+) Net Profit/(Net Loss) For the current year	(4,055,585)	12,364,267
<b>Closing Balance</b>	<b>(10,209,720)</b>	<b>(6,154,134)</b>

## NOTE 3 : LONG TERM PROVISIONS

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
Gratuity obligation - unamortised amount relating to plan amendment	122,867	106,719
<b>TOTAL</b>	<b>122,867</b>	<b>106,719</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 4 : SHORT TERM BORROWINGS

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
(Unsecured, considered good)		
<b>Loans repayable on demand</b>		
– from holding company (Motilal Oswal Financial Services Ltd)	2,365,056	(33,736)
<b>TOTAL</b>	<b>2,365,056</b>	<b>(33,736)</b>

## NOTE 5 : OTHER CURRENT LIABILITIES

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
Advance received from customers	139	–
Withholding and other taxes payable	104,895	47,155
Creditors for Expenses	258,108	65,604
Interest accrued and due	–	–
<b>TOTAL</b>	<b>363,142</b>	<b>112,758</b>

## NOTE 6 : SHORT TERM PROVISIONS

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
<b>Provision for Employee Benefits</b>		
– Gratuity obligation - unamortised amount relating to plan amendment (refer to note 25)	70,892	55,336
– Employees Contribution to PF	–	9,742
– Incentives Payable	554,770	279,723
– Provision for Ex Gratia	758,370	585,210
– Leave encashment	513	144,141
Provision for Expenses	52,930	22,382
<b>TOTAL</b>	<b>1,437,475</b>	<b>1,096,534</b>

## NOTE 7 : FIXED ASSETS

(IN ₹)

Asset Class Code	PARTICULARS	CURRENT PERIOD									
		GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
		Opening	Additions	Deductions	Closing	Opening	Additions	Deductions	Closing	Opening	Closing
TAPE0001	COMPUTER-1	357,876	82,713		440,589	290,936	66,110		357,046	66,940	83,543
<b>TOTAL</b>		<b>357,876</b>	<b>82,713</b>	<b>0</b>	<b>440,589</b>	<b>290,936</b>	<b>66,110</b>	<b>0</b>	<b>357,046</b>	<b>66,940</b>	<b>83,543</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 8 : DEFERRED TAXES ( NET)

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
<b>Deferred tax assets</b>		
Provision for gratuity	49,895	50,075
Carry forward losses	–	2,896,822
WDV of Fixed assets	(2,406)	803
<b>TOTAL</b>	<b>47,489</b>	<b>2,947,700</b>

## NOTE 9 : LONG TERM LOANS & ADVANCES

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
Deposit Rent	565,500	–
Taxes paid	4,405,730	–
Prepaid Expense	5,316	1,358
<b>TOTAL</b>	<b>4,976,546</b>	<b>1,358</b>

## NOTE 10 : OTHER NON CURRENT ASSETS

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
Other Bank Balance (Lien marked to IRDA) (FD having maturity period more than 12 months)	7,581,998	6,000,000
Accrued Interest on FDR	478,099	1,413,718
<b>TOTAL</b>	<b>8,060,097</b>	<b>7,413,718</b>

## NOTE 11 : TRADE RECEIVABLES

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
Sundry Receivables	31,790	3,357,421
<b>TOTAL</b>	<b>31,790</b>	<b>3,357,421</b>

## NOTE 12 : CASH AND CASH EQUIVALENTS

	As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
Cash on hand	148,000	–

# NOTES TO FINANCIAL STATEMENT

				As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:					
Particulars	SBNs	Other denomination notes (₹)	Total		
Opening cash in hand as on 8-11-2016	–	–	–		
(+) Withdrawn from Bank	–	150,000	150,000		
(+) Permitted receipts	–	–	–		
(-) Permitted payments	–	2,000	2,000		
(-) Amount deposited in Banks	–	–	–		
Closing cash in hand as on 30-12-2016	–	148,000	148,000		
<b>Balances with banks</b>					
– In Current Account				251,904	7,673,877
<b>Other deposit</b>					
– Fixed Deposit with Banks				10,000,000	–
<b>TOTAL</b>				<b>10,399,904</b>	<b>7,673,877</b>

## NOTE 13 : SHORT TERM LOANS AND ADVANCES

		As at 31-Mar-2017 In ₹	As at 31-Mar-2016 In ₹
<b>Loans and advances</b>			
– Other taxes receivable		426,143	2,994,042
– Prepaid Expenses		43,608	41,208
– Other advances		9,701	66,374
– Rent Deposit		–	565,500
<b>TOTAL</b>		<b>479,452</b>	<b>3,667,124</b>

## NOTE 14 : REVENUE FROM OPERATIONS

		For the year ended 31-Mar-2017 In ₹	For the year ended 31-Mar-2016 In ₹
Brokerage Income		7,833,309	27,787,165
<b>TOTAL</b>		<b>7,833,309</b>	<b>27,787,165</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 15 : OTHER INCOME

	For the year ended 31-Mar-2017 In ₹	For the year ended 31-Mar-2016 In ₹
Dividend on Mutual Fund	–	–
Profit on sale of Investment	–	–
Interest	1,210,284	681,596
<b>TOTAL</b>	<b>1,210,284</b>	<b>681,596</b>

## NOTE 16 : EMPLOYEE BENEFITS EXPENSE

	For the year ended 31-Mar-2017 In ₹	For the year ended 31-Mar-2016 In ₹
Salary, Bonus and Allowances	7,263,888	7,214,769
Contribution to Provident and other Fund	157,520	117,052
Gratuity	31,704	67,776
Staff welfare expenses	112,051	33,078
<b>TOTAL</b>	<b>7,565,163</b>	<b>7,432,675</b>

## NOTE 17 : FINANCE COST

	For the year ended 31-Mar-2017 In ₹	For the year ended 31-Mar-2016 In ₹
Interest expense	37,508	499,917
<b>TOTAL</b>	<b>37,508</b>	<b>499,917</b>

## NOTE 18 : OTHER EXPENSES

	For the year ended 31-Mar-2017 In ₹	For the year ended 31-Mar-2016 In ₹
Rates & Taxes	8,186	7,213
Rent	1,136,662	1,132,884
Insurance	306,859	122,992
Auditors Remuneration	151,378	114,500
Legal & Professional Fees	103,649	89,865
Communication Expenses	105,031	117,866
Travelling Expenses	229,539	517,126
Entertainment Expenses	151,156	155,100
Registration & filling fees	–	27,194
Miscellaneous Expenses	337,723	103,843
<b>TOTAL</b>	<b>2,530,183</b>	<b>2,388,583</b>

## NOTE 19 : BACKGROUND

Motilal Oswal Insurance Brokers Private Limited was incorporated on April 23, 2007. The principal shareholder of the Company as at March 31, 2017 is Motilal Oswal Financial Services Limited (MOFSL). During the FY 2013-14 the company has received license from Insurance Regulatory and Development Authority (IRDA) (Regn No. IRDA/DB439/09 date of Regn Aug 20, 2013) for conducting insurance broking business.

## NOTE 20 : SIGNIFICANT ACCOUNTING POLICIES

### a) 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.

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. Based on the nature of business the company has ascertained its operating cycle as twelve months for the purpose of current and non - current classification of assets and liabilities.

During the financial year, the company has decided to surrender the License (Regn No. IRDA/DB439/09 date of Regn Aug 20, 2013) and applied on 5th April 2017.

### b) 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 of 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 year in which the results are known / materialized.

### c) Revenue Recognition:

1. Brokerage income is recognized when an insurance policy sold by the Company is accepted by the principal insurance company. Renewal commission on policies is accounted for on receipt on renewal premium by the principle insurance company.
2. Interest income is recognized on accrual basis.
3. Dividend income is recognized when the right to receive payment is established.

### d) Employee Benefits:

#### Provident Fund:

Contribution payable to the recognised provident fund, which is a defined contribution scheme, is charged to the profit and loss account in the year in which they occur.

#### Gratuity:

Gratuity is post employment benefit and is in the nature of Defined Benefit Plan. The Liability recognised 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.

# NOTES TO FINANCIAL STATEMENT

## **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.

## **e) Taxation:**

Income-tax expense comprises current tax (i.e. amount of tax for the year 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 year).

### **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 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 realisation 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 realised.

## **f) Preliminary Expenses:**

Preliminary expenses are charged to the profit and loss account in the year in which they are incurred.

## **g) 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 year in which the change occurs.

## **h) 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 profit and loss account. 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.

## **i) Property, plant and equipments and depreciation/Amortization**

Property, plant and equipments are stated at the cost of acquisition less accumulated depreciation thereon. Cost of acquisition is inclusive of taxes, duties, freight and other incidental costs relating to their acquisition and installation of these assets. The Company provides pro-rata depreciation from the date on which asset is acquired /put to use. In respect of assets sold, pro-rata depreciation is provided upto the date on which the asset is sold. 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.

# NOTES TO FINANCIAL STATEMENT

## NOTE 21 :

The company has applied for surrender of License, from IRDA (Regn No. IRDA/DB439/09 date of Regn August 20, 2013) on 05th April 2017.

## NOTE 22 : AUDITORS' REMUNERATION

Particulars	For the year ended 31-Mar-2017 In ₹	For the year ended 31-Mar-2016 In ₹
<b>As Auditors:</b>		
Audit fees	25,000	25,000
<b>In any other capacity, in respect of :</b>		
Other Services	126,378	89,500
Service Tax	—	—
<b>TOTAL</b>	<b>151,378</b>	<b>114,500</b>

## NOTE 23 : BASIC & DILUTED EARNINGS PER SHARE

Particulars	For the year ended 31-Mar-2017 In ₹	For the year ended 31-Mar-2016 In ₹
Net Profit / (Loss) attributable to equity shareholders [A] (₹)	(4,055,584)	12,364,267
Weighted Average Number of equity shares issued [B] (₹)	3,000,000	3,000,000
<b>Basic &amp; Diluted Earnings per share (EPS)[A/B] (₹)</b>	<b>(1.35)</b>	<b>4.12</b>

## NOTE 24 : RELATED PARTY DISCLOSURE

### I. Names of Related Parties:-

#### A) Holding Company:

1. Motilal Oswal Financial Services Limited

#### B) Ultimate Holding Company:

1. Passionate Investment Management Private Limited

#### C) Fellow subsidiaries:

1. Motilal Oswal Securities Limited.
2. Motilal Oswal Commodities Broker Private Limited
3. Motilal Oswal Investment Advisors Limited (formerly known as Motilal Oswal Investment Advisors Private Limited)
4. MOPE Investment Advisors Private Limited
5. Motilal Oswal Wealth Management Limited
6. Motilal Oswal Capital Markets Private Limited
7. Motilal Oswal Asset Management Co. Limited
8. Motilal Oswal Trustee Co. Limited.
9. Motilal Oswal Securities International Pvt. Limited
10. Motilal Oswal Capital Markets (Hongkong) Pvt. Limited

# NOTES TO FINANCIAL STATEMENT

11. Motilal Oswal Capital Markets (Singapore) Pte. Limited
12. Aspire Home Finance Corporation Limited
13. Motilal Oswal Real Estate Investment Advisors Private Limited
14. Motilal Oswal Real Estate Investment Advisors II Private Limited
15. India Business Excellence Management Company
16. Motilal Oswal Asset Management (Mauritius) Pvt. Limited
17. Nagori Agro & Cattle Feeds Private Limited
18. Motilal Oswal Capital Limited

## (ii) Transactions with related parties for the year ended 31st March, 2017 :

Transaction	Name of the related Party	Holding Company		Total	
		2016-17	2015-16	2016-17	2015-16
Interest Expense	Motilal Oswal Financial Services Ltd.	37,508	499,917	37,508	499,917
Rent Expense	Motilal Oswal Financial Services Ltd.	1,131,000	1,131,000	1,131,000	1,131,000
Reimbursement of Expenses	Motilal Oswal Financial Services Ltd.	275,966	–	275,966	–
Reimbursement of Expenses	Motilal Oswal Securities Ltd.	163,293	–	163,293	–
Loans taken (Maximum balance)	Motilal Oswal Financial Services Ltd.	2,350,000	9,155,732	2,350,000	9,155,732
<b>Outstanding Balances:</b>					
Loans Given / (Taken)	Motilal Oswal Financial Services Ltd.	2,350,000	(33,736)	2,350,000	(33,736)
Rent Deposit Given / (Taken)	Motilal Oswal Financial Services Ltd.	565,500	565,500	565,500	565,500

Note: Income/receipts figures are shown in brackets.

## NOTE 25 :

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 in the Fixed Assets.

## NOTE 26 :

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

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

	31-Mar-2017	31-Mar-2016
<b>I Assumptions as at</b>		
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest / Discount Rate	6.69%	7.49%
Rate of increase in compensation	8.00%	7.00%
Rate of return (expected) on plan assets		
Employee Attrition Rate(Past Service (PS))	PS: 0 to 37 : 36.61%	PS: 0 to 37 : 33.83%
Expected average remaining service	1.41	1.79
<b>II Changes in present value of obligations</b>		
PVO at beginning of period	162,055	94,279
Interest cost	12,138	7,325
Current Service Cost	93,336	65,953
Past Service Cost- (non vested benefits)	–	–
Past Service Cost - (vested benefits)	–	–
Benefits Paid	–	–

# NOTES TO FINANCIAL STATEMENT

	31-Mar-2017	31-Mar-2016
Actuarial (Gain)/Loss on obligation	(73,770)	(5,502)
PVO at end of period	193,759	162,055
<b>III Changes in fair value of plan assets</b>		
Fair Value of Plan Assets at beginning of period	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Benefit Paid	-	-
Actuarial Gain/(Loss) on plan assets	-	-
Fair Value of Plan Assets at end of period	-	-
<b>IV Fair Value of Plan Assets</b>		
Fair Value of Plan Assets at beginning of period	-	-
Actual Return on Plan Assets	-	-
Contributions	-	-
Benefit Paid	-	-
Fair Value of Plan Assets at end of period	-	-
Funded Status (including unrecognised past service cost)	(193,759)	(162,055)
Excess of actual over estimated return on Plan Assets	-	-
<b>V Experience History</b>		
(Gain)/Loss on obligation due to change in Assumption	1,270	(220)
Experience (Gain)/ Loss on obligation	(75,040)	(5,282)
Actuarial Gain/(Loss) on plan assets	-	0
<b>VI Actuarial Gain/(Loss) Recognized</b>		
Actuarial Gain/(Loss) for the period (Obligation)	73,770	5,502
Actuarial Gain/(Loss) for the period (Plan Assets)	-	-
Total Gain/(Loss) for the period	73,770	5,502
Actuarial Gain/(Loss) recognized for the period	73,770	5,502
Unrecognized Actuarial Gain/(Loss) at end of period	-	-
<b>VII Past Service Cost Recognised</b>		
Past Service Cost- (non vested benefits)	-	-
Past Service Cost -(vested benefits)	-	-
Average remaining future service till vesting of the benefit	-	-
Recognised Past service Cost- non vested benefits	-	-
Recognised Past service Cost- vested benefits	-	-
Unrecognised Past Service Cost- non vested benefits	-	-
<b>VIII Amounts to be recognized in the balance sheet and statement of profit &amp; loss account</b>		
PVO at end of period	193,759	162,055
Fair Value of Plan Assets at end of period	-	-
Funded Status	(193,759)	(162,055)
Unrecognized Actuarial Gain/(Loss)	-	-
Unrecognised Past Service Cost- non vested benefits	-	-
Net Asset/(Liability) recognized in the balance sheet	(193,759)	(162,055)

# NOTES TO FINANCIAL STATEMENT

<b>IX Expense recognized in the statement of P&amp;L A/C</b>		
Current Service Cost	93,336	65,953
Interest cost	12,138	7,325
Past Service Cost- (non vested benefits)	–	–
Past Service Cost (vested benefits)	–	–
Unrecognised Past Service Cost- non vested benefits	–	–
Expected Return on Plan Assets	–	–
Net Actuarial (Gain)/Loss recognized for the period	(73,770)	(5,502)
Expense recognized in the statement of P&L A/C	31,704	67,776
<b>X Movements in the Liability recognized in Balance Sheet</b>		
Opening Net Liability	162,055	94,279
Expenses as above	31,704	67,776
Contribution paid	–	–
Closing Net Liability	193,759	162,055
<b>XI Schedule III of The Companies Act 2013</b>		
Current Liability	70,892	55,336
Non-Current Liability	122,867	106,719

## NOTE 27 : PROVISIONS MADE FOR THE YEAR ENDED 31.03.2017 COMPRISES OF

Particulars	Opening balance	Provided during the year ended 31.03.2017	Provision Paid / reversed during the year ended 31.03.2017	Closing balance as of 31.03.2017
Ex-gratia	585,210	758,370	585,210	758,370
Gratuity	162,055	31,704	–	193,759

Particulars	Opening balance	Provided during the year ended 31.03.2016	Provision Paid / reversed during the year ended 31.03.2016	Closing balance as of 31.03.2016
Ex-gratia	1,060,576	585,210	1,060,576	585,210
Gratuity	94,279	67,776	–	162,055

## NOTE 28 :

Previous year figures have been regrouped/rearranged where necessary to make them comparable.

As per our attached report of even date

**For Aneel Lasod and Associates**

Chartered Accountants

Firm Registration No. 124609W

**Aneel Lasod**

Partner

M No: 40117

Place : Mumbai

Dated : 24th April, 2017

For and on behalf of the Board of

**Motilal Oswal Insurance Brokers Private Ltd.**

**Shalibhadra Shah**

Director

DIN No. 00024503

Place : Mumbai

Dated : 24th April, 2017

**Anupam Agal**

Director

DIN No. 00024533

# **Aspire Home Finance Corporation Ltd.**

**Annual Report 2016–2017**

# Independent Auditors' Report To the Members of Aspire Home Finance Corporation Limited

## Report on the Financial Statements

We have audited the accompanying financial statements of Aspire Home Finance Corporation Limited (the 'Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act;') with respect to the preparation and presentation of these 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, 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.

## Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

## Auditor's Responsibility (Continued)

An audit also includes evaluating the appropriateness of the 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 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 financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2017;
- b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's 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 the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the said Order.

### 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 purpose of our audit except for the information relating to Specified Bank Notes disclosure referred in paragraph g (iv) of our opinions;
- (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 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 the written representations received from the directors as on 31 March 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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, refer to our separate Report in "Annexure B"; and

## Report on Other Legal and Regulatory Requirements (Continued)

- (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 did not have any pending litigations as on 31 March 2017 which would impact its financial position;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
  - iv. The Company has not provided certain requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Consequently, we are unable to obtain sufficient and appropriate audit evidence to report whether the disclosures to the extent stated in the notes are in accordance with books of account maintained by the Company and as produced to us by management – refer note 38 to the financial statements.

For **BSR & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

Mumbai  
25<sup>th</sup> April 2017

**Vaibhav Shah**  
Partner  
Membership No: 117377

## Aspire Home Finance Corporation Limited

### Annexure A to the Independent Auditor's Report of even date on financial statements of Aspire Home Finance Corporation Limited

1.
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are be verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed upon such verification.
  - c. According to the information and explanations given to us and on the basis of our examination of records of the Company, we have observed that there are no immovable properties in the name of the Company.
2. The Company is a Housing Finance Company ('HFC'); accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
3. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
4. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the provisions of section 185 and 186 of the Act are not applicable to the Company. Accordingly, paragraph 3(iv) of the Order is not applicable.
5. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed there under apply.
6. The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the activities conducted/services rendered by the Company. Accordingly paragraph 3(vi) of the Order is not applicable.
7. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, cess and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, value added tax, custom duty, excise duty for the year ended 31 March 2017.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, cess and any other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

According to the information and explanations given to us, there are no dues of income tax, service tax and other material statutory dues which have not been deposited by the Company on account of any dispute.

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, government or dues to debenture holders.
9. In our opinion and according to the information and explanations given to us, there were no money raised by initial public offer. In case of further public offer for debt instruments in the form of non-convertible debentures and term loans, according to the information and explanations given to us and based on examination of relevant records, the term loans and non-convertible debentures taken and issued by the Company have been applied for the purpose for which they were raised.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the relevant records of the Company, the Company has not made any private placement of shares during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company being a Housing Finance Company registered with the National Housing Bank and thus not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**  
Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Vaibhav Shah**

Partner

Membership No: 117377

Mumbai  
25<sup>th</sup> April 2017

## **Aspire Home Finance Corporation Limited**

### **Annexure B to the Independent Auditor's Report of even date on financial statements of Aspire Home Finance Corporation Limited**

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

1. We have audited the internal financial controls over financial reporting of Aspire Home Finance Corporation Limited (the Company) as at 31<sup>st</sup> March 2017 in conjunction with our audit of financial statements of the Company for the year ended on that date.

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

2. The Company's Board of Directors 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 (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the '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, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

#### **Auditor's Responsibility**

3. 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 and the Standards on Auditing (the 'Standards'), issued by the ICAI and deemed to be prescribed 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.
4. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. 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**

6. The 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**

7. 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.

### **Opinion**

8. 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 31 March 2017, 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 issued by the ICAI.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

Mumbai  
25<sup>th</sup> April 2017

**Vaibhav Shah**  
Partner  
Membership No: 117377

## Balance Sheet as at 31 March 2017

(Currency: ₹)

Particulars	Note No	As at 31 March 2017	As at 31 March 2016
<b>I. EQUITY AND LIABILITIES:</b>			
<b>(1) Shareholders' Fund:</b>			
(a) Share capital	3	4,825,019,030	3,057,166,790
(b) Reserves and surplus	4	1,502,634,281	432,397,760
	<b>(A)</b>	<b>6,327,653,311</b>	<b>3,489,564,550</b>
<b>(2) Non-current liabilities:</b>			
(a) Long term borrowings	5	34,534,082,913	15,999,957,968
(b) Deferred tax liabilities (net)	6	35,832,786	-
(c) Long term provisions	7	214,725,772	89,732,759
	<b>(B)</b>	<b>34,784,641,471</b>	<b>16,089,690,727</b>
<b>(3) Current liabilities:</b>			
(a) Short term borrowings	8	243,202,060	295,007,001
(b) Trade payables	9	129,547,242	117,100,530
(c) Other current liabilities	10	5,086,527,998	3,005,536,015
(d) Short term provisions	11	68,088,436	90,772,109
	<b>(C)</b>	<b>5,527,365,736</b>	<b>3,508,415,655</b>
<b>TOTAL</b>	<b>(A+B+C)</b>	<b>46,639,660,518</b>	<b>23,087,670,932</b>
<b>II. ASSETS:</b>			
<b>(1) Non-current assets:</b>			
(a) Fixed assets	12		
(i) Tangible assets		98,851,493	33,013,774
(ii) Intangible assets		12,775,436	3,809,861
(b) Long term loans and advances	13	40,347,266,100	20,415,846,760
(c) Deferred tax assets (net)	6	-	2,523,578
	<b>(A)</b>	<b>40,458,893,029</b>	<b>20,455,193,973</b>
<b>(2) Current assets:</b>			
(a) Current investments	14	2,798,254,851	1,739,148,521
(b) Trade receivables	15	90,438,343	44,004,250
(c) Cash and bank balances	16	1,644,006,632	194,039,751
(d) Short-term loans and advances	17	1,433,092,834	636,401,255
(e) Other current assets	18	214,974,829	18,883,182
	<b>(B)</b>	<b>6,180,767,489</b>	<b>2,632,476,959</b>
<b>TOTAL</b>	<b>(A+B)</b>	<b>46,639,660,518</b>	<b>23,087,670,932</b>

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Vaibhav Shah**  
Partner  
Membership No: 117377

Mumbai  
25<sup>th</sup> April 2017

For and on behalf of the Board of Directors of  
**Aspire Home Finance Corporation Limited**

**Motilal Oswal**  
Chairman

**Anil Sachidanand**  
Managing Director & CEO

**S. Y. Sankhe**  
Company Secretary

**Kalpesh Ojha**  
Chief Financial Officer

## Statement of profit and loss for the year ended 31 March 2017

(Currency: ₹)

Particulars	Note No	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Income</b>			
Revenue from operations	19	4,929,224,544	1,976,174,957
Other income	20	778,622,824	228,930,202
<b>Total</b>	<b>(A)</b>	<b>5,707,847,368</b>	<b>2,205,105,159</b>
<b>Expenses</b>			
Employee benefits	21	404,956,410	232,895,693
Finance cost	22	3,498,452,923	1,085,253,844
Depreciation and amortization expenses	12	32,916,146	10,248,622
Provision for contingencies	23	122,514,410	74,901,527
Other expenses	24	392,313,959	188,587,244
<b>Total</b>	<b>(B)</b>	<b>4,451,153,848</b>	<b>1,591,886,931</b>
<b>Profit before tax</b>	<b>[C = (A-B)]</b>	<b>1,256,693,520</b>	<b>613,218,229</b>
<b>Less: Tax expense:</b>			
(1) Current Tax			
- Current year		397,444,353	214,377,526
- Excess provision of tax for earlier year		-	(1,500,000)
(2) Deferred tax		38,356,364	346,588
<b>Profit for the year</b>		<b>820,892,803</b>	<b>399,994,115</b>
<b>Earnings per share (face value Rs 10 each):</b>	<b>27</b>		
Basic		0.19	0.20
Diluted		0.19	0.19
Face Value per share		1	1

Significant accounting policies and notes to financial statements 1 - 62

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of  
**Aspire Home Finance Corporation Limited**

**Vaibhav Shah**  
Partner  
Membership No: 117377

**Motilal Oswal**  
Chairman

**Anil Sachidanand**  
Managing Director & CEO

Mumbai  
25<sup>th</sup> April 2017

**S. Y. Sankhe**  
Company Secretary

**Kalpesh Ojha**  
Chief Financial Officer

## Cash Flow Statement for the year ended 31 March 2017

(Currency: ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Cash flows from operating activities</b>		
Net profit before tax	1,256,693,520	613,218,229
Adjustments for:		
Depreciation and amortization	32,916,146	10,248,622
Employee stock option expense	76,552	-
Other employee benefit expense	647,382	-
Gratuity	9,556,515	2,280,023
Compensated absence	7,787,366	2,147,876
Provision for contingencies	122,514,410	74,901,527
Profit on sale of investments	(757,647,259)	(220,274,804)
Dividend income	(15,398,232)	-
<b>Operating profit before working capital changes</b>	<b>657,146,400</b>	<b>482,521,473</b>
Adjustment for working capital changes:		
Increase in long-term provisions	-	-
Increase in trade payables	12,446,712	100,532,655
Increase in other current liabilities	2,080,991,983	2,301,134,338
Increase in short-term provisions	29,201,426	14,788,539
Increase in long-term loans and advances	(19,931,413,572)	(16,870,804,461)
Increase in trade receivables	(46,434,096)	(27,208,003)
Increase in short-term loans and advances	(796,691,579)	(581,215,636)
Increase in other current assets	(196,091,648)	(18,883,182)
<b>Cash generated from operations</b>	<b>(18,190,844,372)</b>	<b>(14,599,134,276)</b>
Income taxes paid	(464,847,880)	(156,817,799)
<b>Net cash used in operating activities (A)</b>	<b>(18,655,692,252)</b>	<b>(14,755,952,075)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(107,719,440)	(37,361,519)
Sale of investments	154,255,262,297	80,382,615,830
Purchase of investments	(154,556,721,367)	(81,701,489,547)
Investment in fixed deposits	(25,000,000)	-
Dividend income	15,398,232	-
<b>Net cash used in investing activities (B)</b>	<b>(418,780,279)</b>	<b>(1,356,235,236)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares including premium	2,017,119,406	1,570,584,959
Interest on borrowings	18,482,320,005	14,569,381,675
<b>Net cash generated from financing activities (C)</b>	<b>20,499,439,411</b>	<b>16,139,966,634</b>

## Cash Flow Statement for the year ended 31 March 2017

(Currency: ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>1,424,966,881</b>	27,779,323
Cash and cash equivalents at the beginning of the year	194,039,751	166,260,428
<b>Cash and cash equivalents as at end of the year</b>	<b>1,619,006,632</b>	194,039,751
<b>Components of cash and cash equivalents</b>		
Cash in hand	-	-
Balance with banks in current accounts	1,569,006,632	94,139,751
Fixed Deposit (maturing within a period of three months)	50,000,000	99,900,000
<b>Cash and cash equivalents as at end of the year</b>	<b>1,619,006,632</b>	194,039,751

As per our report of even date attached.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Vaibhav Shah**

Partner

Membership No: 117377

Mumbai

25<sup>th</sup> April 2017

For and on behalf of the Board of Directors of  
**Aspire Home Finance Corporation Limited**

**Motilal Oswal**

Chairman

**Anil Sachidanand**

Managing Director & CEO

**S. Y. Sankhe**

Company Secretary

**Kalpesh Ojha**

Chief Financial Officer

# Notes to the financial statements for the year ended 31 March 2017

(Currency: ₹)

## 1 Overview

Aspire Home Finance Corporation Limited ("the Company") was incorporated in India on 01 October 2013. The Company is registered with the National Housing Bank under section 29A of the National Housing Bank Act, 1987 with effect from 19<sup>th</sup> May 2014. The Company is primarily engaged into providing loans for purchase or construction of residential houses.

## 2 Significant accounting policies

### 2.1 Basis of preparation

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated, and in accordance with the generally accepted accounting principles in India ("Indian GAAP"), and conform to the statutory requirements, circulars and guidelines issued by the National Housing Bank ("NHB") from time to time to the extent applicable. The financial statements have been prepared to comply in all material respects with the Accounting Standards ("AS") notified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable.

### 2.2 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

### 2.3 Borrowing and borrowing cost

#### a. Borrowing cost

Borrowing costs include interest and other ancillary borrowing cost. Interest and other related financial charges are recognised as an expense in the period for which they relate as specified in Accounting Standard (AS 16) as "Borrowing Costs". Ancillary costs incurred for arrangement of borrowings such as loan processing fee, arranger fee, stamping expense and rating expense are period costs and amortised over the tenure of the borrowing.

#### b. Zero coupon instrument

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 to the statement of profit and loss.

## 2 Significant accounting policies (Continued)

### 2.4 Fixed assets and depreciation

#### Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. The cost of fixed assets comprise purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets is capitalized only when it increases the future benefit / functioning capability from / of such assets.

Depreciation is charged over the estimated useful life of the fixed assets on a written down value basis in the manner prescribed in schedule II of the Companies Act, 2013.

- Improvements to lease hold premises are charged off over the primary period of lease or its useful life, whichever is lower.
- Assets individually costing less than Rs 5,000/- are fully depreciated in the year of purchase.
- The Company has estimated 5% residual value at the end of the useful life for all block of assets.
- For assets purchased and sold during the year, depreciation is provided on a pro rata basis by the Company.

#### Intangible fixed assets

Software and system development expenditure are capitalised at cost of acquisition including cost attributable to bring the same in working condition and the useful life of the same is estimated of 5 years with zero residual value. Any expenses on such software for support and maintenance payable annually are charged to the statement of profit and loss.

### 2.5 Impairment of assets

The Company assesses at the 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 or the cash generating unit ("CGU"). If such recoverable amount of the asset or the recoverable amount of the CGU to which the asset belongs 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 revised recoverable amount, subject to maximum of the depreciated historical cost.

### 2.6 Investments

In accordance with AS - 13 on "Accounting for Investments" and the Guidelines issued by National Housing Bank ("NHB"), investments expected to mature after twelve months are taken as long-term investment and stated at cost. Provision is recognised only in case of diminution, which is other than temporary in nature. All other investment are recognised as current investments and are valued at lower of cost and fair value. In case of unquoted units of schemes of mutual fund, NAV declared by respective mutual fund is considered as fair value.

## 2 Significant accounting policies (Continued)

### 2.7 Loans and advances: Classification and provisioning

Housing loans are classified as per NHB guidelines, into performing and non-performing assets. All loans and other credit exposures where the installments, including interest and other dues are overdue for a period of more than ninety days are classified as non-performing assets in accordance with the prudential norms prescribed by the NHB. On a conservative basis, the Company is currently classifying any non-performing as sub-standard and doubtful whose installments, including interest and other dues are overdue for a period of 3 to 12 months and more than 12 months respectively which is more than the provisioning requirement as stated by NHB guidelines. Further, non-performing assets are classified into loss assets and provision is made based on criteria stipulated by the NHB guidelines. Additional provisions are made against specific non-performing assets over and above as stated in the NHB guidelines, if in the opinion of management, a higher provision is necessary. The Company maintains general provision for standard assets as per the prudential norms prescribed by NHB.

### 2.8 Revenue recognition

#### a. Interest on housing loans

- (i) Interest income on loans is recognised on accrual basis except in case of non-performing assets where interest is recognised upon realisation as per NHB guidelines. Repayment of housing loans is by way of Equated Monthly Instalments (EMI) comprising 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.

#### b. Fees and other charges.

- (i) Upfront processing fees are recovered and recognised at the time of disbursement of loan.
- (ii) Other charges such as cheque bounce charges, late payment charges are recognised when there is no significant uncertainty as to determination and realization.
- (iii) In case of non-performing asset, fees and other charges are recognised upon realisation as per the NHB guidelines.

#### c. Income from investments

- (i) Income from dividend is recognized in the statement of profit and loss when the right to receive is established.
- (ii) Interest income on fixed deposits is recognised on a time proportion basis.

#### d. Other income

- (i) In other cases, income is recognized following accrual principles when there is no significant uncertainty as to determination and realization.

### 2.9 Employee benefits

#### Defined contribution plans

The Company makes specified monthly contributions towards employee provident fund

## 2 Significant accounting policies (Continued)

to government administered provident fund scheme which is a defined contribution plan. The Company's contributions is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

### Gratuity

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value and the fair value of any plan assets, if any, is deducted. The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date. Actuarial gains and losses are recognized immediately in the statement of profit and loss.

### Compensated absences

The employees of the Company are entitled to carry forward their unavailed / unutilized leave for one year subject to a maximum limit as per the Company's policy. The employees are not entitled to encash unavailed / unutilized leave. Accumulating compensated absences are measured based on management estimates.

## 2.10 Income tax

Income-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 effects of timing differences between accounting income and taxable income for the period).

### Current tax

Provision for current income-tax is recognized in accordance with the provisions of Indian Income-tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

### Deferred tax

Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets / liabilities are recognised only to the extent there is reasonable certainty that the assets/liabilities 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 supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets/liabilities are reviewed as at the 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 realised.

## **2 Significant accounting policies (Continued)**

### **2.11 Provisions and contingencies**

The Company recognizes provision when there is present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements. Provisions are reviewed at the balance sheet date and adjusted to reflect the current management estimates. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

A disclosure of 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 likelihood of outflow of resource is remote, no provision or disclosure is made. Contingent assets are not recognized in the financial statements.

### **2.12 Earnings per share (EPS)**

Basic earnings per equity share have been computed by dividing net profit / loss available to the equity share holders for the year by weighted average number of equity shares outstanding during the year. Diluted earnings per equity share have been computed by dividing the net profit available to the equity share holders after giving impact of dilutive potential equity shares for the year by weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

### **2.13 Operating leases**

Payments under lease arrangement, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are charged to the statement of profit and loss on a straight-line basis over the lease term, unless another systematic basis is more appropriate.

### **2.14 Operating Cycle**

Based on the nature of its activities, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### **2.15 Foreign Exchange Transactions**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transactions. Transactions remaining unsettled are translated at the exchange rates prevailing on the date of the Balance Sheet, except those covered by forward contract, currency swap contracts. Any gain or losses on account of exchange differences either on settlement or on translation are recognized in the Statement of Profit and Loss. In respect of Forward Exchange Contracts the premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts on reporting dates are recognized in the Statement of Profit and Loss. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as an expense in that year.

	As at 31 March 2017	As at 31 March 2016
<b>3 Share capital</b>		
<b>3.1 Authorised :</b>		
10,000,000,000 (previous year: 3,100,000,000) equity shares of Re. 1 each	<b>10,000,000,000</b>	3,100,000,000
	<b>10,000,000,000</b>	3,100,000,000
<b>3.2 Issued / Subscribed / Paid up :</b>		
4,825,019,030 ( previous year: 3,057,166,790) equity shares of Re. 1 each , fully paid-up	<b>4,825,019,030</b>	3,057,166,790
	<b>4,825,019,030</b>	3,057,166,790

Notes:

- a) Pursuant to the approval of members in the Extraordinary General Meeting of the Company held on 23 May 2016, the authorised equity share capital of the Company was increased from Rs. 3,100,000,000 divided into 310,000,000 equity share of face value of Rs. 10 each to Rs. 5,500,000,000 divided into 550,000,000 equity share of Rs. 10 each.
- b) Pursuant to the approval of members in the Extraordinary General Meeting of the Company held on 23 February 2017, the authorised equity share capital of the Company was changed from Rs. 5,500,000,000 divided into 550,000,000 equity shares of face value of Rs. 10 each to Rs. 5,500,000,000 divided into 5,500,000,000 equity shares of face value of Re. 1 each. As a result the outstanding equity shares have increased from 482,501,903 of face value of Rs. 10 each to 4,825,019,030 equity shares of Re.1 each at 31 March, 2017.
- c) Pursuant to the approval of members in the Extraordinary General Meeting of the Company held on 23 February 2017 the authorised equity share capital of the Company was increased from Rs. 5,500,000,000 divided into 5,500,000,000 equity shares of face value of Re. 1 each to Rs. 10,000,000,000 divided into 10,000,000,000 equity shares of face value of Re. 1 each.
- d) The Company has only one class of equity shares having a face value of Re. 1 each. Each holder of equity shares is entitled to one vote per share.
- e) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their holding. However, there exists no preferential liability as on 31 March 2017.

### 3.3 Movement in share capital:

	As at 31 March 2017		As at 31 March 2016	
	No of shares	Amount	No of shares	Amount
<b>Equity shares</b>				
Outstanding at the beginning of the year	3,057,166,790	3,057,166,790	2,000,000,000	1,500,000,000
Issued during the year	1,767,852,240	1,767,852,240	1,057,166,790	1,057,166,790
Call money received	-	-	-	500,000,000
<b>Outstanding at the end of the year</b>	<b>4,825,019,030</b>	<b>4,825,019,030</b>	<b>3,057,166,790</b>	<b>3,057,166,790</b>

### 3.4 Details of shares held by holding Company / shareholders holding more than 5% shares in the Company

	As at 31 March 2017		As at 31 March 2016	
	No. of shares	% of holding	No. of shares	% of holding
<b>Motilal Oswal Securities Limited</b>				
Equity share of Re. 1 each fully paid-up	3,936,035,460	81.58%	2,493,582,290	81.57%
<b>Motilal Oswal Financial Services Limited</b>				
Equity share of Re. 1 each fully paid-up	738,983,470	15.32%	493,584,400	16.15%
	<b>4,675,018,930</b>	<b>96.90%</b>	<b>2,987,166,690</b>	<b>97.72%</b>

**Note :** Refer Note No. 33 for disclosure relating to employees stock option scheme.

	As at 31 March 2017	As at 31 March 2016
<b>4 Reserves and surplus</b>		
<b>Statutory reserve *</b>		
Opening balance	84,346,422	4,347,599
Add: Additions during the year	164,178,561	79,998,823
Closing balance	248,524,983	84,346,422
<b>Securities premium</b>		
Opening balance	13,418,169	-
Add: Securities premium on shares issued during the year	249,267,166	13,418,169
Closing balance	262,685,335	13,418,169
<b>Employee Stock Options Scheme Outstanding</b>		
Opening balance	-	-
Add: Addition during the year	76,552	-
Closing balance	76,552	-
<b>Surplus / (deficit) in statement of profit and loss</b>		
Opening balance	334,633,169	14,637,877
Add: Profit for the year	820,892,803	399,994,115
Less: Transfer to statutory reserve	(164,178,561)	(79,998,823)
Closing balance	991,347,411	334,633,169
	<b>1,502,634,281</b>	<b>432,397,760</b>

\*As per section 29C of the National Housing Bank Act, 1987 and Section 36(1)(viii) of Income Tax Act, 1961.

	As at 31 March 2017	As at 31 March 2016
<b>5 Long term borrowings</b>		
<b><u>Secured</u></b>		
Secured redeemable non-convertible debentures	11,749,000,000	7,100,000,000
Zero coupon debentures	1,300,000,000	1,250,000,000
Term loans from banks	15,789,005,256	7,646,380,334
<b><u>Unsecured</u></b>		
Unsecured redeemable non-convertible debentures	7,900,000,000	650,000,000
Zero coupon debentures	1,000,000,000	1,000,000,000
	<b>37,738,005,256</b>	17,646,380,334
Less : Current maturities of long term borrowings	<b>(3,203,922,343)</b>	(1,646,422,366)
	<b>34,534,082,913</b>	15,999,957,968

Security and other terms of debentures are as follows :  
As at 31st March 2017

NCD Series	Units	NCD Amounts	Security provided	Charge %
Series A (2015-16)/1	1,000	1,000,000,000	Exclusive charge over specific receivables	1.10 Times of amount Outstanding
Series A (2015-16)/2	250	250,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/3	500	500,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/4	150	150,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/5	750	750,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/6	1,500	1,500,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/7	1,000	1,000,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/8	250	250,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding

## 5 Long term borrowings (Continued)

Security and other terms of debentures are as follows : (Continued)  
As at 31<sup>st</sup> March 2017

NCD Series	Units	NCD Amounts	Security provided	Charge %
Series A (2015-16)/9	250	250,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/10	1,500	1,500,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/13	700	700,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2016-17)/4	1,250	1,250,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2016-17)/7	997	997,000,000	Exclusive charge over specific receivables	1.10 Times of amount Outstanding
Series A (2016-17)/10	50	50,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series C (2016-17)/1	800	800,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/2	200	200,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/3	746	746,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/4	80	80,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/5&6	174	174,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/7	691	691,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time

## 5 Long term borrowings (Continued)

Security and other terms of debentures are as follows : (Continued)  
As at 31<sup>st</sup> March 2017

NCD Series	Units	NCD Amounts	Security provided	Charge %
Series C (2016-17)/8	60	60,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/9	100	100,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/10	51	51,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
<b>Total</b>	<b>13,049</b>	<b>13,049,000,000</b>		

As at 31<sup>st</sup> March 2016

NCD Series	Units	NCD Amounts	Security provided	Charge %
Series A (2014-15)/1	500	500,000,000	Exclusive charge over specific receivables	1.10 Times of amount Outstanding
Series A (2015-16)/1	1,000	1,000,000,000	Exclusive charge over specific receivables	1.10 Times of amount Outstanding
Series A (2015-16)/2	250	250,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/3	500	500,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/4	150	150,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/5	750	750,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/6	1,500	1,500,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/7	1,000	1,000,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/8	250	250,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding

## 5 Long term borrowings (Continued)

Security and other terms of debentures are as follows : (Continued)  
As at 31<sup>st</sup> March 2016

NCD Series	Units	NCD Amounts	Security provided	Charge %
Series A (2015-16)/9	250	250,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/10	1,500	1,500,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/13	700	700,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
<b>Total</b>	<b>8,350</b>	<b>8,350,000,000</b>		

### Terms of repayment of debentures

As at 31 <sup>st</sup> March 2017				
Debentures - secured				
Maturity	0-3 years	3-5 years	>5 years	Total
Rate of interest				
11.00%	1,000,000,000	-	-	1,000,000,000
10.75%	-	500,000,000	-	500,000,000
10.85%	150,000,000	-	-	150,000,000
10.84%	1,500,000,000	-	-	1,500,000,000
10.84%	1,000,000,000	-	-	1,000,000,000
10.84%	250,000,000	-	-	250,000,000
9.75%	-	1,500,000,000	-	1,500,000,000
10.70%	700,000,000	-	-	700,000,000
10.70%	1,250,000,000	-	-	1,250,000,000
9.85%	-	-	997,000,000	997,000,000
10.00%	800,000,000	-	-	800,000,000
10.00%	200,000,000	-	-	200,000,000
10.00%	746,000,000	-	-	746,000,000
10.25%	80,000,000	-	-	80,000,000
10.01%	174,000,000	-	-	174,000,000
10.00%	691,000,000	-	-	691,000,000
9.80%	60,000,000	-	-	60,000,000
9.80%	100,000,000	-	-	100,000,000
9.55%	51,000,000	-	-	51,000,000
Zero coupon	1,300,000,000	-	-	1,300,000,000
<b>Total</b>	<b>10,052,000,000</b>	<b>2,000,000,000</b>	<b>997,000,000</b>	<b>13,049,000,000</b>

## 5 Long term borrowings (Continued)

Security and other terms of debentures are as follows : (Continued)

### Terms of repayment of debentures

As at 31 <sup>st</sup> March 2017				
Debentures - Unsecured				
Maturity	0-3 years	3-5 years	>5 years	Total
Rate of interest				
10.82%	150,000,000	-	-	150,000,000
11.00%	-	300,000,000	-	300,000,000
11.00%	-	200,000,000	-	200,000,000
11.15%	-	500,000,000	-	500,000,000
11.00%	250,000,000	-	-	250,000,000
11.00%	1,000,000,000	-	-	1,000,000,000
11.00%	500,000,000	-	-	500,000,000
11.00%	500,000,000	-	-	500,000,000
9.99%	-	-	2,500,000,000	2,500,000,000
10.85%	-	1,000,000,000	-	1,000,000,000
11.00%	-	-	500,000,000	500,000,000
10.50%	500,000,000	-	-	500,000,000
Zero coupon	1,000,000,000	-	-	1,000,000,000
<b>Total</b>	<b>3,900,000,000</b>	<b>2,000,000,000</b>	<b>3,000,000,000</b>	<b>8,900,000,000</b>

As at 31 <sup>st</sup> March 2016				
Debentures - Secured				
Maturity	0-3 years	3-5 years	>5 years	Total
Rate of interest				
11.25%	500,000,000	-	-	500,000,000
11.00%	1,000,000,000	-	-	1,000,000,000
10.75%	-	500,000,000	-	500,000,000
10.85%	150,000,000	-	-	150,000,000
10.84%	1,500,000,000	-	-	1,500,000,000
10.84%	1,000,000,000	-	-	1,000,000,000
10.84%	250,000,000	-	-	250,000,000
9.75%	-	1,500,000,000	-	1,500,000,000
10.70%	-	700,000,000	-	700,000,000
Zero coupon	1,250,000,000	-	-	1,250,000,000
<b>Total</b>	<b>5,650,000,000</b>	<b>2,700,000,000</b>	<b>-</b>	<b>8,350,000,000</b>

As at 31 <sup>st</sup> March 2016				
Debentures - Unsecured				
Maturity	0-3 years	3-5 years	>5 years	Total
Rate of interest				
10.82%	150,000,000	-	-	150,000,000
11.00%	-	-	500,000,000	500,000,000
Zero coupon	1,000,000,000	-	-	1,000,000,000
<b>Total</b>	<b>1,150,000,000</b>	<b>-</b>	<b>500,000,000</b>	<b>1,650,000,000</b>

## 5 Long term borrowings (Continued)

Security and other terms of Term Loans are as follows : (Continued)

As at 31 <sup>st</sup> March 2017				
Terms of repayment of term loans				
Term loans from banks - secured by way of hypothecation of receivables i.e.loans & advances.				
Maturity	0-3 years	3-5 years	>5 years	Total
Rate of interest				
8.50 % to 11% annually	7,602,544,889	3,802,987,045	4,383,473,323	15,789,005,256
<b>Total</b>	<b>7,602,544,889</b>	<b>3,802,987,045</b>	<b>4,383,473,323</b>	<b>15,789,005,256</b>

As at 31 <sup>st</sup> March 2016				
Terms of repayment of term loans				
Term loans from banks - secured by way of hypothecation of receivables i.e.loans & advances.				
Maturity	0-3 years	3-5 years	>5 years	Total
Rate of interest				
10% to 12% annually	4,158,222,402	2,275,681,035	1,212,476,897	7,646,380,334
<b>Total</b>	<b>4,158,222,402</b>	<b>2,275,681,035</b>	<b>1,212,476,897</b>	<b>7,646,380,334</b>

	As at 31 March 2017	As at 31 March 2016
<b>6 Deferred tax liability / (asset) (net)</b>		
<b>Deferred tax liabilities</b>		
Depreciation on fixed assets	340,337	1,023,881
Reserve Created u/s 36(1)(viii)	61,910,504	29,190,610
Unamortized borrowing cost	54,946,217	-
	<u>117,197,058</u>	<u>30,214,491</u>
<b>Deferred tax assets</b>		
Provision for gratuity	4,639,598	1,108,234
Provision for standard assets, sub-standard assets and doubtful assets	73,286,285	30,886,498
Provision for compensated absence	3,438,389	743,337
	<u>81,364,272</u>	<u>32,738,069</u>
Net deferred tax liabilities/(assets)	<u>35,832,786</u>	<u>(2,523,578)</u>
<b>7 Long-term provisions</b>		
<b>Provision for employee benefits</b>		
Gratuity*	12,357,734	2,980,310
Other employee benefit	647,382	-
Other provisions		
(a) Provision for standard assets**	159,471,360	81,088,277
(b) Provision for sub standard assets**	23,816,117	5,664,172
(c) Provision for doubtful assets**	18,433,179	-
	<u>214,725,772</u>	<u>89,732,759</u>
*Refer Note 30		
**Refer Note 31		
<b>8 Short term borrowings</b>		
<b>Secured</b>		
Loans repayable on demand		
Short term loans from banks*	-	295,007,001
<b>Unsecured</b>		
Other loans and advances		
Commercial Papers (Net off unamortized cost)	243,202,060	
	<u>243,202,060</u>	<u>295,007,001</u>
<b>9 Trade payables</b>		
<b>Creditors</b>		
Due to Micro, Small and Medium Enterprises*	-	-
Due to others	129,547,242	117,100,530
	<u>129,547,242</u>	<u>117,100,530</u>
*Refer Note 35		

\* Secured by way of hypothecation of housing loans given by the Company. These are repayable on demand and carry interest rate of 8.65% to 11.15% per annum.

	As at 31 March 2017	As at 31 March 2016
<b>10 Other current liabilities</b>		
Current maturities of long term borrowings	3,203,922,343	1,646,422,366
Interest accrued but not due on borrowings	1,638,000,971	614,599,245
Statutory liabilities	14,814,108	45,546,493
Book overdraft	1,503,664	613,164,961
Salary and bonus payable	70,387,406	38,300,642
Due to Micro, Small and Medium Enterprises*	5,005,697	1,222,624
Due to others	152,893,809	46,279,684
	<u>5,086,527,998</u>	<u>3,005,536,015</u>
*Refer Note 35		
<b>11 Short-term provisions</b>		
Provision for employee benefits		
Gratuity*	401,027	221,936
Compensated absences	9,935,242	2,147,876
Other provisions		
Provision for expenses	47,381,180	18,179,753
Provision for taxes ( Net of Advance Tax and Tax Deducted at Source CY Rs 397,113,820 PY Rs. 145,815,801)	330,533	67,728,292
Provision for standard assets**	5,362,206	2,334,679
Provision for sub standard assets**	799,961	159,573
Provision for doubtful assets**	3,878,288	-
	<u>68,088,436</u>	<u>90,772,109</u>
*Refer Note 30		
**Refer Note 31		

## 12 Fixed assets

Current Year

Description of assets	Gross Block			Depreciation			Net Block		
	As at 1 April 2016	Additions during the year	Deductions during the year	As at 31 March 2017	As at 1 April 2016	Additions during the year	Deductions during the year	As at 31 March 2017	As at 31 March 2016
<b>Tangible assets:</b>									
Computers and data processing units	20,097,758	28,522,658	618,000	48,002,416	7,287,976	15,669,045	100,624	25,146,019	12,809,782
Furniture and fixtures	9,815,986	19,586,886	-	29,402,872	1,410,777	4,414,587	-	23,577,507	8,405,209
Electric installations	161,741	10,240,299	-	10,402,040	14,343	1,252,540	-	9,135,157	147,398
Office equipment's	3,289,977	15,840,130	-	19,130,107	478,587	2,624,493	-	16,027,027	2,811,389
Leasehold improvements	10,791,662	22,973,517	-	33,765,179	1,951,666	6,847,730	-	24,965,783	8,839,996
<b>Total tangible assets (a)</b>	<b>44,157,124</b>	<b>97,163,490</b>	<b>618,000</b>	<b>140,702,614</b>	<b>11,143,350</b>	<b>30,808,396</b>	<b>100,624</b>	<b>98,851,493</b>	<b>33,013,774</b>
<b>Intangible assets:</b>									
Computer software	5,285,585	11,173,950	-	16,459,535	1,475,724	2,208,375	-	12,775,436	3,809,861
<b>Total intangible assets (b)</b>	<b>5,285,585</b>	<b>11,173,950</b>	<b>-</b>	<b>16,459,535</b>	<b>1,475,724</b>	<b>2,208,375</b>	<b>-</b>	<b>12,775,436</b>	<b>3,809,861</b>
<b>Total (a) + (b) = (c)</b>	<b>49,442,709</b>	<b>108,337,440</b>	<b>618,000</b>	<b>157,162,149</b>	<b>12,619,074</b>	<b>33,016,770</b>	<b>100,624</b>	<b>111,626,929</b>	<b>36,823,635</b>

## 12 Fixed assets (Continued)

Previous Year

Description of assets	Gross Block			Depreciation			Net Block		
	As at 1 April 2015	Additions during the year	Deductions during the year	As at 31 March 2016	As at 1 April 2015	Additions during the year	Deductions during the year	As at 31 March 2016	As at 31 March 2015
<b>Tangible assets:</b>									
Computers and data processing units	5,098,716	14,999,042	-	20,097,758	1,541,848	5,746,128	-	12,809,782	3,556,869
Furniture and fixtures	2,081,720	7,734,266	-	9,815,986	128,685	1,282,092	-	8,405,209	1,953,035
Electric installations	14,355	147,386	-	161,741	558	13,785	-	147,398	13,797
Office equipments	269,053	3,020,924	-	3,289,977	26,733	451,854	-	2,811,389	242,320
Leasehold improvements	1,016,511	9,775,151	-	10,791,662	111,387	1,840,279	-	8,839,996	905,124
<b>Total tangible assets (a)</b>	<b>8,480,355</b>	<b>35,676,769</b>	<b>-</b>	<b>44,157,124</b>	<b>1,809,211</b>	<b>9,334,139</b>	<b>-</b>	<b>33,013,774</b>	<b>6,671,144</b>
<b>Intangible assets:</b>									
Computer software	3,600,835	1,684,750	-	5,285,585	561,241	914,483	-	3,809,861	3,039,594
<b>Total intangible assets (b)</b>	<b>3,600,835</b>	<b>1,684,750</b>	<b>-</b>	<b>5,285,585</b>	<b>561,241</b>	<b>914,483</b>	<b>-</b>	<b>3,809,861</b>	<b>3,039,594</b>
<b>Total (a) + (b) = (c)</b>	<b>12,081,190</b>	<b>37,361,519</b>	<b>-</b>	<b>49,442,709</b>	<b>2,370,452</b>	<b>10,248,622</b>	<b>-</b>	<b>36,823,635</b>	<b>9,710,738</b>

	As at 31 March 2017	As at 31 March 2016
<b>13 Long-term loans and advances</b>		
<b><u>Secured, considered good</u></b>		
<b><u>Home Loans *</u></b>		
Loans to others	40,062,260,925	20,298,735,886
Loans to related parties	10,371,175	11,094,480
<b><u>Unsecured, considered good</u></b>		
Security deposit	51,267,220	4,508,100
Capital advances	32,514,024	6,681,243
Advance income tax (Net of provision CY Rs 214,377,526, PY Rs. 18,200,000)	1,467,884	1,462,116
Unamortized borrowing cost	189,384,872	93,364,935
	<b>40,347,266,100</b>	<b>20,415,846,760</b>

\* Loans granted by the Company are secured by equitable mortgage/ registered mortgage of the property and/or undertaking to create security and/or personal guarantees and/or assignment of life Insurance policies.

#### 14 Current investments

Investments in mutual funds		
- Unquoted		
Reliance medium term fund - direct weekly dividend	651,969,366	-
Reliance money manager fund - direct growth plan growth option	-	1,039,148,521
Motilal Oswal Most Ultra Short Term Bond Fund - Direct Plan-Growth option	1,000,000,000	700,000,000
Franklin India Ultra Short Bond Fund Super Institutional Plan - Direct	564,677,136	-
Invesco India Medium Term Bond Fund - Direct Plan Annual	581,608,350	-
	<b>2,798,254,851</b>	<b>1,739,148,521</b>
<b><u>Details</u></b>		
No. of units	171,621,194	90,489,270
Total market value of unquoted investment	2,799,563,604	1,739,687,084
Total book value of unquoted investment	2,798,254,851	1,739,148,521

#### 15 Trade receivables

<b><u>Unsecured, considered good</u></b>		
Outstanding for a period less than six months	90,438,343	44,004,250
	<b>90,438,343</b>	<b>44,004,250</b>

	As at 31 March 2017	As at 31 March 2016
<b>16 Cash and bank balances</b>		
Cash and cash equivalents		
Balances with banks (current accounts)	1,569,006,632	94,139,751
Deposits having maturity of less than 3 months	50,000,000	99,900,000
Other bank balances		
Deposits having maturity of more than 12 months	25,000,000	-
	1,644,006,632	194,039,751
<b>17 Short-term loans and advances</b>		
<b><u>Secured, considered good</u></b>		
<b><u>Home Loans *</u></b>		
Loans to others **	1,345,653,069	578,709,943
Loans to related parties **	899,665	864,445
<b><u>Unsecured, considered good</u></b>		
Advance to employees	4,455,845	1,895,175
Advance payment of interest	421,678	286,301
Prepaid expenses	1,330,210	844,372
Service tax credit receivable	12,540,654	4,520,541
Loans to staff	877,550	296,389
Unamortized borrowing cost	66,914,163	48,984,089
	1,433,092,834	636,401,255

\* Loans granted by the Company are secured by equitable mortgage/ registered mortgage of the property and/or undertaking to create security and/or personal guarantees and/or assignment of life Insurance policies.

\*\*Represents current portion of long term housing loan disbursed by the Company.

#### **18 Other current assets**

Interest accrued but not due on home loans	162,713,967	7,575,200
Interest accrued but not due on fixed deposits with banks	3,595,440	6,445,345
EMI / Pre EMI receivables on home loans	33,651,085	4,862,637
Insurance receivable	15,014,337	-
	214,974,829	18,883,182

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>19 Revenue from operations</b>		
Interest income on loans	3,978,614,084	1,332,338,313
Processing fees	551,861,781	409,710,930
Other operating income	398,748,679	234,125,714
	<u>4,929,224,544</u>	<u>1,976,174,957</u>
<b>20 Other income</b>		
Dividend income on mutual fund	15,398,232	-
Interest on fixed deposits with banks	5,577,333	8,650,863
Net gain on sale of investments	757,647,259	220,274,804
Other non operating income	-	4,535
	<u>778,622,824</u>	<u>228,930,202</u>
<b>21 Employee benefits expenses</b>		
Salaries, wages and bonus	378,705,429	224,321,907
Contribution to provident and other funds	13,438,535	4,882,430
Staff welfare expenses	3,179,379	1,411,333
Gratuity*	9,556,515	2,280,023
Employees Stock Option expenses	76,552	-
	<u>404,956,410</u>	<u>232,895,693</u>
*Refer note 35		
<b>22 Finance costs</b>		
Interest on debentures	2,005,381,881	618,790,877
Interest on term loans/ Cash credit	1,159,656,665	321,133,354
Interest on intercompany loans	-	148,724
Discount on commercial papers	213,140,310	119,330,450
Other borrowing costs	120,274,067	25,850,439
	<u>3,498,452,923</u>	<u>1,085,253,844</u>
<b>23 Provision for contingencies</b>		
Provision on standard assets	81,404,167	69,077,781
Provision on sub standard assets	18,798,776	5,823,746
Provision on doubtful assets	22,311,467	-
	<u>122,514,410</u>	<u>74,901,527</u>

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>24 Other expenses</b>		
Legal & professional charges	94,306,989	43,526,633
Commission and brokerage	21,341,636	35,452,456
Valuation charges	45,225,223	21,062,516
Rent	75,063,735	15,617,404
Business promotion expenses	17,684,210	8,685,698
Filing fees	1,690,600	8,306,600
Printing & stationery	11,665,154	7,318,199
Travelling and conveyance	15,458,859	6,663,707
Computer maintenance & software charges	799,521	-
Car running expenses	1,108,474	-
Data processing charges	16,229,769	5,884,311
Communication and data charges	13,060,566	2,609,573
Auditor's remuneration (refer note no. 28)	3,930,446	2,587,762
Power and fuel	9,910,203	2,147,652
Insurance	1,943,474	876,360
Advertisement and marketing expenses	161,820	572,644
Membership & subscription fees	336,938	556,265
Rates & taxes	1,487,320	42,061
Corporate Social Responsibility Expense*	4,434,000	-
Miscellaneous expenses	56,475,022	26,677,403
	<b>392,313,959</b>	<b>188,587,244</b>

\* Company is required to contribute to Corporate Social Responsibility (CSR) activity as per CSR Rules under the Companies Act, 2013. During the year Company has spent Rs. 44.34 Lakhs out of required sum of Rs. 44.34 Lakhs.

## 25. Segmental Reporting

The Company is primarily engaged into business of providing loans for purchase or construction of residential houses. Further, the Company does not have any separate geographical segment in India. As such there are no separate reportable segment as per AS 17 "Segment Reporting".

## 26. Related parties

### (A) Names of related parties by whom control is exercised

Motilal Oswal Wealth Management Limited	-	Fellow Subsidiary Company
Motilal Oswal Securities Limited	-	Holding Company
Motilal Oswal Financial Services Limited	-	Holding Company
Passionate Investment Management Private Limited	-	Ultimate holding Company

### (B) Key managerial personnel

Motilal Oswal	-	Non Executive Director and Chairman
Raamdeo Agrawal	-	Non Executive Director
Anil Sachidanand	-	Managing Director and Chief Executive Officer

## 26. Related parties (Continued)

Transactions with related parties are as enumerated below:

Transaction	As at 31 March 2017	As at 31 March 2016
<b>Reimbursement of expenses by the Company</b>		
Motilal Oswal Securities Limited		
- Sundry expenses	9,165,711	1,693,936
- Rent	44,645,220	5,267,700
<b>Reimbursement of expenses by the Company</b>		
Motilal Oswal Financial Services Limited		
- Electricity expense	236,184	466,122
<b>Loan taken</b>		
Motilal Oswal Financial Services Limited	-	350,000,000
<b>Loan repaid</b>		
Motilal Oswal Financial Services Limited	-	350,000,000
<b>Loan repayment received</b>		
Anil Sachidanand	688,087	661,151
<b>Interest paid</b>		
Motilal Oswal Financial Services Limited	-	148,724
<b>Arranger fees paid</b>		
Motilal Oswal Wealth Management Limited	12,156,000	-
<b>Remuneration paid including accrual for compensated absences*</b>		
Anil Sachidanand	26,614,074	20,482,681
<b>Interest received</b>		
Anil Sachidanand	465,833	492,769
<b>Customer referral fees received</b>		
Motilal Oswal Securities Limited	2,500,000	10,000,000

\*The above figures do not include provision for gratuity to the managing director. Gratuity is actuarially determined for the Company as a whole and separate figure for the managing director is not available.

## 26. Related parties (Continued)

Transactions with related parties are as enumerated below: (Continued)

Transaction	As at 31 March 2017	As at 31 March 2016
<b>Subscription of equity shares including premium</b>		
Motilal Oswal Securities Limited	1,645,839,067	999,999,984
Motilal Oswal Financial Services Limited	280,000,339	499,999,984
Anil Sachidanand	17,115,000	70,584,990
Navin Agarwal	74,165,000	-
<b>Security Deposit</b>		
Motilal Oswal Securities Limited	34,735,050	-
<b>Balance payable</b>		
Motilal Oswal Securities Limited	94,699,880	2,779,489
Motilal Oswal Financial Services Limited	494,052	227,165
Motilal Oswal Wealth Management Limited	12,474,000	-
<b>Balance Receivable</b>		
Motilal Oswal Securities Limited	2,612,500	2,612,500
Anil Sachidanand	11,270,840	11,958,925

## 27 Earnings per Share

In accordance with Accounting Standard 20 on Earnings per share, the computation of earnings per share is set out below.

	As at 31 March 2017	As at 31 March 2016
Profit available for equity share holders	820,892,803	399,994,115
Weighted average number of equity shares	4,296,369,035	2,030,236,071
Basic earnings per share (Rs.)	0.19	0.20
Profit available for equity share holders	820,892,803	399,994,115
Weighted average number of shares for basic earning per share	4,296,369,035	2,030,236,071
Dilutive effect of outstanding stock options	11,274,966	24,631,753
Weighted average number of shares for diluted earning per share	4,307,644,002	2,054,867,824
Diluted earnings per share (Rs.)	0.19	0.19

## 28 Auditor's remuneration

	As at 31 March 2017	As at 31 March 2016
As auditor		
Statutory audit	2,000,000	1,500,000
Limited review of quarterly results	1,050,000	600,000
	3,050,000	2,100,000
For certification work	456,320	375,000
Out of pocket expenses	77,284	44,512
Service tax	346,842	68,250
Total	3,930,446	2,587,762

## 29 Contingent liabilities and commitments

a. Contingent liabilities: NIL

b. Commitments:

	As at 31 March 2017	As at 31 March 2016
Commitments not provided for :		
- Commitments related to loans sanction but undrawn	2,643,618,485	2,789,530,925
- Commitments related to loans sanction but partially undrawn	2,608,056,331	1,318,211,869
Total	5,251,717,641	4,107,785,254

### 30 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits

#### A) Defined contribution plan :

	As at 31 March 2017	As at 31 March 2016
Employer's contribution to provident fund	11,197,346	4,195,470
Employer's contribution to ESIC	2,218,149	686,960
Total	<u>13,415,495</u>	<u>4,882,430</u>

#### B) Defined benefit plan :

The details of the Company's post- retirement benefit plans for its employees including whole time directors are given below which is as certified by the actuary and relied upon by the auditors.

#### Principal actuarial assumptions at the balance sheet date

	As at 31 March 2017	As at 31 March 2016
Interest / Discount Rate	6.69%	7.49%
Rate of increase in compensation	13.00%	10.00%
Employee attrition rate (Past Service) (PS)	PS: 0 to 37 : 10.73%	PS: 0 to 37 : 10.73%
Expected average remaining service	7.53	7.48

#### Changes in the present value of the defined benefit obligation are as follows:

	As at 31 March 2017	As at 31 March 2016
Present value of obligation at the beginning of the year	3,202,246	922,223
Current service cost	3,607,538	1,674,915
Past service cost	-	-
Interest cost	239,848	71,657
Benefit paid	-	-
Curtailment cost	-	-
Settlement cost	-	-
Net actuarial gain or loss recognized in the year	5,709,129	533,451
Present value of obligation at the end of the year	<u>12,758,761</u>	<u>3,202,246</u>

#### Fair value of plan assets

	As at 31 March 2017	As at 31 March 2016
Present value of obligation at the beginning of the year	-	-
Actual return on plan assets	-	-
Contributions	-	-
Benefit paid	-	-
Fair value of plan assets at end of period	-	-
Funded status (including unrecognized past service cost)	(12,758,761)	(3,202,246)
Excess of actual over estimated return of plan assets	-	-

Note - The Company does not have any plan assets as at 31 March 2017 (31 March 2016: Rs. Nil)

### 30 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (Continued)

#### B) Defined benefit plan : (Continued) Changes in the present value of the defined benefit obligation are as follows: (Continued)

##### Experience history

	As at 31 March 2017	As at 31 March 2016
(Gain)/loss on obligation due to change in assumption	3,696,669	(706,105)
Experience (gain)/loss on obligation	2,012,460	1,239,556
Actuarial gain/(loss) on plan assets	-	-

##### Amounts to be recognized in the balance sheet

	As at 31 March 2017	As at 31 March 2016
Present value of obligation at the beginning of the year	12,758,761	3,202,246
Fair value of plan assets at end of period	-	-
Funded status	(12,758,761)	(3,202,246)
Unrecognized actuarial gain/(loss)	-	-
Unrecognized past service cost - non vested benefits	-	-
Net assets/(liability) recognized in balance sheet	(12,758,761)	(3,202,246)

##### Expense recognized in the statement of profit and loss account

	As at 31 March 2017	As at 31 March 2016
Current service cost	3,607,538	1,674,915
Interest cost	239,848	71,657
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 period	5,709,129	533,451
Expense recognized in the statement of profit and loss account	9,556,515	2,280,023

##### Movements in the Liability recognized in balance Sheet

	As at 31 March 2017	As at 31 March 2016
Opening net liability	3,202,246	922,223
Expenses recognized	9,556,515	2,280,023
Employer's contributions	-	-
Closing net liability	12,758,761	3,202,246
Closing provisions at the end of the year	12,758,761	922,223

### 30 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (Continued)

B) Defined benefit plan : (Continued)  
Changes in the present value of the defined benefit obligation are as follows: (Continued)

#### Defined benefit plans

	As at 31 March 2017	As at 31 March 2016
Defined benefit obligation	12,758,761	3,202,246
Plan assets	(12,758,761)	(3,202,246)
Experience adjustments :		
On plan liabilities	5,709,129	533,451
On plan assets	-	-

**31 Provision in respect of standard, sub-standard, doubtful and loss assets are recorded in accordance with Companies policy as stated in note 2.7 :**

	Housing Loans	Non-Housing Loans
<b>Current Year</b>		
Standard Asset		
Principle outstanding	41,206,342,856	877,550
Provisions	164,830,055	3,510
Sub-standard assets		
Principle outstanding	164,107,188	-
Provisions	24,616,078	-
Doubtful asset		
Principle outstanding	76,209,329	-
Provisions	22,311,467	-
Total		
Principle outstanding	41,446,659,373	877,550
Provisions	211,757,600	3,510
Less:		
Total		
EMI Debtor/Pre EMI interest	(27,474,539)	-
Provision on the above	(114,582)	-
Net balance		
Principle outstanding	41,419,184,834	877,550
Provisions	211,643,018	3,510
<b>Previous Year</b>		
Standard Asset		
Principle outstanding	20,855,442,419	296,389
Provisions	83,421,770	1,186
Sub-standard assets		
Principle outstanding	38,824,970	-
Provisions	5,823,745	-
Doubtful asset		
Principle outstanding	-	-
Provisions	-	-
Total		
Principle outstanding	20,894,267,389	296,389
Provisions	89,245,515	1,186
Less:		
Total		
EMI Debtor/Pre EMI interest	(4,862,635)	(296,389)
Provision on the above	(19,451)	(1,186)

**31 Provision in respect of standard, sub-standard, doubtful and loss assets are recorded in accordance with Companies policy as stated in note 2.7: (Continued)**

	Housing Loans	Non-Housing Loans
Net balance		
Principle outstanding	20,889,404,754	-
Provisions	89,226,064	-
Investments		
Current Year		
Standard Assets		
Principle outstanding	-	-
Provisions	-	-
Previous Year		
Principle outstanding		
Total outstanding	-	-
Provisions	-	-

**32 Disclosure pursuant to circular no. NHB CND/DRS/Pol circular 61/2013-14 dated 7 April 2014 issued by NHB.**

	As at 31 March 2017	As at 31 March 2016
<b>Balance at the beginning of the year</b>		
a) Statutory reserve (As per Section 29C of The National Housing Bank Act, 1987)	-	-
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	84,346,422	4,347,599.00
<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.	69,634,252	-
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.	94,544,309	79,998,823
<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).	69,634,252	-
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.	178,890,731	84,346,422
<b>Total</b>	<b>248,524,983</b>	<b>84,346,422</b>

### **33. Disclosure relating to employees stock option scheme**

#### **The Company has two stock option scheme:**

##### **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 27,150,000 options representing 27,150,000 Equity shares of Re. 1 each, and same was granted by the nomination and remuneration committee at its meeting held on 13 April 2015.

##### **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 2,050,000 options representing 2,050,000 Equity shares of Re. 1 each and same was granted by the nomination and remuneration committee at its meeting held on 23 September 2015.

##### **Aspire Home Finance Corporation Limited - Employees' Stock Option Scheme 2016 (ESOS-2016) - Grant I**

The Scheme was approved by Board of Directors on 29 April 2016 and by the shareholders in AGM dated 07 July 2016 for issue of 36,200,000 options representing 36,200,000 Equity shares of Re. 1 each and same was granted by the nomination and remuneration committee at its meeting held on 27 December 2016.

##### **Aspire Home Finance Corporation Limited - Employees' Stock Option Scheme 2016 (ESOS-2016) - Grant II**

The Scheme was approved by Board of Directors on 29 April 2016 and by the shareholders in AGM dated 07 July 2016 for issue of 1,000,000 options representing 1,000,000 Equity shares of Re. 1 each same was granted by the nomination and remuneration committee at its circular resolution dated 17 February 2017.

### 33. Disclosure relating to employees stock option scheme (Continued)

The activity in the (ESOS 2014), (ESOS 2016)during the year ended 31 March 2017 and 31 March 2016 is set below:

Equity Shares	As at 31 March 2017 In Numbers	Weighted Average Exercise Price	As at 31 March 2016 In Numbers	Weighted Average Exercise Price
The AHFCL (ESOS 2014) - Grant I : (Face value of Re. 1 each)* Option outstanding at the beginning of the year.	27,150,000	1.00	-	-
Add: Granted	-	-	27,150,000	1.00
Less: Exercised	-	-	-	-
Less: Lapsed	-	-	-	-
Option outstanding, end of the year Exercisable at the end of the year	27,150,000 8,145,000	1.00	27,150,000	1.00
The AHFCL (ESOS 2014) - Grant II : (Face value of Re. 1 each)* Option outstanding at the beginning of the year.	2,050,000	1.00	-	-
Add: Granted	-	-	2,050,000	1.00
Less: Exercised	-	-	-	-
Less: Lapsed	-	-	-	-
Option outstanding, end of the year Exercisable at the end of the year	2,050,000 615,000	1.00	2,050,000	1.00
The AHFCL (ESOS 2016) - Grant I : (Face value of Re. 1 each)* Option outstanding at the beginning of the year.	-	-	-	-
Add: Granted	36,200,000	1.60	-	-
Less: Exercised	-	-	-	-
Less: Lapsed	-	-	-	-
Option outstanding, end of the year Exercisable at the end of the year	36,200,000	1.60	-	-
The AHFCL (ESOS 2016) - Grant II : (Face value of Re. 1 each)* Option outstanding at the beginning of the year.	-	-	-	-
Add: Granted	1,000,000	1.60	-	-
Less: Exercised	-	-	-	-
Less: Lapsed	-	-	-	-
Option outstanding, end of the year Exercisable at the end of the year	1,000,000	1.60	-	-

\*Pursuant to the approval of members in the Extraordinary General Meeting of the Company held on 23 February 2017 the face value of the equity shares of the Company was changed from Rs. 10/- each to Re. 1/- each. Accordingly effect has been given to stock options outstanding as at 31 March 2017 and also exercise price of stock options granted under AHFCL ESOS 2014 and AHFCL ESOS 2016 has been adjusted accordingly.

### 33. Disclosure relating to employees stock option scheme (Continued)

#### Employees Stock Option Scheme (ESOS):

The company has adopted intrinsic value method of accounting employee compensation cost in respect of ESOS. The intrinsic value of share 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 amortized as at 31 March 2017 is Rs. 76552/- (PY - NIL).

Particulars	ESOS 2014 - Grant I	ESOS 2014 - Grant II	ESOS 2016 - Grant I	ESOS 2016 - Grant I	ESOS 2016 - Grant II
Date of grant	13 April 2015	23 September 2015	27 December 2016	27 December 2016	17 February 2017
Date of board approval	11 September 2014	11 September 2014	29 April 2016	29 April 2016	29 April 2016
Date of shareholders' approval	16 October 2014	16 October 2014	07 July 2016	07 July 2016	07 July 2016
Number of options granted	27150000 *	2050000 *	20900000 *	15300000 *	1000000 *
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	30 April 2016 **, 30 April 2017 **, 30 April 2018 **	30 September 2016 **, 30 September 2017 **, 30 September 2018 **	01 January 2018, 01 January 2019, 01 January 2020, 01 January 2021, 01 January 2022	01 January 2018, 01 January 2019, 01 January 2020, 01 January 2021	01 March 2018, 01 March 2019, 01 March 2020, 01 March 2021, 01 March 2022
Vesting pattern	30:30:40	30:30:40	10:15:20:25:30	10:20:30:40	10:15:20:25:30
<b>Weighted average remaining contractual life:</b>					
Granted but not vested	0.66 year (PY 1.18 years)	1.08 year (PY 1.60 years)	3.26 years (PY NIL)	2.76 years (PY NIL)	3.42 years (PY NIL)
Vested but not exercised	0.08 year (PY NIL)	0.50 year (PY NIL)	NA (PY NA)	NA (PY NA)	NA (PY NA)
Weighted average share price at the date of exercise for stock options exercised during the year*	Re. 1	Re. 1	Rs. 1.60	Rs. 1.60	Rs. 1.60

### 33. Disclosure relating to employees stock option scheme (Continued)

Particulars	ESOS 2014 - Grant I	ESOS 2014 - Grant II	ESOS 2016 - Grant I	ESOS 2016 - Grant I	ESOS 2016 - Grant II
Exercise period	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	Re. 0.20	Re. 0.20	Re. 0.43	Re. 0.38	Re. 0.41

\* Pursuant to the approval of members in the Extraordinary General Meeting of the Company held on 23 February 2017 the face value of the equity shares of the Company was changed from Rs. 10/- each to Re. 1/- each. Accordingly effect has been given to stock options outstanding as at 31 March 2017 and also exercise price of stock options granted under AHFCL ESOS 2014 and AHFCL ESOS 2016 has been adjusted accordingly.

\*\* The exercise period of the Grant I & II of AHFCL ESOS 2014 has been extended from 6 months to 1 year pursuant to the resolution passed by the nomination and remuneration committee at its meeting held on 25th October 2016.

### 33 Disclosure relating to employees stock option scheme (Continued)

#### Exercise pricing formula

#### The exercise pricing formula for AHFCL ESOS 2014 and AHFCL ESOS 2016 are as under:

The nomination and remuneration 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 said committee shall in its absolute discretion, have the authority to grant the options at such discount as it may deem fit.

#### Fair Value Methodology:

The fair value of options have been estimated on the date of grant using Black-Scholes model as under:

The key assumptions used in Black-Scholes model for calculating fair value under ESOS 2014 - Grant I, ESOS 2014 - Grant II, ESOS 2016 - Grant I and ESOS 2016 - Grant II as on the date of grant viz. April 14, 2017, September 23, 2015, December 27, 2016, February 17, 2017 are as follows:

Particulars	ESOS 2014 - Grant I	ESOS 2014 - Grant II	ESOS 2016 - Grant I	ESOS 2016 - Grant II
Risk-free interest rate	7.78%	7.71%	6.59%	6.85%
Expected volatility of share price	1%	1%	1%	1%
The weighted average price of equity share as on grant date	Re. 1	Re. 1	Rs. 1.60	Rs. 1.60

	As at 31 March 2017	As at 31 March 2016
Net Profit (as reported)	820,892,803	399,994,115
Add: Stock-based compensation expenses determined under intrinsic value method (Net of tax)	49,143	-
Less: Stock-based compensation expenses determined under fair value method (Net of tax)	2,222,376	2,023,045
Net Profit considered for computing EPS (pro-forma)	818,719,570	397,971,070
Basic earnings per share (as reported)	0.19	0.20
Basic earnings per share (pro-forma)	0.19	0.20
Diluted earnings per share (as reported)	0.19	0.19
Diluted earnings per share (pro-forma)	0.19	0.19

### 34 Operating leases

The Company has taken a car under operating leases. Gross rental expenses charged for the year ended 31 March 2017 aggregated Rs 862,984/- (PY Rs . 954,540/-) which has been included under the head other expenses - Rent in the Statement of Profit and Loss.

The Company has taken various offices on operating lease for the period which ranges from 12 months to 60 months with an option to renew the lease by mutual consent on mutually agreeable terms. Gross rental expenses charged for the year ended 31 March 2017 aggregated Rs. 67,767,357/- (PY Rs. 13,166,852/-) which has been included under the head other expenses - Rent in the Statement of Profit and Loss.

**Expected future minimum commitments during the non-cancellable period under the lease arrangements are as follows**

	As at 31 March 2017	As at 31 March 2016
Within one year	1,706,760	2,342,776
Later than one year but not later than five years	605,880	2,022,060
Later than five years	-	-

### 35 Details of dues to micro, small and medium enterprises

The company has sent letters to suppliers to confirm whether they are covered under Micro, Small and Medium Enterprises Development Act 2006 (MSMED 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.

	As at 31 March 2017	As at 31 March 2016
1. The principal amount remaining unpaid at the end of the year.	5,005,697	1,222,624
2. The interest amount remaining unpaid at the end of the year.	-	-
3. 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	-	-
4. 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).	-	-
5. The amount of interest accrued and remaining unpaid at the end of accounting year.	-	-
6. 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.	5,005,697	1,222,624

**36 Disclosure pursuant to circular no. NHB/ND/DRS/POL-No.35/2010-11 dated October 11, 2010 and Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB.**

**I. Capital to Risk Asset Ratio (CRAR)**

	As at 31 March 2017	As at 31 March 2016
CRAR (%)	31.37%	33.74%
CRAR - Tier I Capital (%)	28.05%	28.68%
CRAR - Tier II Capital (%)	3.32%	5.06%
Amount of subordinated debt raised as Tier - II Capital	500,000,000	500,000,000
Amount raised by issue of perpetual debt Instruments	-	-

**II. Exposure to Real estate sector**

	As at 31 March 2017	As at 31 March 2016
<b>Category</b>		
<b>a) Direct exposure</b>		
<b>(i) 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 Loan up to Rs 15 Lacs	28,799,268,437	13,159,188,985
Housing Loan more than Rs 15 Lacs	12,619,916,395	7,730,215,768
<b>(ii) 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 premises, industrial or ware house space, hotels, land acquisitions, development and construction, etc.) Exposure would also incur non-fund based (NFB) limits.	-	-
<b>(iii) 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)	-	-



**37. Disclosure pursuant to Notification No. NHB.HFC.DIR.1/CMD/2010 dated June 10, 2010 issued by NHB.**

**I Penalty**

	As at 31 March 2017	As at 31 March 2016
Penalty if any levied by National Housing Bank	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**II Adverse remarks**

	As at 31 March 2017	As at 31 March 2016
Adverse remarks if any given by National Housing Bank	-	-

**III % of outstanding loans granted against collateral gold jewellery to their**

	As at 31 March 2017	As at 31 March 2016
Percentage of outstanding loans granted against the collateral gold jewellery to their outstanding total assets	-	-

**38 Disclosure Pursuant to Notification No. 244/ 2017 dated March 30, 2017 issued by Central Government for Specified Bank Notes.**

Particulars	Specified Bank Notes (SBNs)	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	NIL	NIL	NIL
(+) Permitted receipts	NIL	NIL	NIL
(-) Permitted payments	NIL	NIL	NIL
(-) Amount deposited in Banks	NIL	NIL	NIL
Closing cash in hand as on 30.12.2016	NIL	NIL	NIL

\*During the period from 8 November 2016 to 30 December 2016, there were 376 borrowers who had directly deposited cash amounting to Rs. 7,913,269 in the Company's collection accounts held with banks.

**39 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Investments.**

	As at 31 March 2017	As at 31 March 2016
<b>(a) Value of Investments</b>		
(I) Gross value of investments		
(a) In India	2,798,254,851	1,739,148,521
(a) Outside India	-	-
(II) Provisions for Depreciation		
(a) In India	-	-
(a) Outside India	-	-
(III) Net value of investments		
(a) In India	2,798,254,851	1,739,148,521
(a) Outside India	-	-
<b>(b) Movements of provisions held towards depreciation in investments</b>		
(I) Opening balance	-	-
(II) Add : Provisions made during the year	-	-
(III) Less : Write-off/ Written- back of excess provisions during the year	-	-
(IV) Closing balance	-	-

**40 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Single borrower/ Group borrower limit exceeded by HFC.**

	As at 31 March 2017	As at 31 March 2016
Amount outstanding for Single borrower limit	-	-
Amount outstanding for Group borrower limit	-	-

**41 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Provisions and Contingencies.**

	As at 31 March 2017	As at 31 March 2016
1. Provisions for depreciation on investment	-	-
2. Provisions made towards income tax (net of reversal of tax of earlier year)	397,444,353	212,877,526
3. Provisions towards NPAs	41,110,243	5,823,746
4. Provisions for standard assets	81,404,167	69,077,781
5. Other provision and contingencies	-	-
Gratuity	9,556,515	2,280,023
Compensated absence	7,787,366	2,147,876
Provision for expenses	29,201,427	14,788,539

**42 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for concentration of NPAs.**

	As at 31 March 2017	As at 31 March 2016
Total Exposure to top ten NPA accounts	24,569,333	22,608,942

**43 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for sector wise NPA's Provisions and Contingencies.**

	As at 31 March 2017	As at 31 March 2016
A. Housing Loans: (I) Individuals (in %) ( out of total advances in that sector)	0.58%	0.19%
B. Non - Housing Loans: (I) Individuals (in %) (out of total advances in that sector)	-	-

**44 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for movement of NPAs.**

	As at 31 March 2017	As at 31 March 2016
(I) Net NPAs to Net Advances (%)	0.47%	0.16%
(II) Movement of Gross NPAs		
(a) Opening Balance	38,824,970	-
(b) Additions during the year	201,491,547	38,824,970
(c) Closing balance	240,316,517	38,824,970
(III) Movement of Net NPAs		
(a) Opening Balance	33,001,224	-
(b) Additions during the year	160,387,748	33,001,224
(c) Closing balance	193,388,972	33,001,224
(III) Movement of provisions for NPAs		
(a) Opening Balance	5,823,746	-
(b) Additions during the year	41,103,799	5,823,746
(c) Closing balance	46,927,545	5,823,746

**45 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for overseas assets.**

	As at 31 March 2017	As at 31 March 2016
Overseas assets	-	-

**46 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for customer complaints.**

	As at 31 March 2017	As at 31 March 2016
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	37	1
(c) No. of complaints redressed during the year	36	1
(d) No. of complaints pending at the end of the year	1	-

**47 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Exposure to Capital Market.**

	As at 31 March 2017	As at 31 March 2016
(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;	-	-
(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;	-	-
(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;	-	-
(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;	-	-
(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)	-	-
Total Exposure to Capital Market	-	-

**48 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Securitisation.**

	As at 31 March 2017	As at 31 March 2016
The amount of securitised assets as per books of the SPVs sponsored*	-	-

\* During the year the Company has not entered into any securitisation deal. Accordingly no disclosure is required pursuant to Notification No. NHB/HFC.CG-DIR.1/MD&CEO/2016.

**49 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Assignment transactions undertaken by HFCs.**

	As at 31 March 2017	As at 31 March 2016
Aggregate value of accounts assigned*	-	-

\* During the year the Company has not entered in any assignment deal, accordingly no disclosure is made pursuant to Notification No. NHB/HFC.CG-DIR.1/MD&CEO/2016.

**50 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for purchase and sale of non performing financial assets.**

	As at 31 March 2017	As at 31 March 2016
No. of accounts purchased/sold during the year*	-	-

\* During the year the Company has not entered in deal of purchase and sale of NPAs from/to other HFCs, accordingly no disclosure is made pursuant to Notification No. NHB/HFC.CG-DIR.1/MD&CEO/2016.

**51 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for registration obtained from other financial regulator.**

	As at 31 March 2017	As at 31 March 2016
Registration from other financial regulator if any	-	-

**52 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for unsecured advances.**

	As at 31 March 2017	As at 31 March 2016
Amount of unsecured advances given against rights, licenses, authorisations etc.	-	-

**53 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for details of financing parent company products.**

	As at 31 March 2017	As at 31 March 2016
Details of financing of parent company products if any	-	-

**54 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Concentration of Public Deposits.**

	As at 31 March 2017	As at 31 March 2016
Total Deposits of twenty largest depositors	-	-
Percentage of Deposits of twenty largest depositors to total deposits of the HFC	-	-

**55 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Concentration of Loans & Advances.**

	As at 31 March 2017	As at 31 March 2016
Total Loans & Advances to twenty largest borrowers	55,083,816	50,773,526
Percentage of Loans & Advances to twenty largest borrowers to total advances of the HFC	0.13%	0.24%

**56 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Concentration of all Exposure (including off-balance sheet exposure).**

	As at 31 March 2017	As at 31 March 2016
Total Exposure to twenty largest borrowers / customers	55,090,591	50,773,526
Percentage of exposure to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers.	0.12%	0.20%

**57 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Forward rate agreement / Interest rate swap.**

	As at 31 March 2017	As at 31 March 2016
(I) The notional principal of swap agreements	-	-
(II) Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	-	-
(III) Collateral required by the HFC upon entering into swaps	-	-
(IV) Concentration of credit risk arising from the swaps.	-	-
(V) The fair value of the swap book	-	-

**58 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB**

**a) For Exchange traded interest rate derivative.**

	As at 31 March 2017	As at 31 March 2016
(I) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument wise)	-	-
(II) Notional principal amount of exchange traded IR derivatives outstanding (Instrument-wise)	-	-
(III) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-
(IV) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-

**b) For Disclosure on Risk exposure in derivative.**

	As at 31 March 2017	As at 31 March 2016
(I) Derivatives (Notional Principal Amount)	-	-
(II) Marked to Market Positions (1)		
(a) Assets	-	-
(b) Liability	-	-
(III) Credit exposure	-	-
(IV) Unhedged exposure	-	-

**59 Expenditure in foreign currency**

	For the year ended 31 March 2017	For the year ended 31 March 2016
Other Borrowing cost - Processing Fees paid on NCD	10,642,700	1,000,369

**60 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for rating assigned by rating agency during the year.**

Nature of borrowing	Rating / Outlook	
	ICRA	CRISIL
Short Term		
Commercial paper	[ICRA]A1 +	-
Long Term		-
Non-Convertible Debentures	"[ICRA]AA-" with Stable Outlook	CRISIL A+/Stable
Bank Borrowings	"[ICRA]AA-" with Stable Outlook	CRISIL A+/Stable

Note: ICRA has been assigned "[ICRA]AA-" with Stable Outlook rating for Sub-ordinate Debt Programme (Non-Convertible and "PP-MLD [ICRA]AA-" with Stable Outlook rating for the Market Linked Debenture programme.

**61 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for break up of loans and advances and provisions thereon.**

	Housing Loans	Non-Housing Loans
<b>Current Year</b>		
Standard Asset		
Total outstanding	41,212,519,402	877,550
Provisions	164,830,055	3,510
Sub-standard assets		
Total outstanding	164,107,188	-
Provisions	24,616,078	-
Doubtful assets		
Total outstanding	76,209,329	-
Provisions	22,311,467	-
Total		
Total outstanding	41,452,835,919	877,550
Provisions	211,757,601	3,510
	Housing Loans	Non-Housing Loans
<b>Previous Year</b>		
Standard Asset		
Total outstanding	20,855,442,419	296,389
Provisions	83,421,770	1,186
Sub-standard assets		
Total outstanding	38,824,970	-
Provisions	5,823,745	-
Doubtful asset		
Total outstanding	-	-
Provisions	-	-
Total		
Total outstanding	20,894,267,389	296,389
Provisions	89,245,515	1,186

Note : For above disclosure interest accrued but no due has not been considered.

62 The previous year figures have been regrouped, wherever necessary to confirm the current presentation.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of  
**Aspire Home Finance Corporation Limited**

**Vaibhav Shah**  
Partner  
Membership No: 117377

**Motilal Oswal**  
Chairman

**Anil Sachidanand**  
Managing Director & CEO

Mumbai  
25<sup>th</sup> April 2017

**S. Y. Sankhe**  
Company Secretary

**Kalpesh Ojha**  
Chief Financial Officer

# **Motilal Oswal Asset Management Company Limited**

**Annual Report 2016-2017**

# INDEPENDENT AUDITORS' REPORT

To the Members of **Motilal Oswal Asset Management Company Limited**

## REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Motilal Oswal Asset Management Company Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, 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 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 and presentation of these 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 the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and fair presentation of the 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the 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 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 2017, 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 (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 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 purpose of our audit;

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from the examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss and 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 notified 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- 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 Auditor) Rule 2014, in our opinion to the best of our information and according to the explanations given to us:
  - i. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
  - ii. There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund.
  - iii. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and it is in accordance with books of accounts maintained.

For **P B K & CO**  
*Chartered Accountants*  
Firm Registration No.:122384W

**Premal H Gandhi**  
*Partner*  
Membership No. 111592

Place: Mumbai  
Date: 24th April, 2017

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## **ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE**

Annexure A referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.  
(c) The Company did not have any immovable properties at anytime during the year. Hence, the requirements of sub clause (c) to clause (i) of paragraph 3 of the said Order are not applicable to the Company.
2. The Company did not have any inventory at anytime during the year. Hence, the requirements of clause (ii) of paragraph 3 of the said Order are not applicable to the Company.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act. Hence, the requirements of sub clause (a) (b) & (c) to clause (iii) of paragraph 3 of the said Order are not applicable to the Company.
4. According to the information and explanation given to us, in respect of loans, investments, guarantees, and security the company has complied with the provisions of section 185 and 186 of the companies Act, 2013.
5. The Company has not accepted any deposits from the public under the provisions of Sections 73 to 76 or any relevant provisions of the Companies Act and the rules framed there under.
6. Pursuant to the rules made by the Central Government of India, the Company is not required to maintain cost records under sub-section (1) of section 148 of the Companies Act in respect of its products.
7. (a) According to the information and explanation given to us and the records of the Company examined by us in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of investor education and protection fund, income-tax, sales- tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable with the appropriate authorities in India.  
(b) According to the information and explanations given to us, and the records of the Company examined by us, there are no dues in respect of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess as at March 31, 2017 which have not been deposited on account of any dispute.
8. The Company does not have any loans or borrowings from any financial institutions, banks, government or debenture holders during the year. Accordingly, Paragraph 3 (viii) of the Order is not applicable.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
10. 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 has been noticed or reported during the year, nor have been informed of such case by the management.
11. The Company has provided for managerial remuneration under the provisions of section 197 read with Schedule V to the Companies Act, 2013.
12. In our opinion, and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us, and the records of the Company examined by us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc.,as required by the Accounting Standard (AS) 18 – Related Party Transaction.
14. According to the information and explanations given to us, and the records of the Company examined by us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

15. According to the information and explanations given to us, and the records of the Company examined by us, the company has not entered into any non-cash transactions with directors or persons connected with him.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **P B K & CO**  
*Chartered Accountants*  
Firm Registration No.:122384W

**Premal H Gandhi**  
*Partner*  
Membership No. 111592

Place: Mumbai  
Date: 24th April, 2017

---

## **ANNEXURE B TO THE AUDITORS' REPORT**

Report on the Internal Financial Controls 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 Asset Management Company Limited ('the Company') as of 31 March 2017 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 the 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, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 were 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 auditors' judgment, 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.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## **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 authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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.

## **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 31 March 2017, 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.

For **P B K & CO**  
*Chartered Accountants*  
Firm Registration No.:122384W

**Premal H Gandhi**  
*Partner*  
Membership No. 111592

Place: Mumbai  
Date: 24th April, 2017

# BALANCE SHEET

## BALANCE SHEET AS AT 31ST MARCH 2017

Particulars	Note No.	As on 31-Mar-17 (In ₹)	As on 31-Mar-16 (In ₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>A. Share Holders' Funds :</b>			
(a) Share Capital	1	650,000,000	650,000,000
(b) Reserves and Surplus	2	703,643,223	201,685,991
<b>Total</b>	<b>(A)</b>	<b>1,353,643,223</b>	<b>851,685,991</b>
<b>B. Non-Current Liabilities :</b>			
(a) Long Term Provisions	3	9,238,382	5,589,547
(b) Deferred Tax Liabilities (Net)	4	227,812,779	(3,595,351)
<b>Total</b>	<b>(B)</b>	<b>237,051,161</b>	<b>1,994,196</b>
<b>C. Current Liabilities :</b>			
(a) Trade Payables	5	591,192,045	157,748,450
(b) Other Current Liabilities	6	86,338,411	25,079,041
(c) Short-Term Provisions	7	112,566,329	88,083,463
<b>Total</b>	<b>(C)</b>	<b>790,096,785</b>	<b>270,910,954</b>
<b>TOTAL</b>	<b>(A+B+C)</b>	<b>2,380,791,169</b>	<b>1,124,591,141</b>
<b>II. ASSETS</b>			
<b>D. Non-Current Assets:</b>			
(a) Fixed Assets			
Tangible Assets	8	4,675,502	4,354,669
Intangible Assets	8	6,582,456	5,795,794
(b) Non-Current Investments	9	683,790,760	478,498,760
(c) Long Term Loans and Advances	10	290,533,113	28,347,099
<b>Total</b>	<b>(D)</b>	<b>985,581,831</b>	<b>516,996,322</b>
<b>E. Current Assets:</b>			
(a) Trade Receivables	11	541,386,146	252,490,904
(b) Cash and Bank Balances	12	53,307,417	76,386,968
(c) Short-Term Loans and Advances	13	800,515,775	278,716,947
<b>Total</b>	<b>(E)</b>	<b>1,395,209,338</b>	<b>607,594,819</b>
<b>TOTAL</b>	<b>(D+E)</b>	<b>2,380,791,169</b>	<b>1,124,591,141</b>

Significant Accounting Policies

20

Notes forming part of Accounts

21-37

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

As per our attached report of Even Date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

Membership No. 111592

Place : Mumbai

Dated : 24th April, 2017

**For and on behalf of the Board of Directors**

**Motilal Oswal Asset Management Company Limited**

**Aashish Somaiya**

*Managing Director & CEO*

DIN No: 06705119

**Aparna Karmase**

*Company Secretary*

Place : Mumbai

Dated : 24th April, 2017

**Raamdeo Agarawal**

*Director*

DIN No: 0024533

# STATEMENT OF PROFIT AND LOSS

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Note No.	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
<b>REVENUE</b>			
Revenue from Operations	14	3,401,244,166	1,848,686,338
Other Income	15	12,208,637	1,855,576
<b>Total</b>	<b>(A)</b>	<b>3,413,452,803</b>	<b>1,850,541,914</b>
<b>EXPENDITURE</b>			
Employee Benefit Expenses	16	299,883,892	222,231,843
Finance Cost	17	116,336	4,292,048
Depreciation	8	6,200,464	5,563,747
Other Expenses	18	2,348,381,530	1,265,809,295
<b>Total</b>	<b>(B)</b>	<b>2,654,582,222</b>	<b>1,497,896,933</b>
<b>Profit/(Loss) before Taxation</b>	<b>(C) = (A) - (B)</b>	<b>758,870,581</b>	<b>352,644,981</b>
<b>Prior year income</b>	<b>(D)</b>	<b>–</b>	<b>1,299,310</b>
<b>Profit/(Loss) after exceptional item</b>	<b>(E) = (C) - (D)</b>	<b>758,870,581</b>	<b>353,944,291</b>
Prior Period Item			
Less: Provision for Taxation			
For Current year		163,078,407	77,916,841
Deferred tax		231,408,130	(3,595,351)
Prior Year Taxes		(87,529,441)	–
Minimum Alternate Tax Credit Entitlement		(45,640,746)	15,309,376
	<b>(F)</b>	<b>261,316,350</b>	<b>89,630,866</b>
<b>Profit/(Loss) After Tax</b>	<b>(G) = (E) - (F)</b>	<b>497,554,231</b>	<b>264,313,425</b>
Earnings Per Share (Face Value of share ₹ 1 each)			
Basic		0.77	0.41
Diluted		0.76	0.41
Significant accounting policies	20		
Notes forming part of Accounts	21-37		
Notes referred to above form an integral part of the financial statements			
As per our attached report of Even Date			

### For P B K & Co.

Chartered Accountants  
Firm Registration No. 122384W

### Premal H. Gandhi

Partner  
Membership No. 111592

Place : Mumbai

Dated : 24th April, 2017

### For and on behalf of the Board of Directors

Motilal Oswal Asset Management Company Limited

### Aashish Somaiya

Managing Director & CEO  
DIN No: 06705119

### Aparna Karmase

Company Secretary

Place : Mumbai

Dated : 24th April, 2017

### Raamdeo Agarawal

Director  
DIN No: 0024533

# CASH FLOW STATEMENT

## CASH FLOW STATEMENT AS OF 31ST MARCH, 2017

Particulars	For the year ended 31-Mar-17 (In ₹)	For the year ended 31-Mar-16 (In ₹)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>758,870,581</b>	<b>352,644,981</b>
Add/(Less):		
1) Interest Expenses/ Borrowing Cost	116,336	4,292,048
2) Profit on Sale of Investment	(9,628,612)	(1,555,637)
3) Depreciation	6,200,464	5,563,747
4) Interest Received	(701,565)	(344,774)
5) Provision for Doubtful Debt	5,263,348	–
6) Bad debts	601,941	
7) Employee Stock Option Cost	4,403,000	
<b>OPERATING PROFIT</b>	<b>765,125,493</b>	<b>360,600,365</b>
Adjustment for:		
1) Increase/(Decrease) Long Term Provisions	3,648,835	2,082,693
2) Increase/(Decrease) Short term borrowings	–	–
2) Increase/(Decrease) Trade Payables	433,443,595	(131,069,715)
3) Increase/(Decrease) Other Current Liabilities	61,259,370	(2,537,812)
4) Increase/(Decrease) Short Term Provision	14,468,871	36,266,324
5) (Increase)/Decrease In Long term loans and advances	(146,224,931)	18,738,019
6) (Increase)/Decrease In Trade Receivables	(294,760,531)	199,732,484
7) (Increase)/Decrease In Short-term Loans & Advances	(521,798,828)	(271,373,389)
<b>CASH GENERATED IN OPERATIONS</b>	<b>315,161,873</b>	<b>212,438,969</b>
Taxes Paid (Net of Refunds)	(135,855,306)	(84,776,646)
Prior period income (Recovery of MF distribution cost & recovery)	–	1,299,311
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>179,306,567</b>	<b>128,961,634</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest Received on Fixed Deposits & Others	701,565	344,774
Purchase of Fixed Assets	(7,307,959)	(2,476,094)
Sale of Investment	–	1,555,637
Investment in Mutual Fund	(3,020,000,000)	(10,000,000)
Proceeds from Sale of Mutual Fund (including profit)	3,029,628,612	–
Investment in Non Current Investment	(199,000,000)	–
Investments in Subsidiary - Share Application Money	(6,292,000)	(3,330,010)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(202,269,782)</b>	<b>(13,905,693)</b>

# CASH FLOW STATEMENT *(Contd..)*

Particulars	For the year ended 31-Mar-17 (In ₹)	For the year ended 31-Mar-16 (In ₹)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) Short-term Borrowings	–	(36,328,914)
Interest Expenses	(116,336)	(4,292,048)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(116,336)</b>	<b>(40,620,962)</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS DURING THE YEAR</b>	<b>(23,079,551)</b>	<b>74,434,980</b>
<b>Cash &amp; Cash Equivalents comprise of</b>		
Cash in hand	311,800	–
Scheduled Bank - In Current Account	76,075,168	1,951,990
<b>Cash &amp; Cash Equivalents as at beginning of the year</b>	<b>76,386,968</b>	<b>1,951,990</b>
<b>Cash &amp; Cash Equivalents as at end of the year</b>		
Cash in hand	575,748	311,800
Scheduled Bank - In Current Account	52,731,669	76,075,168
<b>Cash &amp; Cash Equivalents as at end of the year</b>	<b>53,307,417</b>	<b>76,386,968</b>

Note : The above cash flow statement has been prepared under the Indirect method" as set out in Accounting Standard - 3 on cash flow statements issued by the Institute of Chartered Accountants of India.

As per our attached report of Even Date

**For P B K & Co.**

Chartered Accountants  
Firm Registration No. 122384W

**Premal H. Gandhi**

Partner  
Membership No. 111592

Place : Mumbai

Dated : 24th April, 2017

**For and on behalf of the Board of Directors**

**Motilal Oswal Asset Management Company Limited**

**Aashish Somaiya**

Managing Director & CEO  
DIN No: 06705119

**Aparna Karmase**

Company Secretary

Place : Mumbai

Dated : 24th April, 2017

**Raamdeo Agarawal**

Director  
DIN No: 0024533

# NOTES TO FINANCIAL STATEMENT

## NOTE 1 : SHARE CAPITAL

	As at 31-Mar-17		As at 31-Mar-16	
	Number of Shares	In ₹	Number of Shares	In ₹
<b>Authorised</b>				
65,00,00,000 Equity Shares (PY 6,50,00,000 Equity Shares) of ₹ 1 each (PY ₹ 10 each)#	650,000,000	650,000,000	650,000,000	650,000,000
<b>TOTAL</b>	<b>650,000,000</b>	<b>650,000,000</b>	<b>650,000,000</b>	<b>650,000,000</b>
<b>Issued, Subscribed &amp; Paid Up</b>				
65,00,00,000 Equity Shares (PY 6,50,00,000 Equity Shares) of ₹ 1 each (PY ₹ 10 each)#	650,000,000	650,000,000	650,000,000	650,000,000
<b>TOTAL</b>	<b>650,000,000</b>	<b>650,000,000</b>	<b>650,000,000</b>	<b>650,000,000</b>

# During the year company has sub divided its each equity share of ₹ 10/- each into 65,00,00,000 equity share of ₹ 1/- each and accordingly the no. of shares of previous year has been rearranged in line with current year.

### 1.1 Terms and Conditions

#### Equity Shares :

All the Equity shares are held by Motilal Oswal Securities Ltd, the holding company (including 60 share held jointly with nominee)

The Company has one class of equity shares having a par value of ₹ 1/- (Previous year: having a par value of ₹ 10/- each). Each holder of equity shares is entitled to one vote per share.

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.

Subdivision of Shares: The company has subdivided its shares as on 28th Feb 2017. Existing equity shares having nominal value of ₹10/- per share have been sub divided into 65,00,00,000 equity share having nominal value of ₹ 1/- per share. Authorised share capital of 6,50,00,000 would now comprise of 65,00,00,000 equity share of ₹ 1/- each

### 1.2 Reconciliation of number of shares outstanding

	As at 31-Mar-17		As at 31-Mar-16	
	Number of Shares	In ₹	Number of Shares	In ₹
Number of share at beginning of the year#	650,000,000	650,000,000	650,000,000	650,000,000
Addition during the year#	-	-	-	-
<b>Number of Share at the end of the year</b>	<b>650,000,000</b>	<b>650,000,000</b>	<b>650,000,000</b>	<b>650,000,000</b>

# During the year company has sub divided its each equity share of ₹ 10/- each into 65,00,00,000 equity share of ₹ 1/- each and accordingly the no. of shares of previous year has been rearranged in line with current year

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

Name of Shareholder	As at 31-Mar-17		As at 31-Mar-16	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Motilal Oswal Securities Ltd (Holding Company)#	650,000,000	100.00	650,000,000	100.00

# During the year company has sub divided its each equity share of ₹ 10/- each into 65,00,00,000 equity share of ₹ 1/- each and accordingly the no. of shares of previous year has been rearranged in line with current year

# NOTES TO FINANCIAL STATEMENT

## NOTE 2 : RESERVES AND SURPLUS

	As at 31-Mar-17 In ₹	As at 31-Mar-16 In ₹
a) Surplus in Profit & Loss A/c		
Opening Balance	201,685,991	(62,627,434)
Addition during the year	497,554,231	264,313,425
Closing Balance	699,240,223	201,685,991
b) Employee Stock Option Plan Reserve	4,403,000	–
<b>TOTAL</b>	<b>703,643,223</b>	<b>201,685,991</b>

## NOTE 3 : LONG TERM PROVISIONS

	As at 31-Mar-17 In ₹	As at 31-Mar-16 In ₹
Provision for Employee Benefits (Unfunded) (Refer Note No. 29)	9,238,382	5,589,547
<b>TOTAL</b>	<b>9,238,382</b>	<b>5,589,547</b>

## NOTE 4 : DEFERRED TAX LIABILITIES

	As at 31-Mar-17 In ₹	As at 31-Mar-16 In ₹
<b>Deferred Tax Liabilities</b>		
Gratuity Provision	(3,676,025)	(2,242,831)
Fixed Assets	(2,112,457)	(1,352,520)
Amortization of Portfolio Management Distribution	235,422,801	–
Provision for Doubtful Debt	(1,821,539)	–
<b>TOTAL</b>	<b>227,812,779</b>	<b>(3,595,351)</b>

## NOTE 5 : TRADE PAYABLE

	As at 31-Mar-17 In ₹	As at 31-Mar-16 In ₹
Sundry Creditors	591,192,045	157,748,450
<b>TOTAL</b>	<b>591,192,045</b>	<b>157,748,450</b>

## NOTE 6 : OTHER CURRENT LIABILITIES

	As at 31-Mar-17 In ₹	As at 31-Mar-16 In ₹
Salaries and Others	963,343	534,903
Withholding and Other Taxes Payable	9,347,803	4,611,327
Creditors for Expenses	41,230,636	13,524,064
Other Payables	34,783,376	6,408,748
Interest Accrued and Due	13,253	–
<b>TOTAL</b>	<b>86,338,411</b>	<b>25,079,041</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 7 : SHORT TERM PROVISIONS

	As at 31-Mar-17 In ₹	As at 31-Mar-16 In ₹
<b>Provision for Employee Benefits</b>		
Ex-Gratia Payable	90,511,815	62,245,057
Gratuity Obligation (Refer Note No. 29)	1,383,513	891,125
<b>Other</b>		
Provision for Taxes (Net of Advance tax)	16,086,426	6,072,431
Provision for Expenses	4,584,575	18,874,850
<b>TOTAL</b>	<b>112,566,329</b>	<b>88,083,463</b>

## NOTE 8 : FIXED ASSETS

### CURRENT YEAR

(In ₹)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK		
	As at 01-Apr-16	Additions	Deductions	As at 31-Mar-17	As at 01-Apr-16	Additions	Deductions	As at 31-Mar-17	As at 31-Mar-17	As at 31-Mar-16	
<b>Tangible Assets</b>											
Customer Rights to Portfolio Management Clients	3,834,987	-	-	3,834,987	3,834,987	-	-	3,834,987	-	-	
Renovation to Leased Office Premises	13,093,321	-	-	13,093,321	10,519,932	2,573,361	-	13,093,293	28	2,573,389	
Computer	4,780,266	1,654,239	-	6,434,505	4,192,806	491,355	-	4,684,161	1,750,344	587,460	
Furniture	2,818,270	-	-	2,818,270	1,928,621	238,620	-	2,167,241	651,029	889,649	
Electrical Equipment	-	139,276	-	139,276	-	9,577	-	9,577	129,699	-	
Office Equipments	302,575	168,837	-	471,412	180,529	106,052	-	286,581	184,832	122,046	
Car	1,780,375	2,587,742	-	4,368,117	1,598,253	810,294	-	2,408,547	1,959,571	182,122	
<b>Total (A)</b>	<b>26,609,794</b>	<b>4,550,094</b>	<b>-</b>	<b>31,159,888</b>	<b>22,255,128</b>	<b>4,229,260</b>	<b>-</b>	<b>26,484,388</b>	<b>4,675,502</b>	<b>4,354,666</b>	
<b>Intangible Assets</b>											
Computer Software	7,672,803	2,757,865	-	10,430,668	1,877,008	1,971,204	-	3,848,212	6,582,456	5,795,795	
<b>Total (B)</b>	<b>7,672,803</b>	<b>2,757,865</b>	<b>-</b>	<b>10,430,668</b>	<b>1,877,008</b>	<b>1,971,204</b>	<b>-</b>	<b>3,848,212</b>	<b>6,582,456</b>	<b>5,795,795</b>	
<b>TOTAL (A+B)</b>	<b>34,282,597</b>	<b>7,307,959</b>	<b>-</b>	<b>41,590,556</b>	<b>24,132,136</b>	<b>6,200,464</b>	<b>-</b>	<b>30,332,600</b>	<b>11,257,958</b>	<b>10,150,461</b>	

### PREVIOUS YEAR

(In ₹)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK		
	As at 01-04-15	Additions	Deductions	As at 31-03-16	As at 01-Apr-15	Additions	Deductions	As at 31-Mar-16	As at 31-Mar-16	As at 31-Mar-15	
Customer Rights to Portfolio Management Clients	3,834,987	-	-	3,834,987	3,407,660	427,327	-	3,834,987	-	427,327	
Renovation to Leased Office Premises	13,093,321	-	-	13,093,321	7,939,500	2,580,432	-	10,519,932	2,573,389	5,153,821	
Computer	4,569,664	210,602	-	4,780,266	3,404,076	788,730	-	4,192,806	587,460	1,165,588	
Furniture	2,818,270	-	-	2,818,270	1,509,723	418,898	-	1,928,621	889,649	1,308,547	
Office Equipments	149,486	153,089	-	302,575	148,518	32,011	-	180,529	122,046	968	
Car	1,780,375	-	-	1,780,375	1,485,777	112,475	-	1,598,253	182,122	294,598	
<b>Total (A)</b>	<b>26,246,103</b>	<b>363,691</b>	<b>-</b>	<b>26,609,794</b>	<b>17,895,255</b>	<b>4,359,873</b>	<b>-</b>	<b>22,255,128</b>	<b>4,354,666</b>	<b>8,350,848</b>	
<b>Intangible Assets</b>											
Computer Software	5,560,400	2,112,403	-	7,672,803	673,135	1,203,873	-	1,877,008	5,795,795	4,887,265	
<b>Total (B)</b>	<b>5,560,400</b>	<b>2,112,403</b>	<b>-</b>	<b>7,672,803</b>	<b>673,135</b>	<b>1,203,873</b>	<b>-</b>	<b>1,877,008</b>	<b>5,795,795</b>	<b>4,887,265</b>	
<b>TOTAL (A+B)</b>	<b>31,806,503</b>	<b>2,476,094</b>	<b>-</b>	<b>34,282,597</b>	<b>18,568,390</b>	<b>5,563,746</b>	<b>-</b>	<b>24,132,136</b>	<b>10,150,461</b>	<b>13,238,113</b>	

# NOTES TO FINANCIAL STATEMENT

## NOTE 9 : NON CURRENT INVESTMENT

Name of the Body Corporate	Subsidiary / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹ in lakhs)	
		31-Mar-17	31-Mar-16			31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
<b>Non Trade Investments</b>									
<b>Investment in equity instruments</b>									
Investment In MOAM(M) Pvt. Ltd.	Subsidiary	205,000	75,000	Unquoted	Fully paid-up	100%	100%	13,290,750	4,668,750
Investment In MOAM(M) Pvt. Ltd.	Subsidiary		Pending Allotment	Unquoted				-	3,330,000
Investment in Equity Shares of MF Utilities India Pvt. Ltd.				Unquoted				500,000	500,000
Investment in Equity Shares of Aspire Home Finance Corporation Ltd	Subsidiary	1	1	Unquoted	Fully paid-up			10	10
Investment In Motilal Oswal Capital Limited	Subsidiary	100,000	-	Unquoted	Fully paid-up	100%		1,000,000	
<b>Investment in Mutual Funds</b>									
Motilal Oswal MOST Focused Midcap 30 Fund - Direct Plan Growth	Others	13,270,563	12,910,454	Quoted	-	-	-	187,600,000	180,000,000
Motilal Oswal MOST Focused Multicap 35 Fund - Direct Dividend Reinvestment	Others	3,000,000	3,000,000	Quoted	-	-	-	30,000,000	30,000,000
Motilal Oswal MOST Focused Multicap 35 Fund - Direct Growth	Others	31,890,936	23,290,696	Quoted	-	-	-	426,000,000	250,000,000
Motilal Oswal MOST Focused 25 Fund (MOST Focused 25)	Others	616,771	306,557	Unquoted				10,000,000	5,000,000
Motilal Oswal MOST Ultra Short Term Bond Fund (MOST Ultra Short Term Bond Fund)	Others	876,376	438,043	Unquoted				10,400,000	5,000,000
Motilal Oswal MOST Focused Dynamic Equity Fund	Others	500,000	-	Unquoted				5,000,000	-
<b>TOTAL</b>								<b>683,790,760</b>	<b>478,498,760</b>

Details of quoted and unquoted investments:	Cost	Market Value
Aggregate value of quoted investments and market value	643,600,000	1,148,576,112
Aggregate value of unquoted investments	40,190,760	Not Applicable
Aggregate provision for diminution in value of investments		Nil

## NOTE 10 : LONG TERM LOANS AND ADVANCES

	As at 31-Mar-17 In ₹	As at 31-Mar-16 In ₹
Unsecured , Considered Good		
Rent, Electricity, and Other Deposits	31,700,590	6,066,511
Other Loans and Advances (Unsecured, considered good)		
Prepaid Expenses	122,222,487	1,631,635
Advance Tax (Net of Provision)	4,272,051	20,648,954
MAT Credit Entitlement	132,337,985	-
<b>TOTAL</b>	<b>290,533,113</b>	<b>28,347,099</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 11 : TRADE RECEIVABLES

	As at 31-Mar-17 In ₹	As at 31-Mar-16 In ₹
<b>Unsecured, Considered Good</b>		
a) Outstanding for a period more than six months from the date they are due for payment	6,011,178	22,116,631
b) Outstanding for a period less than 6 months from the date they are due for payment	540,638,316	230,374,273
Provision for Doubtful Debt	(5,263,348)	–
<b>TOTAL</b>	<b>541,386,146</b>	<b>252,490,904</b>

## NOTE 12 : CASH AND BANK BALANCES

	As at 31-Mar-17 In ₹	As at 31-Mar-16 In ₹
<b>Cash and Cash Equivalents</b>		
Cash on Hand	575,748	311,800
<b>Balance with banks</b>		
In Current Accounts	52,731,669	76,075,168
<b>TOTAL</b>	<b>53,307,417</b>	<b>152,773,935</b>

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:

Particulars	SBNs	Other denomination notes (Rupees)	Total
Closing cash in hand as on 8-11-2016	–	865,455.00	865,455.00
Withdrawn from Bank	–	671,258.00	671,258.00
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	1,226,367.00	1,226,367.00
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on 30-12-2016	–	310,346.00	310,346.00

## NOTE 13 : SHORT TERM LOANS AND ADVANCES

	As at 31-Mar-17 In ₹	As at 31-Mar-16 In ₹
<b>Others (Unsecured, considered good)</b>		
Loan and Advances to employees	7,500,904	103,675
Other	–	6,255,221
MAT Credit Receivable		
Prepaid Expenses	692,019,656	252,376,029
Other Deposits	5,426,979	54,500
Service Tax Credit Receivable	95,568,236	19,927,522
<b>TOTAL</b>	<b>800,515,775</b>	<b>278,716,947</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 14 : INCOME FROM OPERATIONS

	For the year ended 31-Mar-17 In ₹	For the year ended 31-Mar-16 In ₹
Investment management and advisory fees		
Mutual Fund Management Fees	1,187,595,242	656,729,607
AIF Management Fees	62,907,113	–
Advisory Fees	17,960,212	21,174,709
Portfolio Management Fees	2,131,771,557	1,170,782,021
Other Operating Revenue	1,010,043	
<b>TOTAL</b>	<b>3,401,244,166</b>	<b>1,848,686,338</b>

## NOTE 15 : OTHER INCOME

	For the Year ended 31-Mar-17 In ₹	For the Year ended 31-Mar-16 In ₹
Gain on Sale of Investments	9,628,612	1,555,637
Interest on Income Tax Refund	1,875,565	
Net Gain/Loss on Foreign Currency Transactions and Translation	2,895	(44,835)
Interest Received on Deposits with Banks and Others	701,565	344,774
<b>TOTAL</b>	<b>12,208,637</b>	<b>1,855,576</b>

## NOTE 16 : EXPENSES

	For the Year ended 31-Mar-17 In ₹	For the Year ended 31-Mar-16 In ₹
<b>Employee Benefit</b>		
Salary, Bonus And Allowances	281,963,133	213,173,242
Contribution To Provident & Other Funds	2,916,078	2,693,314
Staff Welfare Expenses	5,309,322	3,228,909
Gratuity (Refer Note 29)	5,292,359	3,136,378
Employee Stock Option Scheme	4,403,000	
<b>TOTAL</b>	<b>299,883,892</b>	<b>222,231,843</b>

## NOTE 17 : FINANCE COST

	For the Year ended 31-Mar-17 In ₹	For the Year ended 31-Mar-16 In ₹
Interest Cost	116,336	4,292,048
<b>TOTAL</b>	<b>116,336</b>	<b>4,292,048</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 18 : OTHER EXPENSES

	For the Year ended 31-Mar-17 In ₹	For the Year ended 31-Mar-16 In ₹
Distribution Cost and Spillover Expense		
– for Mutual Fund Schemes	609,354,404	308,760,138
– for Portfolio Management Services	1,295,226,126	757,397,485
– for Alternate Investment Funds	89,249,019	–
Depository and Processing Charges	14,997,305	9,154,346
Rent	40,949,371	12,153,246
Rates and Taxes	23,894	17,375
Insurance	1,423,350	1,690,703
Computer Maintenance	5,398,053	3,950,634
Registration and Filing Charges	166,213	301,113
Legal and Professional Fees	23,247,774	21,933,973
Auditors' Remuneration (Refer Note No. 23)	138,104	109,043
Marketing and Brand Promotion Expenses	94,385,505	39,531,948
Advertisement Expenses	87,367,210	49,178,423
Printing and Stationery	10,812,935	6,326,638
Power and Fuel	5,335,636	2,065,431
Communication Expenses	6,682,328	6,704,462
Travelling and Conveyance Expenses	24,833,767	20,320,239
Stamp and Postage Charges	10,610,419	9,840,669
Entertainment Expenses	9,303,999	7,593,475
Data processing Charges	4,043,116	2,410,898
Miscellaneous Expenses	6,072,713	4,259,056
Donation	2,895,000	2,110,000
Bad Debts Written Off	601,941	–
Provision for Doubtful Debts	5,263,348	–
<b>TOTAL</b>	<b>2,348,381,530</b>	<b>1,265,809,295</b>

## NOTE 19 : BACKGROUND

Motilal Oswal Asset Management Company Limited (MOAMC the Company) was incorporated on November 14, 2008. The principal shareholder of the Company as at March 31, 2017 is Motilal Oswal Securities Limited (MOSL).

The Company's principle activity is to provide, investment management and administrative services to the Schemes of Motilal Oswal Mutual Fund (the Fund), portfolio management services and investment advisory services to offshore funds.

Pursuant to the approval granted by the Securities and Exchange Board of India (SEBI) dated June 30, 2010, the Company has entered into an agreement with MOSL for assignment of the portfolio management services business of MOSL with effect from September 16, 2010.

# NOTES TO FINANCIAL STATEMENT

## NOTE 20 : SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

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 and the provisions of the Companies Act, 2013.

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. Based on the nature of business the company has ascertained its operating cycle as twelve months for the purpose of current and non - current classification of assets and liabilities.

### (b) Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying 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 financial statements. Any revisions to such estimates are recognized prospectively in the current and future periods.

### (c) Property, plant & equipment

Property, plant & equipments are stated at the cost of acquisition less accumulated depreciation thereon. Cost of acquisition is inclusive of taxes, duties, freight and other incidental costs relating to their acquisition and installation of these assets.

On all assets except as mentioned below, depreciation is provided on useful life basis and on pro-rata basis for additions/deletions during the period, in line with Schedule II to the Companies Act, 2013.

- Improvements to leasehold premises are depreciated over the initial period of lease.
- Customer rights to portfolio management clients and computer software are amortized over a period of five years.

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 property, plant & equipments 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.

### (d) Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset (tangible and intangible) may be impaired. If such an 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 to which the asset belongs 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.

### (e) Investments

Transactions for purchase and sale of investments are recognized as at the trade date.

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 readily realizable and are intended to be held for less than one year are classified as current investments.

Long term investments are valued at cost and a provision is made to recognize any diminution in value, other than temporary, determined separately for each investment.

Current investments are valued at cost or market/fair value, whichever is lower. In case of investment in units of mutual funds, the net asset value of units declared by the mutual fund is considered as the market/fair value. The comparison of cost and

# NOTES TO FINANCIAL STATEMENT

market/ fair value is done separately in respect of each individual investment.

## (f) Revenue Recognition

Revenue is recognized when there is reasonable certainty of its ultimate realization/collection.

### – Investment Management Fees

Investment Management fees 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.

### – Investment advisory and portfolio Management Fees

Investment advisory fee is recognized on an accrual basis in accordance with the terms of the contract with the clients. Portfolio management fees are recognized on an accrual basis in accordance with the Portfolio Management Agreement entered with respective clients.

### – Alternate Investment Management Fees

Alternate Investment Management Fee is recognized on an accrual basis in accordance with Private Placement Memorandum.

### – Profit or loss on sale of investments

The gains/ losses 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.

### – Interest and dividend income

Interest income is accounted on an accrual basis. Dividend income is recognized when the right to receive dividend is established.

## (g) Distribution Cost for Portfolio Management Services

Distribution cost for Portfolio Management Services are charged to statement of profit and loss on accrual basis.

## (h) Foreign Currency Transactions

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction date. Realized gains or losses on settlement of foreign currency transactions are recognized in the statement of profit and loss. Foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange difference is recognized in the statement of profit and loss.

## (i) Employee Benefits

### Long term employee benefits

#### Defined contribution plan

The Company has a defined contribution plan for post employment benefits in the form of Provident Fund. Under the provident fund plan, the Company contributes to a Government administered provident fund on behalf of employees. The Company has no further obligation beyond making the contributions.

The Company's contribution to the above Plan is charged to the statement of profit and loss as incurred.

#### Defined benefit plan

The Company has a defined benefit plan for post employment benefits in the form of Gratuity. The Company accounts for gratuity based on an actuarial valuation which is carried out by an independent actuary as at the year end. The actuarial valuation method used by the actuary for measuring the liability is 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.

#### 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.

## (j) Fund related expenses

### New Fund Offer expenses

# NOTES TO FINANCIAL STATEMENT

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.

## **(k) Operating leases**

Lease rentals in respect of operating lease are charged to the statement of profit and loss as per the terms of the lease arrangement on a straight-line basis over the lease period.

## **(l) Taxes on income**

Income-tax expense comprises of 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**

Current tax is determined as the amount payable in respect of taxable income for the year. While computing the taxable income, due credit is taken for allowances and exemption in accordance with Indian Income Tax Act, 1961. In case of matters under appeal due to disallowance or otherwise, full provision is made when the said liabilities are accepted by the Company.

### **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**

Deferred tax is recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. 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 an unabsorbed depreciation or a 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 reasonably/virtually certain (as the case may be) to be realized.

## **(m) Earnings per share**

Basic earning per share is computed by dividing net profit or loss for the period by the weighted average number of equity shares outstanding during the period.

Diluted earning per share is computed by dividing the net profit or loss for the period by the weighted average number of shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

## **(n) Contingencies and provisions**

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.

## **NOTE 21 : TAXATION**

In current year the company has recognised MAT credit entitlement of Rupees 13,23,37,985 /- and in previous year the company has utilised MAT credit entitlement of Rupees 15,309,376/- 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.

# NOTES TO FINANCIAL STATEMENT

## NOTE 23 : AUDITOR'S REMUNERATION

Particulars	April 1, 2016 to March 31, 2017 In ₹	April 1, 2015 to March 31, 2016 In ₹
<b>As Auditors:</b>		
Audit fees	103,054	83,500
Out of pocket expenses	—	—
Other matters	35,050	85,500
<b>In any other capacity, in respect of:</b>		
Other Certification		
Service Tax		
<b>TOTAL</b>	<b>138,104</b>	<b>169,000</b>

## NOTE 23 : PROVISIONS MADE FOR THE PERIOD ENDED 31ST MARCH, 2017 COMPRISES OF:

(In ₹)

Particulars	Opening balance as at 01-Apr-16	Provided during the F.Y. 2016-17	Provision reversed/ paid during the F.Y. 2016-17	Closing balance as at 31-Mar-2017
Ex-gratia	62,245,057	68,345,907	40,079,149	90,511,815
Gratuity	6,480,672	5,292,359	2,140,212	9,632,819
Compensated Absences	340,358	419,800	340,358	419,800
Heritage	—	989,076	—	989,076

## Provisions made for the period ended 31st March, 2016 comprises of:

(₹ in Rupees)

Particulars	Opening balance as at 01-Apr-15	Provided during the F.Y. 2015-16	Provision reversed/ paid during the F.Y. 2015-16	Closing balance as at 31-Mar-2016
Ex-gratia	44,442,740	62,245,057	44,442,740	62,245,057
Gratuity	4,315,883	3,136,378	971,589	6,480,672
Compensated Absences	325,944	340,358	325,944	340,358

## NOTE 24 :

The lease rentals for premises for the current year ₹ 4,09,07,058/- (Previous year ₹ 1,21,53,246/-) are recognized in the statement of profit and loss under the head " Rent ".

## NOTE 25 : SEGMENT REPORTING

The Company's principle activity is to provide, investment management and administrative services to the Schemes of Motilal Oswal Mutual Fund (the Fund), portfolio management services and investment advisory services to offshore funds. In the opinion of management, the risks and rewards attached to all the above services are similar in nature. Hence separate segments under Accounting Standard 17 on "Segment Reporting", issued by the Institute of Chartered Accountants of India are not required to be reported as the Company's operations are restricted to single segment i.e. asset management services.

# NOTES TO FINANCIAL STATEMENT

## NOTE 26 : EARNINGS PER SHARE

The numerator and denominators used to calculate basic and diluted earnings per share are as under:

### Basic Earnings per share

Particulars	April 1, 2016 to March 31, 2017 In ₹	April 1, 2015 to March 31, 2016 In ₹
Profit / (Loss) attributable to equity shareholders (Rupees) [A]	497,554,231	264,313,425
Weighted average number of equity shares outstanding during the year (Face value of ₹ 1 each) [B]	650,000,000	650,000,000
<b>Basic Earnings per share (Rupees) [A] / [B]</b>	<b>0.77</b>	<b>0.41</b>

### Diluted Earnings per share

Particulars	April 1, 2016 to March 31, 2017 In ₹	April 1, 2015 to March 31, 2016 In ₹
Profit / (Loss) attributable to equity shareholders (Rupees)	497,554,231	264,313,425
Less : Impact on Net profit due to exercise of diluted potential equity shares	–	–
<b>Net Profit attributable to equity shareholders for calculation of Diluted EPS (Rupees) [A]</b>	<b>497,554,231</b>	<b>264,313,425</b>
Weighted average number of equity shares outstanding during the year (Face value of ₹ 10 each)	650,000,000	650,000,000
Weighted Number of additional equity shares outstanding for Diluted EPS	1,138,277	2,519,284
<b>Weighted Number of equity shares outstanding for Diluted EPS [B]</b>	<b>651,138,277</b>	<b>652,519,284</b>
<b>Diluted Earnings per share (Rupees) [A] / [B]</b>	<b>0.76</b>	<b>0.41</b>

## NOTE 27 : 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.

- Gross amount required to be spent by the company during the year ₹ 26,66,491/- (Previous year ₹ 10,60,000/-)
- Amount spent during the period ended 31st March 2017 and 31st March 2016 on :

(Amount in ₹)

Particulars	April 1, 2016 to March 31, 2017			April 1, 2015 to March 31, 2016		
	Amount paid	Yet to be paid	Total Amount Paid	Amount paid	Yet to be paid	Total Amount Paid
Dilasa Sanstha (Drought Relief)	1,700,000	–	1,700,000	–	–	–
United Way of Baroda (Education and Healthcare)	50,000	–	50,000	50,000	–	50,000
Gramin Vikas Vigyan Samiti	1,145,000	–	1,145,000	–	–	–
Sholka Missionaries (Setting Up and Running English Medium Schools for Underprivileged Children)	–	–	–	1,000,000	–	1,000,000
International Foundation For Research And Education (Construction of Ashoka University)	–	–	–	1,060,000	–	1,060,000
<b>TOTAL</b>	<b>2,895,000</b>	<b>–</b>	<b>2,895,000</b>	<b>2,110,000</b>	<b>–</b>	<b>2,110,000</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 28 : DISCLOSURE RELATING TO EMPLOYEE STOCK OPTION PURCHASE PLAN

### Details of Stock options

The company has two Stock option Schemes

#### 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.

The activity in the (ESOS-I) and ESOS (II) during the year ended March 2017 and March 2016 is set below:

Particulars	For the Year ended			
	31-Mar-17		31-Mar-16	
	In Numbers	Weighted Average Exercise Price	In Numbers	Weighted Average Exercise Price
The MOAMC (ESOS-I) : (Face value of ₹ 10/- each)				
Option outstanding, beginning of the year	170,000	10.00	170,000	10.00
Add: Granted	1,650,000	133.97	–	NA
Less: Exercised	–	NA	–	NA
Less: Forfeited	55,000	10	–	NA
Less: Lapsed	65,000	10	–	NA
<b>Option outstanding, end of the year</b>	<b>1,700,000</b>	<b>130.32</b>	<b>170,000</b>	<b>10.00</b>
<b>Exercisable at the end of the period</b>	<b>50,000</b>	<b>10</b>	<b>–</b>	<b>–</b>
The MOAMC (ESOS-II) : (Face value of ₹ 10/- each)				
Option outstanding, beginning of the year	2,925,000	16.77	2,925,000	16.77
Add: Granted	200,000	133.97	–	NA
Less: Exercised	–	NA	–	NA
Less: Forfeited	–	NA	–	NA
Less: Lapsed	–	NA	–	NA
<b>Option outstanding, end of the year</b>	<b>3,125,000</b>	<b>24.09</b>	<b>2,925,000</b>	<b>16.77</b>
<b>Exercisable at the end of the period</b>	<b>1,950,000</b>	<b>16.77</b>	<b>–</b>	<b>–</b>

### Employees' Stock Options Scheme (ESOS) :

During the year 18,50,000 Employee Stock Options (Previous Year Nil) have been granted to the employees of the company.

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, 2017 over the balance vesting period is ₹ 34,64,998/- (Previous year- Nil)

Particulars	Scheme I	Scheme II
Date of grant	22-Jul-10	26-Jun-14
Date of Board Approval	21-Jul-10	21-Jul-11
Date of Shareholder's approval	22-Jul-10	21-Jul-11
Number of options granted	3,160,000	3,125,000
Method of Settlement	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

# NOTES TO FINANCIAL STATEMENT

Particulars	Scheme I	Scheme II
<b>Weighted Average Remaining Contractual Life</b>		
CY -Granted but not Vested	3.50 Years	2.20 Years
CY -Vested but not exercised	1.00 Year	1.00 Year
<b>Weighted Average Remaining Contractual Life</b>		
LY -Granted but not Vested	–	1.51 Years
LY -Vested but not exercised	1.50 Years	2.25 Years
Exercise Period	Within a period of 72 months from the date of vesting	Within a period of 84 months from the date of vesting
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.	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	132.63	17.32

## 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, 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.

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

Particulars	2016-17	2015-16
Expense arising from employee share based payment plans	4,403,000	NIL
Expense arising from share and stock option Plan	NIL	NIL
Total carrying amount at the end of the period	4,403,000	NIL

# NOTES TO FINANCIAL STATEMENT

## NOTE 29 : EMPLOYEE BENEFIT DISCLOSURE

### The following table set out the gratuity plan as required under AS 15

The Company follows the Revised Accounting Standard 15 on Employee Benefits. Reconciliation of opening and closing balances of the present value of the defined benefit obligation for gratuity benefits is as under:

Particulars	Gratuity		Other Long Term benefits	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>I Assumptions as at</b>				
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.	IALM (2006-08) Ult.	–
Interest / Discount Rate	6.96%	7.49%	6.69%	–
Rate of increase in compensation	13.00%	10.00%	–	–
Rate of return (expected) on plan assets	–	–	–	–
Employee Attrition Rate (Past Service (PS))	PS: 0 to 37 : 20.66%	PS: 0 to 37 : 18.6%	PS: 0 to 37 : 28% to 28.16%	–
Expected average remaining service	3.72	4.23	2.49 to 2.55	–
<b>II Changes in present value of obligations (PVO)</b>				
PVO at beginning of year	6,480,672	4,315,883	–	–
Interest cost	442,292	297,598	–	–
Current Service Cost	2,583,038	1,824,234	989,076	–
Past Service Cost – (non vested benefits)	–	–	–	–
Past Service Cost – (vested benefits)	–	–	–	–
Benefits Paid	(1,151,136)	(971,589)	–	–
Actuarial (Gain)/Loss on obligation	1,277,953	1,014,546	–	–
PVO at end of year	9,632,819	6,480,672	989,076	–
<b>III Changes in fair value of plan assets</b>				
Fair Value of Plan Assets at beginning of year	–	–	–	–
Expected Return ori Plan Assets	–	–	–	–
Contributions	1,151,136	971,589	–	–
Benefit Paid	(1,151,136)	(971,589)	–	–
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	1,151,136	971,589	–	–
Benefit Paid	(1,151,136)	(971,589)	–	–
Fair Value of Plan Assets at end of year	–	–	–	–
Funded Status (including unrecognised past service cost)	(9,632,819)	(6,480,672)	(989,076)	–
Excess of actual over estimated return on Plan Assets	–	–	–	–
<b>V Experience History</b>	31/Mar/17	31/Mar/16	31/Mar/17	31/Mar/16
(Gain)/Loss on obligation due to change in Assumption	880,896	935,883	–	–
Experience (Gain)/ Loss on obligation	397,057	78,663	–	–
Actuarial Gain/(Loss) on plan assets	–	–	–	–
<b>VI Actuarial Gain/(Loss) Recognized</b>				
Actuarial Gain/(Loss) for the year (Obligation)	(1,277,953)	(1,014,546)	–	–
Actuarial Gain/(Loss) for the year (Plan Assets)	–	–	–	–

# NOTES TO FINANCIAL STATEMENT

Particulars	Gratuity		Other Long Term benefits	
Total Gain/(Loss) for the year	(1,277,953)	(1,014,546)	–	–
Actuarial Gain/(Loss) recognized for the year	(1,277,953)	(1,014,546)	–	–
Unrecognized Actuarial Gain/(Loss) at end of year	–	–	–	–
Particulars	Gratuity		Other Long Term benefits	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>VII Past Service Cost Recognised</b>				
Past Service Cost – (non vested benefits)	–	–	–	–
Past Service Cost – (vested benefits)	–	–	–	–
Average remaining future service till vesting of the benefit	–	–	–	–
Recognised Past service Cost - non vested benefits	–	–	–	–
Recognised Past service Cost – vested benefits	–	–	–	–
Unrecognised Past Service Cost - non vested benefits	–	–	–	–
<b>VIII Amounts to be recognized in the balance sheet and statement of profit and loss</b>				
PVO at end of period	9,632,819	6,480,672	989,076	–
Fair Value of Plan Assets at end of year	–	–	–	–
Funded Status	(9,632,819)	(6,480,672)	(989,076)	–
Unrecognized Actuarial Gain/(Loss)	–	–	–	–
Unrecognised Past Service Cost - non vested benefits	–	–	–	–
Net Asset/(Liability) recognized in the balance sheet	(9,632,819)	(6,480,672)	(989,076)	–
<b>IX Expense recognized in the statement of profit and loss</b>				
Current Service Cost	1,824,234	1,824,234	989,076	–
Interest cost	297,598	297,598	–	–
Past Service Cost – (non vested benefits)	–	–	–	–
Past Service Cost – (vested benefits)	–	–	–	–
Unrecognised Past Service Cost - non vested benefits	–	–	–	–
Expected Return on Plan Assets	–	–	–	–
Net Actuarial (Gain)/Loss recognized for the year	1,277,953	1,014,546	–	–
Expense recognized in the statement of profit and loss	4,303,283	3,136,378	989,076	–
<b>X Movements in the Liability recognized in Balance Sheet</b>				
Opening Net Liability	6,480,672	4,315,883	–	–
Expenses as above	4,303,283	3,136,378	989,076	–
Contribution paid	(1,151,136)	(971,589)	–	–
Closing Net Liability	9,632,819	6,480,672	989,076	–
XI Revised schedule VI				
Current liability	1,383,513	891,125	–	–
Non - current liability	8,249,306	5,589,547	989,076	–

# NOTES TO FINANCIAL STATEMENT

## Annexure I

### Transactions with related parties for the year ended March 31, 2017 :

(In ₹)

Transaction	Name of the related Party	Holding Company / Subsidiary company ( A )		Key Managerial Personnel / Relative of KMP ( B )		Total (A+B)	
		For the Year ended March 31, 2017	For the Year ended March 31, 2016	For the Year ended March 31, 2017	For the Year ended March 31, 2016	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Interest Paid	Motilal Oswal Financial Services Limited	116,336	4,292,048		–	116,336	4,292,048
Rent Paid	Motilal Oswal Financial Services Limited	31,363,010	12,133,032			31,363,010	12,133,032
	Motilal Oswal Securities Ltd.	9,012,150	–	–	–	9,012,150	–
Brokerage on distribution of mutual fund	Motilal Oswal Securities Limited	53,353,564	30,501,891	–	–	53,353,564	30,501,891
Brokerage on distribution of portfolio management services	Motilal Oswal Securities Limited	308,697,554	216,240,486	–	–	308,697,554	216,240,486
Business Support Charges	Motilal Oswal Securities Limited	14,582,830	454,555	–		14,582,830	454,555
Brokerage on distribution of portfolio management services	Motilal Oswal Wealth Management Private Limited	267,564,361	142,957,399	–	–	267,564,361	142,957,399
Brokerage on distribution of mutual fund	Motilal Oswal Wealth Management Private Limited	29,461,738	19,068,163	–	–	29,461,738	19,068,163
Set up fees Exps AIF	Motilal Oswal Securities Limited	15,300,000	–	–	–	15,300,000	–
	Motilal Oswal Wealth Management Private Limited	10,635,000	–	–	–	10,635,000	–
Distribution Cost AIF 2	Motilal Oswal Securities Limited	237,136	–	–	–	237,136	–
	Motilal Oswal Wealth Management Private Limited	197,157	–	–	–	197,157	–
Marketing Commission	Motilal Oswal Wealth Management Private Limited	4,396,663	1,545,863	–	–	4,396,663	1,545,863
Investment Advisory fees (Received) / Paid	Motilal Oswal Asset Management (Mauritius) Pvt. Ltd	(1,097,758)	–	–	–	(1,097,758)	–
	Motilal Oswal Wealth Management Private Limited	(2,145,160)	(2,631,935)	–	–	(2,145,160)	(2,631,935)
Rent Deposit Paid	Motilal Oswal Financial Services Limited	(22,083,940)	6,066,510	–	–	(22,083,940)	6,066,510
Portfolio management services fee	Raamdeo Agarwal	–	–	38,365	37,540	38,365	37,540
	Suneeta Agarwal	–	–	1,570,032	1,310,209	1,570,032	1,310,209
Reimbursemnt of TDS	Motilal Oswal Commodities Broker Pvt Ltd	–	–	–	–	–	–
Reimbursement of Electricity Charges	Motilal Oswal Financial Services Limited	523,627	1,224,982	–		523,627	1,224,982
	Motilal Oswal Securities Limited	4,773,875	–			4,773,875	–
Reimbursemnt of Common Cost	Motilal Oswal Financial Services Limited	232,939	1,222,657			232,939	1,222,657
	Motilal Oswal Securities Limited	3,261,727		–		3,261,727	–

# NOTES TO FINANCIAL STATEMENT

Transaction	Name of the related Party	Holding Company / Subsidiary company ( A )		Key Managerial Personnel / Relative of KMP ( B )		Total (A+B)	
		For the Year ended March 31, 2017	For the Year ended March 31, 2016	For the Year ended March 31, 2017	For the Year ended March 31, 2016	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Managerial remuneration	Aashish Somaiyaa	–	–	23,682,176	16,300,000	23,682,176	16,300,000
Subscription to Equity Share Capital	Motilal Oswal Capital Limited	1,000,000	–	–	–	1,000,000	–
	Motilal Oswal Asset Management (Mauritius) Pvt. Ltd	13,290,750	–	–	–	13,290,750	–
Loans taken during the year	Motilal Oswal Financial Services Limited	(345,000,000)	701,161,172	–	–	(345,000,000)	701,161,172
Loan (repaid) during the year	Motilal Oswal Financial Services Limited	345,000,000	(741,853,190)	–	–	345,000,000	(741,853,190)
Loans taken (Maximum balance)	Motilal Oswal Financial Services Limited	(90,000,000)	222,706,946	–	–	(90,000,000)	222,706,946
Donation	Motilal Oswal Foundation (Trust)	1,700,000	1,060,000	–	–	1,700,000	1,060,000
<b>Outstanding Balances:</b>							
Loans	Motilal Oswal Financial Services Limited	–	–	–	–	–	–
Deposits	Motilal Oswal Financial Services Limited	22,083,940	–	–	–	22,083,940	–
	Motilal Oswal Securities Limited	9,012,150	–	–	–	9,012,150	–
Trade Receivables	Motilal Oswal Wealth Management Private Limited	–	497,362	–	–	–	497,362
	Motilal Oswal Asset Management (Mauritius) Pvt. Ltd	1,097,758	–	–	–	1,097,758	–
Trade Payables	Motilal Oswal Wealth Management Private Limited	(85,430,749)	(18,324,390)	–	–	(85,430,749)	(18,324,390)
	Motilal Oswal Financial Services Limited	–	–	–	–	–	–
	Motilal Oswal Securities Limited	(90,046,735)	(14,910,853)	–	–	(90,046,735)	(14,910,853)
Other Receivables	Motilal Oswal Capital Limited	98,200	–	–	–	98,200	–
Other Payables	Motilal Oswal Financial Services Limited	(13,253)	(719,826)	–	–	(13,253)	(719,826)
	Motilal Oswal Securities Limited	(3,826,358)	–	–	–	(3,826,358)	–
Prepaid Expenses	Motilal Oswal Securities Limited	101,333,944	41,460,551	–	–	101,333,944	41,460,551
	Motilal Oswal Wealth Management Private Limited	61,737,127	23,820,067	–	–	61,737,127	23,820,067

Note: Income/receipts figures are shown in brackets.

# NOTES TO FINANCIAL STATEMENT

## NOTE 30 : TRANSACTIONS IN FOREIGN CURRENCY

### (i) Revenue in foreign currency :

Particulars	April 1, 2016 to March 31, 2017 In ₹	April 1, 2015 to March 31, 2016 In ₹
Investment Management fees	2,168,360	453,780

### (ii) Expenditure in foreign currency :

Particulars	April 1, 2016 to March 31, 2017 In ₹	April 1, 2015 to March 31, 2016 In ₹
Travel and conveyance	3,738,413	2,345,000
Meeting, Event & Seminar Expenses	248,913	
Sponsorship Expenses	671,900	–
Entertainment	–	63,608
Software Charges	479,357	–
Legal and professional fees	2,977,927	1,647,015
<b>TOTAL</b>	<b>8,116,510</b>	<b>4,055,623</b>

## NOTE 31 : RELATED PARTY TRANSACTIONS

### (i) Relationships during the year

#### Holding Company

- Motilal Oswal Securities Limited

#### Holding Company of Motilal Oswal Securities Limited

- Motilal Oswal Financial Services Limited

#### Ultimate Holding Company

- Passionate Investment Management Private Limited

#### Subsidiaries

- Motilal Oswal Asset Management (Mauritius) Private Limited
- Motilal Oswal Capital Limited

#### Fellow Subsidiaries

- Motilal Oswal Capital Markets Private Limited
- Motilal Oswal Trustee Company Limited
- Motilal Oswal Insurance Brokers Private Limited
- Motilal Oswal Commodities Broker Private Limited
- Motilal Oswal Investment Advisors Limited (Formerly known as Motilal Oswal Investment Advisors Private Limited)
- MOPE Investment Advisors Private Limited
- Motilal Oswal Wealth Management Limited
- Motilal Oswal Securities International Private Limited
- Motilal Oswal Capital Market (Hongkong) Private Limited
- Motilal Oswal Capital Markets (Singapore) Pte. Limited
- Aspire Home Finance Corporation Limited
- Motilal Oswal Real Estate Investment Advisors Private Limited
- Motilal Oswal Real Estate Investment Advisors II Private Limited
- India Business Excellence Management Company
- Nagori Agro & Cattle Feeds Private Limited

#### Key Management Personnel

- Raamdeo Agarawal – Director
- Aashish Somaiyaa – Managing Director

# NOTES TO FINANCIAL STATEMENT

## Relative of Key Management Personnel

- Suneeta Agrawal (Wife of Raamdeo Agarawal)
- Vaibhav Agrawal (Son of Raamdeo Agarawal)

## Enterprises in which key management personnel and their relatives exercise significant Influence

- Motilal Oswal Foundation

## Enterprises in which key management personnel have control

- OSAG Enterprises LLP
- VISU Associates – Partnership Firm (Dissolved from 31st March, 2017)

**(ii) The transactions were entered into with the above related parties during the year in the ordinary course of business have been provided in the Annexure.**

## NOTE 32 :

The Company has acquired 100% shares in Motilal Oswal Capital Limited which becomes Wholly Owned Subsidiary of the company in current Financial Year.

## NOTE 33 :

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for is Rupees 15,34,337/- (Previous Year: Rupees 29,02,955).

## NOTE 34 :

On 22nd February, 2017 the company has further invested ₹ 26,80,000/- and on 21st March, 2017 the company has further invested ₹ 26,12,000/- in its 100% subsidiary Motilal Oswal Asset Management (Mauritius) Private Limited.

## NOTE 35 :

On 18th November, 2016 the company has invested ₹ 10,00,000/- in its 100% subsidiary Motilal Oswal Capital Limited.

## NOTE 36 :

The Chief Financial Officer of the company Sameer Kamath has Resigned w.e.f 24th April, 2017. The Company is in process of appointing new CFO. Hence at present there is no signatory to sign financials in place of CFO.

## NOTE 37 :

Previous year figures have been regrouped/rearranged where necessary to confirm to year's classification.

As per our attached report of Even Date

### For P B K & Co.

*Chartered Accountants*

Firm Registration No. 122384W

### Premal H. Gandhi

*Partner*

Membership No. 111592

Place : Mumbai

Dated : 24th April, 2017

### For and on behalf of the Board of Directors

**Motilal Oswal Asset Management Company Limited**

### Aashish Somaiya

*Managing Director & CEO*

DIN No: 06705119

### Aparna Karmase

*Company Secretary*

Place : Mumbai

Dated : 24th April, 2017

### Raamdeo Agarawal

*Director*

DIN No: 0024533

# **Motilal Oswal Trustee Company Limited**

**Annual Report 2016-2017**

# INDEPENDENT AUDITORS' REPORT

To the Members of **MOTILAL OSWAL TRUSTEE COMPANY LIMITED**

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

We have audited the accompanying financial statements of Motilal Oswal Trustee Company Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, 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 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 and presentation of these 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 the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and fair presentation of the 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the 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 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 2017, 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 (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, is not applicable to the company.
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 purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from the examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

- d. in our opinion the aforesaid standalone financial statements comply with the accounting standards notified 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- 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 Auditor) Rule 2014, in our opinion to the best of our information and according to the explanations given to us:
  - i. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
  - ii. There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund.
  - iii. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and it is in accordance with books of accounts maintained.

For **P B K & CO**  
*Chartered Accountants*  
Firm Registration No.: 122384W

**Premal H Gandhi**  
*Partner*  
Membership No. 111592

Place: Mumbai  
Date: 26th April, 2017

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## **ANNEXURE B TO THE AUDITORS' REPORT**

### **Report on the Internal Financial Controls 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 Trustee Company Limited ('the Company') as of 31 March 2017 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 the 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, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 were 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 auditors' judgment, 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 authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## **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 31 March 2017, 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.

For **P B K & CO**

*Chartered Accountants*

Firm Registration No.: 122384W

**Premal H Gandhi**

*Partner*

Membership No. 111592

Place: Mumbai

Date: 26th April, 2017

# BALANCE SHEET

## BALANCE SHEET AS AT 31ST MARCH, 2017

	Note No.	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>A. Share Holders' Funds :</b>			
Share Capital	1	1,000,000	1,000,000
Reserves and Surplus	2	1,572,491	1,227,681
<b>Total (A)</b>		<b>2,572,491</b>	<b>2,227,681</b>
<b>B. Non Current Liabilities :</b>			
Deferred Tax Liabilities (net)	3	6,469	–
<b>Total (B)</b>		<b>6,469</b>	<b>–</b>
<b>C. Current Liabilities :</b>			
Other Current Liabilities	4	73,776	73,742
<b>Total (C)</b>		<b>73,776</b>	<b>73,742</b>
<b>TOTAL (A+B+C)</b>		<b>2,652,736</b>	<b>2,301,423</b>
<b>II. ASSETS</b>			
<b>C. Non-Current Assets:</b>			
(a) Fixed Assets			
Tangible Assets	5	81,282	–
(b) Long Term Loans and Advances	6	10,849	4,307
(c) Non-Current Investments	7	2,000,000	–
<b>Total (C)</b>		<b>2,092,131</b>	<b>4,307</b>
<b>F. Current Assets:</b>			
(a) Trade Receivables	8	66,171	3,685
(b) Cash and Bank Balances	9	379,901	2,113,674
(c) Short-Term Loans and Advances	10	114,532	158,310
(d) Other Current Assets	11	–	21,447
<b>Total (D)</b>		<b>560,605</b>	<b>2,297,116</b>
<b>TOTAL (C+D)</b>		<b>2,652,736</b>	<b>2,301,423</b>

Significant Accounting Policies

16

Notes forming part of Accounts

17-24

Notes referred to above form an integral part of the financial statements

As per our attached report of even date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

M.No. : 111592

Place : Mumbai

Dated : 26th April, 2017

For and on behalf of the Board of Directors

**Motilal Oswal Trustee Company Limited**

**Motilal Oswal**

*Chairman*

DIN No : 00024503

**Sunil Goyal**

*Director*

DIN No : 00503570

# STATEMENT OF PROFIT AND LOSS

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	Note No.	For the Period ended 31-Mar-2017 In (₹)	For the Period ended 31-Mar-2016 In (₹)
<b>REVENUE</b>			
Income from Operations	12	908,200	1,101,108
Other Income	13	77,738	120,842
<b>Total (A)</b>		<b>985,938</b>	<b>1,221,950</b>
<b>EXPENSES</b>			
Other Expenses	14	445,901	345,568
Depreciation	5	59,118	–
<b>Total (B)</b>		<b>505,019</b>	<b>345,568</b>
<b>Profit / (Loss) before Taxation</b>	<b>(C) = (A) - (B)</b>	<b>480,919</b>	<b>876,382</b>
Less: Provision for Taxation			
For Current Year		136,146	270,802
Deferred Tax		6,469	–
Income Tax for Earlier Years		(6,507)	–
<b>(D)</b>		<b>136,109</b>	<b>270,802</b>
<b>Profit / (Loss) for the year / period</b>	<b>(E) = (C) - (D)</b>	<b>344,810</b>	<b>605,579</b>
Basic Earnings per share (Face Value of share ₹ 10 each, PY ₹ 10 each )		3.45	6.06
Significant Accounting Policies	16		
Notes forming part of Accounts	17-24		

Notes referred to above form an integral part of the financial statements

As per our attached report of even date

**For P B K & Co.**

Chartered Accountants

Firm Registration No. 122384W

**Premal H. Gandhi**

Partner

M.No. : 111592

Place : Mumbai

Dated : 26th April, 2017

For and on behalf of the Board of Directors

**Motilal Oswal Trustee Company Limited**

**Motilal Oswal**

Chairman

DIN No : 00024503

**Sunil Goyal**

Director

DIN No : 00503570

# CASH FLOW STATEMENT

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31 , 2017

Particulars	For the Year ended 31-Mar-2017 In (₹)	For the Year ended 31-Mar-2016 In (₹)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>480,919</b>	<b>876,382</b>
Adjustment for :		
Depreciation	59,118	—
Interest received	(72,548)	(118,287)
Interest received on IT refund	(5,190)	(2,555)
Adjustment for working capital changes :		
Increase/(Decrease) in other current liabilities	34	(10,745)
(Increase)/Decrease in trade receivable	(62,486)	165,623
(Increase)/Decrease in short-term loans and advances	(24,067)	(44,977)
(Increase)/Decrease In Long term Loans & Advances	—	5,935
(Increase)/Decrease in other current assets	21,447	(5,378)
Increase/(Decrease) in Short term Provision	—	—
<b>CASH GENERATED FROM OPERATIONS</b>	<b>397,227</b>	<b>865,997</b>
Taxes Paid (Net of Refunds )	(68,338)	480,406
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>328,890</b>	<b>385,592</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received on fixed deposits	72,548	118,287
Interest received on IT refund	5,190	2,555
Investment in mutual fund	(2,000,000)	—
Investment in Fixed Assets	(140,400)	—
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(2,062,662)</b>	<b>120,842</b>
<b>NET CASH FLOW FOR THE YEAR</b>	<b>(1,733,772)</b>	<b>506,434</b>
Cash and bank balances comprise of		
Balance with scheduled bank - In Current Account	114,280	915,405
Fixed deposit with banks	1,999,394	691,834
<b>Total Cash and bank balance as at beginning of year</b>	<b>2,113,674</b>	<b>1,607,239</b>
Cash and bank balance as at end of period :		
Balance with scheduled bank - In Current Account	379,901	114,280
Fixed deposit with banks	—	1,999,394
<b>Total Cash and bank balance as at end of year</b>	<b>379,901</b>	<b>2,113,674</b>

Note : The above cash flow statement has been prepared under the Indirect method as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

As per our attached report of even date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

M.No. : 111592

Place : Mumbai

Dated : 26th April, 2017

For and on behalf of the Board of Directors

**Motilal Oswal Trustee Company Limited**

**Motilal Oswal**

*Chairman*

DIN No : 00024503

**Sunil Goyal**

*Director*

DIN No : 00503570

# NOTES TO FINANCIAL STATEMENT

## NOTE 1 : SHARE CAPITAL

	As at 31-Mar-2017		As at 31-Mar-2016	
	Number of Shares	(₹)	Number of Shares	(₹)
<b>Authorised</b>				
1,00,000 Equity Shares of ₹ 10 each ( PY ₹ 10 each)	100,000	1,000,000	100,000	1,000,000
<b>Issued, Subscribed &amp; Paid Up</b>				
1,00,000 Equity Shares of ₹ 10 each fully paid up ( PY ₹ 10 each)	100,000	1,000,000	100,000	1,000,000
<b>TOTAL</b>	<b>100,000</b>	<b>1,000,000</b>	<b>100,000</b>	<b>1,000,000</b>

There are no shares reserved for issue under options or shares allotted as fully paid up by way of bonus shares or shares allotted as fully paid up pursuant to contracts without payment being received in cash (since incorporation of the Company).

### 1.1 Reconciliation of number of shares outstanding

	As at 31-Mar-2017		As at 31-Mar-2016	
	Number of Shares	(₹)	Number of Shares	(₹)
Number of Share at Beginning of the Year	100,000	1,000,000	100,000	1,000,000
Addition during the year			-	-
<b>Number of Share at the end of the year</b>	<b>100,000</b>	<b>1,000,000</b>	<b>100,000</b>	<b>1,000,000</b>

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

Name of Shareholder	As at 31-Mar-2017		As at 31-Mar-2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Motilal Oswal Securities Limited the holding company	100,000	100.00	100,000	100.00

## NOTE 2: RESERVES AND SURPLUS

	As at 31-Mar-2017 (₹)	As at 31-Mar-2016 (₹)
<b>Profit &amp; Loss A/c</b>		
Opening Balance	1,227,681	622,102
Net Profit For the Current Year	344,810	605,579
<b>TOTAL</b>	<b>1,572,491</b>	<b>1,227,681</b>

## NOTE 3 : DEFERRED TAX LIABILITIES / ASSETS

	As at 31-Mar-2017 (₹)	As at 31-Mar-2016 (₹)
Deferred Tax Liability	6,469	-
<b>TOTAL</b>	<b>6,469</b>	<b>-</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 4 : OTHER CURRENT LIABILITIES

	As at 31-Mar-2017 (₹)	As at 31-Mar-2016 (₹)
Creditors for Expenses	62,819	63,652
Withholding and Other Taxes Payable	10,957	10,090
<b>TOTAL</b>	<b>73,776</b>	<b>73,742</b>

## NOTE 5 : FIXED ASSETS

Current Year (₹)										
Particulars	Gross Block				Accumulated Depreciation				Net Block	
	As at 01-04-16	Additions	Deductions	As at 31-03-17	As at 01-04-16	Additions	Deductions	As at 31-03-17	As at 31-03-17	As at 31-03-16
<b>Tangible Assets</b>										
Computer	-	140,400	-	140,400	-	59,118	-	59,118	81,282	-
<b>TOTAL</b>	-	140,400	-	140,400	-	59,118	-	59,118	81,282	-

## NOTE 6 : LONG TERM LOANS AND ADVANCES

	As at 31-Mar-2017 (₹)	As at 31-Mar-2016 (₹)
<b>Other Loans and Advances (Unsecured, considered good)</b>		
Taxes Receivable	10,849	4,307
<b>TOTAL</b>	<b>10,849</b>	<b>4,307</b>

## NOTE 7 : NON CURRENT INVESTMENTS

	As at 31-Mar-2017 (₹)	As at 31-Mar-2016 (₹)
Motilal Oswal MOST Focused Multicap 35 Fund - Direct Dividend Reinvestment (97159 units)	2,000,000	-
<b>TOTAL</b>	<b>2,000,000</b>	<b>-</b>

## NOTE 8 : TRADE RECEIVABLES

	As at 31-Mar-2017 (₹)	As at 31-Mar-2016 (₹)
<b>Unsecured, Considered Good</b>		
Debts Outstanding for a period more than Six Months		
Other Debts	66,171	3,685
<b>TOTAL</b>	<b>66,171</b>	<b>3,685</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 9 : CASH AND BANK BALANCES

	As at 31-Mar-2017 (₹)	As at 31-Mar-2016 (₹)
<b>Cash On Hand</b>	–	–
<b>Balance with Banks</b>		
In Current Accounts	379,901	114,280
<b>Other Bank Balance</b>		
Fixed Deposit with Banks	–	1,999,394
<b>TOTAL</b>	<b>379,901</b>	<b>2,113,674</b>

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:

Particulars	SBNs	Other denomination notes	Total
			NIL

## NOTE 10 : SHORT TERM LOANS AND ADVANCES

	As at 31-Mar-2017 (₹)	As at 31-Mar-2016 (₹)
<b>Unsecured, Considered Good</b>		
Taxes Receivable(net of provision)	45,423	113,267
Prepaid Expenses	1,999	3,998
Indirect Taxes Receivable	67,111	41,045
<b>TOTAL</b>	<b>114,532</b>	<b>158,310</b>

## NOTE 11 : OTHER CURRENT ASSETS

	As at 31-Mar-2017 (₹)	As at 31-Mar-2016 (₹)
Accrued Interest on Fixed Deposits	–	21,447
<b>TOTAL</b>	<b>–</b>	<b>21,447</b>

## NOTE 12 : INCOME FROM OPERATIONS

	For the Year ended 31-Mar-2017 (₹)	For the Year ended 31-Mar-2016 (₹)
<b>Sale of Services</b>		
Trustee Fees	908,200	1,101,108
<b>TOTAL</b>	<b>908,200</b>	<b>1,101,108</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 13 : OTHER INCOME

	For the Year ended 31-Mar-2017 (₹)	For the Year ended 31-Mar-2016 (₹)
Interest Received on Deposits with Banks	72,548	118,287
Interest on IT Refund	5,190	2,555
<b>TOTAL</b>	<b>77,738</b>	<b>120,842</b>

## NOTE 14 : OTHER EXPENSES

	For the Year ended 31-Mar-2017 (₹)	For the Year ended 31-Mar-2016 (₹)
Legal and Professional Fees	65,632	84,095
Auditors Remuneration (Refer Note 18)	25,124	25,062
Rates & Taxes	2,106	1,971
Director Sittting Fees	351,750	230,500
Filing Fees	1,200	
Miscellaneous Expenses	89	3,940
<b>TOTAL</b>	<b>445,901</b>	<b>345,568</b>

## NOTE 15 : BACKGROUND

Motilal Oswal Trustee Company Limited (MOTC/ the Company) was incorporated on November 14, 2008. The principal shareholder of the Company as at March 31, 2017 is Motilal Oswal Securities Limited (MOSL).

The Company acts as the Trustee to Motilal Oswal Mutual Fund. SEBI has granted registration to Motilal Oswal Mutual Fund under SEBI (Mutual Funds) Regulations, 1996 vide Registration No. MF/063/09/04 dated December 29, 2009.

## NOTE 16 : SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

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 and the provisions of the Companies Act, 2013.

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. Based on the nature of business the company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

### (b) Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying 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 financial statements. Any revisions to such estimates are recognized prospectively in the current and future periods.

# NOTES TO FINANCIAL STATEMENT

## (c) Investments

Transactions for purchase and sale of investments are recognized as at the trade date.

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 a provision is made to recognize any diminution in value, other than temporary, determined separately for each investment.

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

## (d) Revenue Recognition

Revenue is recognized when there is reasonable certainty of its ultimate realization/collection.

### – Trustee fees

Trustee fees are recognized on an accrual basis, based on daily average assets under management (AUM) of the Schemes of Motilal Oswal Mutual Fund.

### – Interest income

Interest income is accounted on an accrual basis.

## (e) Taxes on income

Income-tax expense comprises of 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

Current tax is determined as the amount payable in respect of taxable income for the year. While computing the taxable income, due credit is taken for allowances and exemption in accordance with Indian Income Tax Act, 1961. In case of matters under appeal due to disallowance or otherwise, full provision is made when the said liabilities are accepted by the Company.

### – 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

Deferred tax is recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. 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 an unabsorbed depreciation or a 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 reasonably/virtually certain (as the case may be) to be realized.

## (f) Earnings per share

Basic earning per share is computed by dividing net profit or loss for the period by the weighted average number of equity shares outstanding during the period.

Diluted earning per share is computed by dividing the net profit or loss for the period by the weighted average number of shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

## (g) Contingencies and provisions

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.

# NOTES TO FINANCIAL STATEMENT

## NOTE 17 : TAXES ON INCOME

### Current Tax

Provision for the current tax is made on the basis of taxable income for the year.

## NOTE 18 :

There is no amount outstanding for more than thirty days to any Small Scale Industrial Undertaking as at the Balance Sheet date. There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than forty five days as at the Balance Sheet date. The Micro, Small and Medium Enterprises have been identified on the basis of the information provided by the vendors to the Company.

## NOTE 19 : AUDITORS' REMUNERATION

	April 1, 2016 to March 31, 2017 (₹)	April 1, 2015 to March 31, 2016 (₹)
Audit fees	25,124	25,000
<b>TOTAL</b>	<b>25,124</b>	<b>25,000</b>

## NOTE 20 : SEGMENT INFORMATION

The Company's principal activity is to acts as a Trustee for the schemes of Motilal Oswal Mutual Fund. In the opinion of the management separate segments under Accounting Standard 17 on "Segment Reporting", issued by the Institute of Chartered Accountants of India are not required to be reported as the Company is engaged only in one business segment.

## NOTE 21 : EARNINGS PER SHARE

Basic earning per share is computed by dividing net profit or loss for the period by the weighted average number of equity shares outstanding during the period.

The numerator and denominators used to calculate basic and diluted earnings per share are as under:

Particulars	April 1, 2016 to March 31, 2017 (₹)	April 1, 2015 to March 31, 2016 (₹)
Profit attributable to equity shareholders (Rupees)	344,810	605,579
Weighted average number of equity shares outstanding during the year	100,000	100,000
Nominal value per share (Rupees)	10	10
<b>Earnings per share (Basic and diluted) (Rupees)</b>	<b>3.45</b>	<b>6.06</b>

## NOTE 22 : RELATED PARTY DISCLOSURE

### Names of Related Parties:-

#### (i) Relationships during the year

##### Holding Company:

Motilal Oswal Securities Limited

Holding Company of Motilal Oswal Securities Limited:

Motilal Oswal Financial Services Limited

Ultimate Holding Company:

Passionate Investment Management Private Limited

# NOTES TO FINANCIAL STATEMENT

## Fellow Subsidiaries:

Motilal Oswal Capital Markets Private Limited  
Motilal Oswal Asset Management Company Limited  
Motilal Oswal Insurance Brokers Private Limited  
Motilal Oswal Commodities Broker Private Limited  
Motilal Oswal Investment Advisors Limited (Formerly known as Motilal Oswal Investment Advisors Private Limited)  
MOPE Investment Advisors Private Limited  
Motilal Oswal Real Estate Investment Advisors Private Limited  
Motilal Oswal Real Estate Investment Advisors II Private Limited  
India Business Excellence Management Company  
Motilal Oswal Wealth Management Limited  
Motilal Oswal Capital Markets (Hongkong) Private Limited  
Motilal Oswal Capital Markets Singapore Pte. Limited  
Motilal Oswal Securities International Private Limited  
Aspire Home Finance Corporation Limited  
Motilal Oswal Asset Management (Mauritius) Private Limited  
Nagori Agro & Cattle Feeds Private Limited  
Motilal Oswal Capital Limited

## Key Management Personnel

Motilal Oswal – Chairman

## Enterprises in which Key Managerial Personnel have control

VISU Associates - Partnership Firm (Dissolved from 31st March, 2017)

## Transactions with related parties for the year ended March 31, 2017 :

Transaction	Name of the related Party	Holding Company / Subsidiary company ( A )	
		For the Year ended March 31, 2017	For the Year ended March 31, 2016
Income Tax Refund	Motilal Oswal Financial Services Limited	–	(39,100)

Note: Income/receipts figures are shown in brackets.

## NOTE 23 :

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.

## NOTE 24 :

Previous year figures have been regrouped/rearranged where necessary to confirm to year's classification.

As per our attached report of even date

### For P B K & Co.

Chartered Accountants

Firm Registration No. 122384W

### Premal H. Gandhi

Partner

M.No. : 111592

Place : Mumbai

Dated : 26th April, 2017

For and on behalf of the Board of Directors

**Motilal Oswal Trustee Company Limited**

### Motilal Oswal

Chairman

DIN No : 00024503

### Sunil Goyal

Director

DIN No : 00503570

# **Motilal Oswal Wealth Management Limited**

**Annual Report 2016-2017**

# INDEPENDENT AUDITORS' REPORT

**To the Members of MOTILAL OSWAL ASSET WEALTH MANAGEMENT LIMITED**

## **REPORT ON THE STANDALONE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Motilal Oswal Wealth Management Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, 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 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 and presentation of these 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 the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and fair presentation of the 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the 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 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 2017, 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 (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 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 purpose of our audit;

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from the examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss and 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 notified 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- 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 Auditor) Rule 2014, in our opinion to the best of our information and according to the explanations given to us:
  - i. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
  - ii. There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund.
  - iii. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and it is in accordance with books of accounts maintained.

For **P B K & CO**  
*Chartered Accountants*  
Firm Registration No.: 122384W

**Premal H Gandhi**  
*Partner*  
Membership No. 111592

Place: Mumbai  
Date: April 25, 2017

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## **Annexure A referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.  
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. The Company did not have any inventory at any time during the year. Hence, the requirements of clause (ii) of paragraph 3 of the said Order are not applicable to the Company.
3. The Company has granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act. Hence, the requirements of sub clause (a) (b) & (c) to clause (iii) of paragraph 3 of the said Order are not applicable to the Company.
4. According to the information and explanation given to us, in respect of loans, investments, guarantees, and security the company has complied with the provisions of section 185 and 186 of the companies Act, 2013.
5. The Company has not accepted any deposits from the public under the provisions of Sections 73 to 76 or any relevant provisions of the Companies Act and the rules framed there under.
6. Pursuant to the rules made by the Central Government of India, the Company is not required to maintain cost records under sub-section (1) of section 148 of the Companies Act in respect of its products.
7. (a) According to the information and explanation given to us and the records of the Company examined by us in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of investor education and protection fund, income-tax, sales- tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable with the appropriate authorities in India.  
(b) According to the information and explanations given to us, and the records of the Company examined by us, there are no dues in respect of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess as at March 31, 2017 which have not been deposited on account of any dispute.
8. The Company does not have any loans or borrowings from any financial institutions, banks, government or debenture holders during the year. Accordingly, Paragraph 3 (viii) of the Order is not applicable.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
10. 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 has been noticed or reported during the year, nor have been informed of such case by the management.
11. The Company has not paid/provided any managerial remuneration under the provisions of section 197 read with Schedule V to the Companies Act, 2013.
12. In our opinion, and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us, and the records of the Company examined by us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the Accounting Standard (AS) 18 – Related Party Transaction.
14. According to the information and explanations given to us, and the records of the Company examined by us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
15. According to the information and explanations given to us, and the records of the Company examined by us, the company has not entered into any non-cash transactions with directors or persons connected with him.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act,1934.

For **P B K & CO**  
*Chartered Accountants*  
Firm Registration No.: 122384W

**Premal H Gandhi**  
*Partner*  
Membership No. 111592

Place: Mumbai  
Date: April 25, 2017

## **ANNEXURE B TO THE AUDITORS' REPORT**

### **Report on the Internal Financial Controls 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 Wealth Management Limited ('the Company') as of 31 March 2017 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 the 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, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 were 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 auditors' judgment, 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 authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## **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 31 March 2017, 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.

For **P B K & CO**

*Chartered Accountants*

Firm Registration No.: 122384W

**Premal H Gandhi**

*Partner*

Membership No. 111592

Place: Mumbai

Date: April 25, 2017

# BALANCE SHEET

## BALANCE SHEET AS AT 31ST MARCH, 2017

	Note No.	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>A. Share Holder's Funds :</b>			
(a) Share Capital	1	800,000	800,000
(b) Reserve & Surplus	2	344,677,656	210,141,149
<b>TOTAL</b>	<b>(A)</b>	<b>345,477,656</b>	<b>210,941,149</b>
<b>B. Non-Current Liabilities</b>			
(a) Other Long Term Liability	3	8,096,880	5,476,950
(b) Long Term Provision	4	12,794,987	6,036,454
<b>TOTAL</b>	<b>(B)</b>	<b>20,891,867</b>	<b>11,513,404</b>
<b>C. Current Liabilities</b>			
(a) Short Term Borrowings	5	47,500,000	60,000
(b) Other Current Liabilities	6	44,310,842	26,986,418
(c) Short Term Provision	7	105,250,221	49,927,467
<b>TOTAL</b>	<b>(C)</b>	<b>197,061,063</b>	<b>76,973,885</b>
<b>TOTAL</b>	<b>(A+B+C)</b>	<b>563,430,586</b>	<b>299,428,438</b>
<b>II. ASSETS</b>			
<b>D. Non - Current Assets</b>			
(a) Property, Plants & Equipments	8		
Tangible Assets		28,431,321	28,932,663
Intangible Assets		1,645,260	3,079,163
(b) Long Term Loans & Advances	9	14,571,081	7,090,586
(c) Non - Current Investments	10	300,000,010	10
(d) Deferred Tax Assets	11	4,152,901	1,518,347
<b>TOTAL</b>	<b>(D)</b>	<b>348,800,573</b>	<b>40,620,768</b>
<b>E. Current Assets</b>			
Cash and Cash Equivalents	12	10,661,111	20,141,057
Short Term Loan and Advances	13	42,432,725	140,542,012
Trade Receivables	14	160,890,401	97,891,880
Other Current Assets	15	645,776	232,721
<b>TOTAL</b>	<b>(E)</b>	<b>214,630,013</b>	<b>258,807,669</b>
<b>TOTAL</b>	<b>(D+E)</b>	<b>563,430,586</b>	<b>299,428,438</b>

Nature of Business, Background and Significant Accounting Policies 19-21

Notes forming part of Accounts 22-31

Notes referred to above form an integral part of these financial statements

As per our attached report of even date

**For P B K & Co.**

Chartered Accountants

Firm Registration No. 122384W

**Premal H. Gandhi**

Partner

M.No. : 111592

Place : Mumbai

Date : 24th April, 2017

For and on behalf of the Board of

**Motilal Oswal Wealth Management Limited**

**Ajay Menon**

Director

DIN No: 00024589

Place : Mumbai

Date : 24th April, 2017

**Harsh Joshi**

Director

DIN No: 02951058

# STATEMENT OF PROFIT AND LOSS

## STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31ST MARCH, 2017

	Note No.	For the Year ended 31-Mar-2017 (In ₹)	For the Year ended 31-Mar-2016 (In ₹)
<b>REVENUE</b>			
Revenue from Operation	16	682,692,286	392,901,225
Other Income	17	37,760,474	51,106,541
<b>TOTAL (A)</b>		<b>720,452,761</b>	<b>444,007,766</b>
<b>EXPENDITURE</b>			
Employee Benefit	18	369,765,361	224,403,045
Finance Cost	18	12,490,568	26,407,191
Depreciation	8	4,720,316	3,686,189
Other Expenses	18	128,173,561	80,072,362
<b>TOTAL (B)</b>		<b>515,149,806</b>	<b>334,568,787</b>
<b>Profit Before Tax</b>	<b>(C) = (A)-(B)</b>	<b>205,302,954</b>	<b>109,438,980</b>
<b>Less: Tax Expenses</b>			
Provision For Tax (Current Year)		74,199,669	39,543,765
Provision For Tax (Earlier Years)		1,461,451	–
Deferred tax		(2,634,555)	(1,573,996)
<b>TOTAL (D)</b>		<b>73,026,565</b>	<b>37,969,770</b>
<b>Profit for the period</b>	<b>(C)-(D)</b>	<b>132,276,389</b>	<b>71,469,210</b>
Earnings per share (₹)			
Equity share of par value ₹ 1 each			
Basic		165.35	89.34
Diluted		145.17	89.34

As per our attached report of even date

**For P B K & Co.**  
Chartered Accountants  
Firm Registration No. 122384W

**Premal H. Gandhi**  
Partner  
M.No. : 111592  
Place : Mumbai  
Date : 24th April, 2017

For and on behalf of the Board of  
**Motilal Oswal Wealth Management Limited**

**Ajay Menon**  
Director  
DIN No: 00024589  
Place : Mumbai  
Date : 24th April, 2017

**Harsh Joshi**  
Director  
DIN No: 02951058

# CASH FLOW STATEMENT

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	For the Year ended 31-Mar-2017 (In ₹)	For the Year ended 31-Mar-2016 (In ₹)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>PROFIT BEFORE TAX</b>	<b>205,302,954</b>	<b>109,438,979</b>
Add / Less :		
1) Finance Cost	12,490,568	26,067,214
2) Interest Income	(23,985,411)	(39,052,162)
3) ESOP Expenditure	2,260,118	–
4) Profit on Sale of Investment	(2,821,163)	(1,100,478)
5) Depreciation	4,720,316	3,686,189
6) Gratuity	8,626,984	4,108,793
<b>OPERATING PROFIT</b>	<b>206,594,366</b>	<b>103,148,534</b>
Adjustment For:		
1) Increase/(Decrease) in Long Term Provision	(1,868,451)	(850,165)
2) Increase/(Decrease) in Short Term Provision	53,245,938	(2,862,270)
3) Increase/(Decrease) in Other Current Liabilities	20,623,883	12,984,985
4) (Increase)/Decrease in Long term Loans & Advances	(5,160,225)	(301,037)
5) (Increase)/Decrease in Short term Loans & Advances	98,109,288	(130,890,009)
6) Increase/(Decrease) in Trade Receivables	(62,998,521)	(10,399,792)
7) (Increase)/Decrease in Other Current Assets	(5,859)	–
<b>CASH FLOW FROM OPERATIONS</b>	<b>311,160,349</b>	<b>(29,169,753)</b>
Taxes Paid	(75,904,577)	(30,408,297)
<b>NET CASH FLOW FROM OPERATIONS</b>	<b>235,255,772</b>	<b>(59,578,051)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
1) Interest Received	23,578,215	39,062,005
2) (Purchase) of Investments	(556,092,500)	(10)
3) Proceeds of sale of Investments	258,913,663	–
4) (Purchase) of Fixed Assets	(2,785,069)	(769,630)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(276,385,691)</b>	<b>38,292,365</b>

# CASH FLOW STATEMENT (Contd..)

Particulars	For the Year ended 31-Mar-2017 (In ₹)	For the Year ended 31-Mar-2016 (In ₹)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds of Short Term Borrowings	835,732,552	558,447,085
(Repayment) of Short Term Borrowings	(788,292,552)	(558,405,561)
Finance Cost Payment	(15,790,027)	(26,067,214)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>31,649,973</b>	<b>(26,025,690)</b>
<b>NET CASH FLOW FOR THE YEAR</b>	<b>(9,479,946)</b>	<b>(47,311,375)</b>
<b>Cash and Bank Balances comprise of:</b>		
Scheduled bank - In Current Account	18,791,057	66,102,432
<b>TOTAL CASH &amp; CASH EQUIVALENTS AS AT BEGINNING OF YEAR</b>	<b>18,791,057</b>	<b>66,102,432</b>
<b>Cash and Bank Balances comprise of:</b>		
Cash in hand	1,115,352	—
Scheduled bank - In Current Account	8,195,759	18,791,057
<b>TOTAL CASH &amp; CASH EQUIVALENTS AS AT END OF YEAR</b>	<b>9,311,111</b>	<b>18,791,057</b>

As per our attached report of even date

**For P B K & Co.**

Chartered Accountants

Firm Registration No. 122384W

**Premal H. Gandhi**

Partner

M.No. : 111592

Place : Mumbai

Date : 24th April, 2017

For and on behalf of the Board of

**Motilal Oswal Wealth Management Limited**

**Ajay Menon**

Director

DIN No: 00024589

Place : Mumbai

Date : 24th April, 2017

**Harsh Joshi**

Director

DIN No: 02951058

# NOTES TO FINANCIAL STATEMENT

## NOTE 1 : SHARE CAPITAL

	As at 31-Mar-2017		As at 31-Mar-2016	
	Number of Shares	In (₹)	Number of Shares	In (₹)
<b>Authorised Share Capital :</b>				
Equity Shares of ₹ 1/- each#	1,500,000	1,500,000	1,500,000	1,500,000
<b>TOTAL</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>
<b>Issued, Subscribed &amp; Paid Up :</b>				
Equity Shares of ₹ 1/- each#	800,000	800,000	800,000	800,000
<b>TOTAL</b>	<b>800,000</b>	<b>800,000</b>	<b>800,000</b>	<b>800,000</b>

# During the year company has sub divided its each equity share of ₹ 10/- each into 15,00,000 equity share of ₹ 1/- each and accordingly the no. of shares of previous year has been rearranged in line with current year.

### 1.1 Rights, preferences and restrictions attached to shares

#### Equity Shares :

All the Equity shares are held by Motilal Oswal Securities Ltd, the holding company (including 60 share held jointly with nominee) The Company has one class of equity shares having a par value of ₹ 1/-(Previous year: having a par value of ₹ 10/- each). Each holder of equity shares is entitled to one vote per share.

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.

Subdivision of Shares: The company has subdivided its shares as on 20th Feb 2017. Existing equity shares having nominal value of ₹10/- per share have been sub divided into 15,00,000 equity share having nominal value of ₹ 1/- per share. Authorised share capital of 15,00,000 would now comprise of 15,00,000 equity share of ₹ 1/- each.

### 1.2 Reconciliation of number of shares outstanding

	As at 31-Mar-2017		As at 31-Mar-2016	
	Number of Shares	(₹)	Number of Shares	(₹)
Number of share at beginning #	800,000	800,000	800,000	800,000
Addition During the Year #	-	-	-	-
<b>Number of Share at the end</b>	<b>800,000</b>	<b>800,000</b>	<b>800,000</b>	<b>800,000</b>

# During the year company has sub divided its each equity share of ₹ 10/- each into 15,00,000 equity share of ₹ 1/- each and accordingly the no. of shares of previous year has been rearranged in line with current year

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

Name of Shareholder	As at 31-Mar-2017		As at 31-Mar-2016	
	No of Shares #	% of Holding	No of Shares #	% of Holding
Motilal Oswal Securities Ltd. (Holding Company)#	799,940	99.99	799,940	99.99
	<b>799,940</b>	<b>99.99</b>	<b>799,940</b>	<b>99.99</b>

# During the year company has sub divided its each equity share of ₹ 10/- each into 15,00,000 equity share of ₹ 1/- each and accordingly the no. of shares of previous year has been rearranged in line with current year

### 1.4 For the current year the ultimate holding Company of the Company is Passionate Investment Management Private Limited.

# NOTES TO FINANCIAL STATEMENT

## NOTE 2 : RESERVES AND SURPLUS

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
Securities Premium	46,986,308	46,986,308
	<b>46,986,308</b>	<b>46,986,308</b>
<b>Profit and Loss a/c</b>		
Opening balance	163,154,841	91,685,631
Add: Net profit for the year	132,276,389	71,469,210
	<b>295,431,230</b>	<b>163,154,841</b>
ESOP Outstanding Reserve		
Opening balance	–	–
Add: Additions during the year	2,260,118	–
	<b>2,260,118</b>	–
<b>TOTAL</b>	<b>344,677,656</b>	<b>210,141,149</b>

## NOTE 3 : OTHER LONG TERM LIABILITY

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
Security Deposit (Against premises given on lease)	8,096,880	5,476,950
<b>TOTAL</b>	<b>8,096,880</b>	<b>5,476,950</b>

## NOTE 4 : LONG TERM PROVISION

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
Provision for Gratuity (refer note 26)	12,794,987	6,036,454
<b>TOTAL</b>	<b>12,794,987</b>	<b>6,036,454</b>

## NOTE 5 : SHORT TERM BORROWING

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
<b>Loan from Related Party (Unsecured, considered good)</b>		
Motilal Oswal Financial services Ltd.	47,500,000	60,000
<b>TOTAL</b>	<b>47,500,000</b>	<b>60,000</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 6 : OTHER CURRENT LIABILITIES

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
Advance Received From Client	26,746	78,498
<b>For other liabilities</b>		
Others Payable	2,423,858	5,128,511
Interest Payable	245,851	3,545,310
For Expenses	17,273,955	15,600,855
Withholding and other Taxes Payable	24,340,432	2,633,244
<b>TOTAL</b>	<b>44,310,842</b>	<b>26,986,418</b>

## NOTE 7 : SHORT TERM PROVISION

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
Provision for Tax Current Year (Net of Advance Tax and TDS for current year)	5,459,414	3,382,598
Provision Gratuity (also refer note 26)	2,607,728	1,182,639
Provision for Ex -gratia and Other	94,453,517	42,728,689
Other Provisions	2,729,562	2,633,541
<b>TOTAL</b>	<b>105,250,221</b>	<b>49,927,467</b>

## NOTE 8 : PROPERTY, PLANT & EQUIPMENTS

### Current Year

(in ₹)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01-Apr-16	Additions	Deductions	As at 31-Mar-17	As at 01-Apr-16	Additions	Deductions	As at 31-Mar-17	As at 31-Mar-17	As at 31-Mar-16
<b>Tangible Assets</b>										
Office Premises	44,776,849	-	-	44,776,849	17,882,227	1,282,921	-	19,165,148	25,611,701	26,894,622
Renovation of Leased Office Premises		1,059,494	-	1,059,494	-	706,153	-	706,153	353,341	-
Electrical Equipment	3,510	-	-	3,510	151	869	-	1,021	2,489	3,359
Air Conditioner	42,166	-	-	42,166	34,109	7,677	-	41,785	381	8,057
Mobile	65,000	-	-	65,000	7,324	25,991	-	33,315	31,685	57,676
Office Equipments	100,095	117,950	-	218,045	22,621	113,184	-	135,805	82,240	77,474
Television	39,990	-	-	39,990	13,510	24,916	-	38,426	1,565	26,480
Computer	2,591,338	1,512,837	-	4,104,175	2,247,142	554,940	-	2,802,082	1,302,093	344,196
Car	1,561,444	-	-	1,561,444	40,644	474,976	-	515,620	1,045,825	1,520,800
<b>Total (A)</b>	<b>49,180,392</b>	<b>2,690,281</b>	<b>-</b>	<b>51,870,673</b>	<b>20,247,729</b>	<b>3,191,625</b>	<b>-</b>	<b>23,439,354</b>	<b>28,431,321</b>	<b>28,932,663</b>
<b>Intangible Assets</b>										
Commercial Rights	500,000	-	-	500,000	257,196	99,791	-	356,987	143,013	242,804
Computer Software	7,019,721	99,422	4,634	7,114,509	4,214,024	1,408,915	-	5,622,939	1,491,570	2,805,697
PMS Licence	100,000	-	-	100,000	69,338	19,985	-	89,323	10,677	30,662
<b>Total (B)</b>	<b>7,619,721</b>	<b>99,422</b>	<b>4,634</b>	<b>7,714,509</b>	<b>4,540,558</b>	<b>1,528,691</b>	<b>-</b>	<b>6,069,249</b>	<b>1,645,260</b>	<b>3,079,163</b>
<b>TOTAL (A+B)</b>	<b>56,800,113</b>	<b>2,789,703</b>	<b>4,634</b>	<b>59,585,182</b>	<b>24,788,287</b>	<b>4,720,316</b>	<b>-</b>	<b>29,508,603</b>	<b>30,076,581</b>	<b>32,011,826</b>

# NOTES TO FINANCIAL STATEMENT

## Previous Year

(in ₹)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK		
	As at 01-Apr-15	Additions	Deductions	As at 31-Mar-16	As at 01-Apr-15	Additions	Deductions	As at 31-Mar-16	As at 31-Mar-16	As at 31-Mar-15	
<b>Tangible Assets</b>											
Office Premises	44,776,849	-	-	44,776,849	16,511,652	1,370,575	-	17,882,227	26,894,622	28,265,049	
Electrical Equipment	-	3,510	-	3,510	-	151	-	151	3,359	-	
Air Conditioner	-	42,166	-	42,166	-	34,109	-	34,109	8,057	-	
Mobile	-	65,000	-	65,000	-	7,324	-	7,324	57,676	-	
Office Equipments	-	100,095	-	100,095	-	22,621	-	22,621	77,474	-	
Television	-	39,990	-	39,990	-	13,510	-	13,510	26,480	-	
Computer	2,533,588	57,750	-	2,591,338	1,580,257	666,885	-	2,247,142	344,196	953,331	
Car	-	1,561,444	-	1,561,444	-	40,646	-	40,644	1,520,800	-	
<b>Total (A)</b>	<b>47,310,437</b>	<b>1,869,955</b>	<b>-</b>	<b>49,180,392</b>	<b>18,091,909</b>	<b>2,155,821</b>	<b>-</b>	<b>20,247,729</b>	<b>28,932,663</b>	<b>29,218,380</b>	
<b>Intangible Assets</b>											
Commercial Rights	500,000	-	-	500,000	156,986	100,210	-	257,196	242,804	343,014	
Computer Software	7,019,721	-	-	7,019,721	2,807,192	1,406,832	-	4,214,024	2,805,697	4,212,529	
PMS Licence	100,000	-	-	100,000	46,013	23,325	-	69,338	30,662	53,987	
<b>Total (B)</b>	<b>7,619,721</b>	<b>-</b>	<b>-</b>	<b>7,619,721</b>	<b>3,010,191</b>	<b>1,530,368</b>	<b>-</b>	<b>4,540,559</b>	<b>3,079,162</b>	<b>4,609,530</b>	
<b>TOTAL (A+B)</b>	<b>54,930,158</b>	<b>1,869,955</b>	<b>-</b>	<b>56,800,113</b>	<b>21,102,100</b>	<b>3,686,189</b>	<b>-</b>	<b>24,788,287</b>	<b>32,011,826</b>	<b>33,827,910</b>	

## NOTE 9 : LONG TERM LOANS AND ADVANCES

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
Prepaid	781,227	307,692
Rent deposit	9,986,730	5,300,040
Advance Tax of earlier years (Net of Provisions and TDS for earlier years)	3,803,124	1,482,854
<b>TOTAL</b>	<b>14,571,081</b>	<b>7,090,586</b>

## NOTE 10 : NON-CURRENT INVESTMENTS

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
Aspire Home Finance Corporation Limited	10	10
Motilal Oswal Most Focused Multicap 35 Fund 13,761,951.276 units of ₹ 23.4327 (Previous Year - Nil)	300,000,000	
	<b>300,000,010</b>	<b>10</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 11 : DEFERRED TAX ASSETS

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
Provision for Gratuity	4,442,143	2,498,384
Wdv of Fixed Assets	(289,242)	(980,037)
<b>TOTAL</b>	<b>4,152,901</b>	<b>1,518,347</b>

## NOTE 12 : CASH AND BANK BALANCES

		As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
<b>Cash and Cash Equivalents</b>			
Cash in Hand		1,115,352	–
<b>Bank Balances</b>			
IDBI Bank A/c No. 014102000000693		–	–
In Current Account		8,195,759	18,791,057
<b>Total</b>	<b>(A)</b>	<b>9,311,111</b>	<b>18,791,057</b>
<b>Other Bank Balances</b>			
Fixed Deposit with Banks (with maturity more than 3 months)		1,350,000	1,350,000
<b>Total</b>	<b>(B)</b>	<b>1,350,000</b>	<b>1,350,000</b>
<b>TOTAL</b>	<b>(A+B)</b>	<b>10,661,111</b>	<b>20,141,057</b>

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:

Particulars	SBNs	Other denomination notes	Total
Opening cash in hand as on 8-11-2016		–	–
(+) Permitted receipts		250,000	250,000
(-) Permitted payments		25,000	25,000
(-) Amount deposited in Banks		–	–
Closing cash in hand as on 30-12-2016		225,000	225,000

# NOTES TO FINANCIAL STATEMENT

## NOTE 13 : SHORT TERM LOAN AND ADVANCES

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
Loan to Related Party	–	137,449,390
<b>Unsecured, considered good</b>		
<b>Others</b>		
Loans and Advances to Employees	23,943,870	62,800
Prepaid	6,189,457	838,825
Others	12,276,385	1,367,647
Balance with Government Authorities	23,013	823,350
<b>TOTAL</b>	<b>42,432,725</b>	<b>140,542,012</b>

## NOTE 14 : TRADE RECEIVABLES

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
<b>Unsecured, considered good</b>		
Trade Receivables (Outstanding for less than 6 months)	159,674,812	6,641,941
Trade Receivables (More than 6 months)	1,215,589	91,249,939
<b>TOTAL</b>	<b>160,890,401</b>	<b>97,891,880</b>

## NOTE 15 : OTHER CURRENT ASSETS

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
<b>Secured, considered good:</b>		
Accrued interest but not due on Fixed Deposits	–	12,469
Accrued interest on Loan Given	419,665	–
Other Receivables	226,111	220,252
<b>TOTAL</b>	<b>645,776</b>	<b>232,721</b>

## NOTE 16 : REVENUE FROM OPERATION

	For the Year ended 31-Mar-2017 In (₹)	For the Year Ended 31-Mar-16 In (₹)
Management and Advisory Fees	72,502,769	89,050,714
Commission & Referral Fees	580,879,517	303,850,511
Setup Fee	23,510,000	–
Exhibition Fees	5,800,000	–
<b>TOTAL</b>	<b>682,692,286</b>	<b>392,901,225</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 17: OTHER INCOME

	For the Year ended 31-Mar-2017 In (₹)	For the Year Ended 31-Mar-16 In (₹)
Interest	23,985,411	38,805,712
Rent Received	10,953,900	10,953,900
Interest on IT refund	–	246,450
Profit on Sale of Investment	2,821,163	1,100,478
<b>TOTAL</b>	<b>37,760,474</b>	<b>51,106,541</b>

## NOTE 18 : EXPENSES

	For the Year ended 31-Mar-2017 In (₹)	For the Year Ended 31-Mar-16 In (₹)
<b>Employee Benefit</b>		
Salary and Bonus	349,297,910	216,106,671
Gratuity	8,626,984	4,108,793
Contribution to Provident Other Funds	5,195,477	2,799,095
Staff Welfare	4,384,872	1,388,486
Employee Stock Option Expense	2,260,118	–
<b>TOTAL</b>	<b>369,765,361</b>	<b>224,403,045</b>
<b>Finance Cost</b>		
Interest	12,490,568	26,407,191
<b>TOTAL</b>	<b>12,490,568</b>	<b>26,407,191</b>
<b>Other Expenses</b>		
Brokerage Sharing with Intermediaries	46,402,418	21,177,566
Rent Paid	15,010,185	10,613,329
Marketing & Brand Promotion Expenses	11,467,512	4,979,291
Travelling Expense and Conveyance	18,824,756	7,384,330
Printing & Stationery Expenses	5,508,689	5,164,659
Client Entertainment	4,922,686	1,127,218
Legal & Professional Fees	4,281,615	6,422,734
Data Processing Charges	4,162,349	3,495,402
Membership & Subscription Fees	2,517,340	1,779,368
Bad Debts	631,877	262,471
Communication Expenses	2,506,328	1,560,656
Power and Fuel	2,274,947	1,807,465
Software Charges	735,469	923,139
Training Expenses	435,650	266,791
Cenvat Reversal Towards Exempt Services	158,359	3,062,101
Auditors Remuneration	50,410	50,191
Rates and Taxes	13,721	18,265
Repairs And Maintenance	1,233,712	1,195,619
Donation	1,606,418	3,664,700
Miscellaneous Expenses	5,429,121	5,117,067
<b>TOTAL</b>	<b>128,173,561</b>	<b>80,072,362</b>

## NATURE OF BUSINESS, BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

### NOTE 19 : NATURE OF BUSINESS

Company is carrying the business of advisory services in investment and wealth management in accordance with the applicable laws and to carry on the business of advising on investments in stocks, shares, securities, debentures, bonds, warrants, depository receipts, commodities, currency, real estate, options, derivatives and all kinds of financial instruments including portfolio management services, mutual funds, unit linked policies, insurance policies, and providing financial and investment advisory services, management and facilitation services and others. Further the company has rented the premises owned by it & is offering the rent income from the said premises as income from house property under the income tax laws. In the books of accounts the company has claimed depreciation on the said premises in accordance with the Companies Act.

### NOTE 20 : BACKGROUND

Motilal Oswal Wealth Management Limited was incorporated on March 6, 2002. The principal shareholder of the Company as at March 31, 2017 is Motilal Oswal Securities Limited (MOSL). The company has license from SEBI Motilal Oswal Wealth Management Limited (Reg. No. INP000004409 date of Reg. Nov 29, 2012) for doing business of portfolio management services & Motilal Oswal Alternative Investment Trust (REG No.IN/AIF3/13-14/0044 Date of Reg. April 10, 2013) for creation of Alternative Investment Fund.

### NOTE 21 : SIGNIFICANT ACCOUNTING POLICIES

#### 21.1 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 and the provisions of the Companies Act, 2013.

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. Based on the nature of business the company has ascertained its operating cycle as twelve months for the purpose of current and non - current classification of assets and liabilities.

#### 21.2 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 of 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.

#### 21.3 Property, Plant and Equipments & Depreciation

Property, plant and equipments are stated at cost less accumulated depreciation thereon. The cost of property, plant and equipments comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. The Company provides pro-rata depreciation from the date on which asset is acquired/ put to use. In respect of assets sold, pro-rata depreciation is provided up to the date on which the asset is sold. 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 property, plant and equipments of the significant value are componentized with separate useful life. 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 leasehold premises are depreciated over the initial period of lease.

#### 21.4 Intangible Assets 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

#### 21.5 Revenue Recognition:

Rent income is recognized on accrual basis and is exclusive of service tax. All other income is recognized on accrual basis.

# NOTES TO FINANCIAL STATEMENT

## 21.6 Taxation:

Income-tax expense comprises of 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:

Current tax is determined as the amount payable in respect of taxable income for the year. While computing the taxable income, due credit is taken for allowances and exemption in accordance with Indian Income Tax Act, 1961. In case of matters under appeal due to disallowance or otherwise, full provision is made when the said liabilities are accepted by the Company.

### 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

Deferred tax is recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. 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 an unabsorbed depreciation or a 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 reasonably/virtually certain (as the case may be) to be realized.

## 21.7 Preliminary Expenses:

Preliminary expenses are charged to the profit and loss account in the year in which they are incurred.

## 21.8 Employee Benefits:

### Provident Fund:

Contribution payable to the recognised provident fund, which is a defined contribution scheme, is charged to the profit and loss account in the period in which it occurs.

### Gratuity:

Gratuity is post employment benefit and is in the nature of Defined Benefit Plan. The Liability recognised in the balance sheet in respect of gratuity is the present value of defined benefit obligation at the balance sheet date and less the fair value of plan assets, 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.

### Bonus / Ex-gratia Plans:

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.

## 21.9 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.

# NOTES TO FINANCIAL STATEMENT

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.

## NOTE 22 : REMUNERATION TO AUDITORS:

	31-Mar-2017 In (₹)	31-Mar-2016 In (₹)
<b>As Auditors:</b>		
Audit Fees	31,350	31,254
<b>In any other capacity, in respect of:</b>		
Other Certification	18,750	18,750
<b>TOTAL</b>	<b>50,100</b>	<b>50,004</b>

## NOTE 23 : BASIC & DILUTED EARNINGS PER SHARE:

	31-Mar-2017	31-Mar-2016
Net Profit attributable to equity shareholders [A] (₹)	132,276,389	71,469,210
Weighted Average Number of equity shares issued [B] (₹)*	800,000	800,000
<b>Basic EPS [A/B] (₹)</b>	<b>165.35</b>	<b>89.34</b>
<b>Diluted EPS [A/B] (₹)</b>	<b>145.17</b>	<b>89.34</b>

\*(Refer note 1.1 subdivision of shares)

## NOTE 24 :

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 in the Fixed Assets.

## NOTE 25 : SEGMENT INFORMATION

Since the Company is engaged in Multi segment i.e. Advising and managing real estate funds and Asset Management, hence there separate reportable segment as required under Accounting Standard – 17.

Particulars	31ST MARCH, 2017		31st March 2016	
	Broking	Fund based	Broking	Fund based
<b>REVENUE:</b>				
External Revenue	221,958,439		88,439,367	–
Inter-Segment Revenue	463,705,504	–	305,930,138	
Unallocated	34,788,818		49,638,261	
<b>TOTAL REVENUE</b>	<b>720,452,761</b>	<b>–</b>	<b>444,007,766</b>	<b>–</b>
<b>RESULT:</b>				
Segment Result	182,904,621	–	89,215,022	
Unallocated Expenses	12,540,978		29,782,105	–
Operating Profit	170,363,643		59,432,917	–
Interest on IT Refund	–		246,450	
Rent Income	10,953,900		10,953,900	
Interest Income	23,985,411		38,805,712	–

# NOTES TO FINANCIAL STATEMENT

Particulars	31ST MARCH, 2017		31st March 2016	
	Broking	Fund based	Broking	Fund based
	205,302,954		109,438,979	
Income Tax	73,026,565		37,969,770	–
<b>Profit from Ordinary Activities</b>	<b>132,276,389</b>		<b>71,469,210</b>	–
Extra-Ordinary Items	–		–	–
<b>Net Profit</b>	<b>132,276,389</b>		<b>71,469,210</b>	–
<b>OTHER INFORMATION:</b>				
Segment Assets	231,530,690	300,000,000	293,908,146	–
Segment Liabilities	164,993,439		82,966,997	–
Capital Expenditure			1,870,107	–
Depreciation	4,720,316		3,686,189	–
Non-cash expenses other than depreciation			–	–

## NOTE 26 : GRATUITY

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

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

	31-Mar-2017	31-Mar-2016
<b>I Assumptions as at</b>		
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest / Discount Rate	6.69%	7.49%
Rate of increase in compensation	8.00%	5.00%
Rate of return (expected) on plan assets		
Employee Attrition Rate(Past Service (PS))	PS: 0 to 37 : 17.01%	PS: 0 to 37 : 13.56%
Expected average remaining service	4.55	5.84
<b>II Changes in present value of obligations</b>		
PVO at beginning of period	7,219,093	3,110,300
Interest cost	524,106	241,670
Current Service Cost	2,589,763	1,285,827
Past Service Cost- (non vested benefits)	–	–
Past Service Cost -(vested benefits)	–	–
Benefits Paid	(443,362)	–
Actuarial (Gain)/Loss on obligation	3,553,893	2,581,296
PVO at end of period	13,443,493	7,219,093
<b>III Changes in fair value of plan assets</b>		
Fair Value of Plan Assets at beginning of period	–	–
Expected Return on Plan Assets	–	–
Contributions	443,362	–
Benefit Paid	(443,362)	–
Actuarial Gain/(Loss) on plan assets	–	–
Fair Value of Plan Assets at end of period	–	–
<b>IV Fair Value of Plan Assets</b>		
Fair Value of Plan Assets at beginning of period	–	–
Actual Return on Plan Assets	–	–
Contributions	443,362	–

# NOTES TO FINANCIAL STATEMENT

	31-Mar-2017	31-Mar-2016
Benefit Paid	(443,362)	–
Fair Value of Plan Assets at end of period	–	–
Funded Status (including unrecognised past service cost)	(13,443,493)	(7,219,093)
Excess of actual over estimated return on Plan Assets	–	–
<b>V Experience History</b>		
(Gain)/Loss on obligation due to change in Assumption	1,902,727	1,201,417
Experience (Gain)/ Loss on obligation	1,651,166	1,379,879
Actuarial Gain/(Loss) on plan assets	–	–
<b>VI Actuarial Gain/(Loss) Recognized</b>		
Actuarial Gain/(Loss) for the period (Obligation)	(3,553,893)	(2,581,296)
Actuarial Gain/(Loss) for the period (Plan Assets)	–	–
Total Gain/(Loss) for the period	(3,553,893)	(2,581,296)
Actuarial Gain/(Loss) recognized for the period	(3,553,893)	(2,581,296)
Unrecognized Actuarial Gain/(Loss) at end of period	–	–
<b>VII Past Service Cost Recognised</b>		
Past Service Cost- (non vested benefits)	–	–
Past Service Cost -(vested benefits)	–	–
Average remaining future service till vesting of the benefit	–	–
Recognised Past service Cost- non vested benefits	–	–
Recognised Past service Cost- vested benefits	–	–
Unrecognised Past Service Cost- non vested benefits	–	–
<b>VIII Amounts to be recognized in the balance sheet and statement of profit &amp; loss account</b>		
PVO at end of period	13,443,493	7,219,093
Fair Value of Plan Assets at end of period	–	–
Funded Status	(13,443,493)	(7,219,093)
Unrecognized Actuarial Gain/(Loss)	–	–
Unrecognised Past Service Cost- non vested benefits	–	–
Net Asset/(Liability) recognized in the balance sheet	(13,443,493)	(7,219,093)
<b>IX Expense recognized in the statement of P&amp;L A/C</b>		
Current Service Cost	2,589,763	1,285,827
Interest cost	524,106	241,670
Past Service Cost- (non vested benefits)	–	–
Past Service Cost “(vested benefits)	–	–
Unrecognised Past Service Cost- non vested benefits	–	–
Expected Return on Plan Assets	–	–
Net Actuarial (Gain)/Loss recognized for the period	3,553,893	2,581,296
Expense recognized in the statement of P&L A/C	6,667,762	4,108,793
<b>X Movements in the Liability recognized in Balance Sheet</b>		
Opening Net Liability	7,219,093	3,110,300
Expenses as above	6,667,762	4,108,793
Contribution paid	(443,362)	–
Closing Net Liability	13,443,493	7,219,093
<b>XI Revised Schedule VI</b>		
Current Liability	2,607,728	1,182,639
Non-Current Liability	10,835,765	6,036,454

# NOTES TO FINANCIAL STATEMENT

## NOTE 27 : RELATED PARTY DISCLOSURE AS PER AS 18

### Related Party Disclosure:

#### I. Names of Related Parties:-

##### Holding Company:

- Motilal Oswal Securities Limited

##### Holding Company of Motilal Oswal Securities Limited:

- Motilal Oswal Financial Services Limited

##### Ultimate Holding Company:

- Passionate Investment Management Private Limited

##### Fellow subsidiaries:

1. Motilal Oswal Capital Markets Private Limited
2. Motilal Oswal Commodities Broker Private Limited
3. Motilal Oswal Investment Advisors Limited (Formerly known as Motilal Oswal Investment Advisors Private Limited)
4. MOPE Investment Advisors Private Limited
5. Motilal Oswal Insurance Brokers Private Limited
6. Motilal Oswal Asset Management Co. Ltd.
7. Motilal Oswal Trustee Co. Ltd.
8. Motilal Oswal Securities International Pvt. Ltd.
9. Motilal Oswal Capital Markets (Hongkong) Pvt. Ltd.
10. Motilal Oswal Capital Markets (Singapore) Pte. Ltd.
11. Aspire Home Finance Corporation Limited
12. Motilal Oswal Real Estate Investment Advisors Private Limited
13. Motilal Oswal Real Estate Investment Advisors II Private Limited
14. India Business Excellence Management Company
15. Motilal Oswal Asset Management (Mauritius) Co. Ltd.
16. Nagori Agro & Cattle Feeds Private Limited
17. Motilal Oswal Capital Ltd

#### II. Transactions with related parties: 31-03-2017

Particulars	Name of the related Party	Holding Company ( A )		Fellow Subsidiaries ( B )		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Rent Expense / (Income)	Motilal Oswal Securities Limited	15,010,185	10,600,080	–	–	15,010,185	10,600,080
	Motilal Oswal Securities Limited	(10,953,900)	(10,953,900)	–	–	(10,953,900)	(10,953,900)
Interest Expense / (Income)	Motilal Oswal Financial Services Limited	12,120,188	26,061,718	–	–	12,120,188	26,061,718
	Motilal Oswal Securities Limited	(23,834,918)	(38,684,361)	–	–	(23,834,918)	(38,684,361)
	Motilal Oswal Securities Limited	–	17,623	–	–	–	17,623
Advisory & Placement fees (Income) / Expense	MOPE Investment Advisors Pvt. Ltd.	–	–	(1,562,486)	(3,858,099)	(1,562,486)	(3,858,099)
	Motilal Oswal Asset Management Company Limited	–	–	2,145,160	2,631,935	2,145,160	2,631,935
	Motilal Oswal Real Estate Investment Advisors II Private Limited	–	–	(30,914,255)	(66,204,560)	(30,914,255)	(66,204,560)
	Aspire Home Finance Limited	–	–	(11,904,000)	–	(11,904,000)	–
Referral Fees (Income) Expense	Motilal Oswal Capital Markets Private Limited	–	–	(2,613,369)	–	(2,613,369)	–
	Motilal Oswal Investment Advisors Limited	–	–	(2,366,456)	–	(2,366,456)	–
	Motilal Oswal Capital Markets Private Limited	–	–	667,278	–	667,278	–
	Motilal Oswal Securities Limited	98,332	–	–	–	98,332	–
	Motilal Oswal Asset Management Company Limited	–	–	(197,157)	–	(197,157)	–

# NOTES TO FINANCIAL STATEMENT

Particulars	Name of the related Party	Holding Company ( A )		Fellow Subsidiaries ( B )		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Setup Fees	Motilal Oswal Asset Management Company Limited	-	-	(10,635,000)	-	(10,635,000)	-
Brokerage Mutual Fund (Income)	Motilal Oswal Asset Management Company Limited	-	-	(29,461,741)	(19,068,163)	(29,461,741)	(19,068,163)
PMS Sharing (Income)	Motilal Oswal Asset Management Company Limited	-	-	(307,922,462)	(166,777,465)	(307,922,462)	(166,777,465)
Management Fees Expense	Motilal Oswal Asset Management Company Limited	-	-	-	-	-	-
Marketing Commission (Income) / Expense	Motilal Oswal Securities Limited	618,565	-	-	-	618,565	-
	Motilal Oswal Asset Management Company Limited	-	-	(4,396,664)	-	(4,396,664)	-
Brokerage Commission (Income) / Expense	Motilal Oswal Securities Limited	(61,731,914)	(48,475,989)	-	-	(61,731,914)	(48,475,989)
	Motilal Oswal Asset Management Company Limited	-	-	-	(1,545,863)	-	(1,545,863)
	MOPE Investment Advisors Pvt. Ltd.	-	-	1,399,196	58,721	1,399,196	58,721
Loan (Taken) / (Repayment) received for loan given	Motilal Oswal Financial Services Limited	(490,840,460)	(417,583,351)	-	-	(832,247,242)	(417,583,351)
	Motilal Oswal Securities Limited	(1,388,372,864)	-	-	-	(1,388,372,864)	-
Loan Given / Repayment of loan taken	Motilal Oswal Financial Services Limited	446,885,770	-	-	-	788,292,552	-
	Motilal Oswal Securities Limited	1,260,923,474	498,343,084	-	-	1,260,923,474	498,343,084
Maximum Balance	Motilal Oswal Financial Services Limited	(315,709,920)	-	-	-	(315,709,920)	-
	Motilal Oswal Securities Limited	498,173,687	-	-	-	498,173,687	-
Reimbursement of Expense	Motilal Oswal Financial Services Limited	457,499	-	-	-	457,499	-
	Motilal Oswal Securities Limited	3,567,640	-	-	-	3,567,640	-
<b>Outstanding Balances:</b>							
	Motilal Oswal Asset Management Company Limited	-	-	85,430,750	18,324,390	85,430,750	18,324,390
	MOPE Investment Advisors Pvt. Ltd.	-	-	(153,639)	4,031,713	(153,639)	4,031,713
	Motilal Oswal Securities Limited	7,992,550	5,771,303	-	-	7,992,550	5,771,303
	Motilal Oswal Real Estate Investment Advisors II Private Limited	3,502,967	44,571,982	-	-	3,502,967	44,571,982
	Aspire Home Finance Limited	12,474,000	-	-	-	12,474,000	-
	Motilal Oswal Asset Management Company Limited	-	-	-	(497,361)	-	(497,361)
Payable for Expenses	Motilal Oswal Securities Limited	(906,474)	(323,481)	-	-	(906,474)	(323,481)
	Motilal Oswal Financial Services Limited	(245,851)	(440,028)	-	-	(245,851)	(440,028)
Deposit rent refundable	Motilal Oswal Securities Limited	1,889,850	(176,910)	-	-	1,889,850	(176,910)
Loan Given / (Taken)	Motilal Oswal Financial Services Limited	(47,500,000)	(3,545,310)	-	-	(47,500,000)	(3,545,310)
	Motilal Oswal Securities Limited	-	127,449,390	-	-	-	127,449,390

Note: Income/receipts figures are shown in brackets.

## NOTE 28 : DISCLOSURE RELATING TO EMPLOYEE STOCK OPTION PURCHASE PLAN

### Details of Stock options

The company has One Stock option Schemes

#### Motilal Oswal Wealth Management Company Limited – Employees’ Stock Option Scheme – I (ESOS - I)

The ESOS - I was approved by the Board of Directors at its meeting on April 22 , 2016 and by the members at the meeting held on April 29, 2016) consisting of 8,000 Stock Option of Rupees 10 each and further the Board approved the grant of 7, 200 Stock Options of Rupees 10 each to the employees of the Company Pursuant to approval of the members at its meeting dated February 20, 2017 for sub-division of face value of equity shares from Rupees 10 to Rupee 1 each, the total number of options allotted and granted also stands sub-divided i.e. total kitty of 80,000 stock option of Rupee 1 each and total grant of 72,000 stock option of Rupee 1 each.

# NOTES TO FINANCIAL STATEMENT

The activity in the (ESOS-I) during the year ended March 2017 and March 2016 is set below:

	For the Year ended 31-Mar-2017		For the Year ended 31-Mar-2016	
	In Numbers	Weighted Average Exercise Price	In Numbers	Weighted Average Exercise Price
The MOWML (ESOS-I) : (Face value of ₹ 1/- each)				
Option outstanding, beginning of the year	–	NA	–	NA
Add: Granted	72,000	2,500.00	–	NA
Less: Exercised	–	NA	–	NA
Less: Forfeited	–	NA	–	NA
Less: Lapsed	–	NA	–	NA
<b>Option outstanding, end of the year</b>	<b>72,000</b>	<b>2,500.00</b>	<b>–</b>	<b>NA</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 72,000 Employee Stock Options (Previous Year Nil) have been granted to the employees of the company.

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, 2017 over the balance vesting period is ₹ 1,01,70,537/- (Previous year- ₹ Nil).

Particulars	Scheme I
Date of grant	22-Apr-16
Date of Board Approval	22-Apr-16
Date of Shareholder's approval	29-Apr-16
Number of options granted	72000
Method of Settlement	Equity Shares
Vesting Period	Not later than 7 years from the date of grant
<b>Weighted Average Remaining Contractual Life</b>	
CY -Granted but not Vested	4.75 Years
CY -Vested but not exercised	–
<b>Weighted Average Remaining Contractual Life</b>	
LY -Granted but not Vested	–
LY -Vested but not exercised	–
Exercise Period	Within a period of 21 days from the date of vesting
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. MOWML does not have any remuneration / compensation committee. Also no such performance based vesting is mentioned in the ESOP-1 Scheme
Weighted Average Fair Value of options as on grant date	4,226.48

## 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, 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.

# NOTES TO FINANCIAL STATEMENT

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	2016-2017	2015-2016
Expense arising from employee share based payment plans	2,260,118	NIL
Expense arising from share and stock option Plan	NIL	NIL
<b>Total carrying amount at the end of the period</b>	<b>2,260,118</b>	<b>NIL</b>

## NOTE 29 : DUES TO MICRO AND SMALL ENTERPRISES

There is no amount outstanding for more than thirty days to any small scale industrial undertaking as at the Balance Sheet date. There are no Micro, Small and Medium Enterprises to whom the Company owes the dues, which are outstanding for more than forty five days as at the Balance Sheet date. The Micro, Small and Medium Enterprises have been identified on the basis of information provided by the vendors to the Company

## NOTE 30 : CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances) is ₹ 2,45,297 (Previous Year : ₹ 16,236)

## NOTE 31 : 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 is ₹ 10,08,084 (Previous year : ₹ 7,70,000)  
 b) Amount spent during the period ended 31st March, 2017 on :

Particulars	Amount paid	Yet to be paid	Total
a) Construction/acquisition of any asset			
– Shree Ram Welfare Society (School Renovation)	500,000	–	500,000
b) on Purposes other than (a) above			
– Dr. Batras Positive Health Foundation (Set Up For Health & Family Welfare, Hiv/Aids)	31,418	–	31,418
– Pratibha Shikshan Prasarak Mandal (for the purpose of Tribal Underprivileged Children)	101,700	–	101,700
– Kalinga Institute of Social Sciences (Education)	800,000	–	800,000
– Jain International Trade Organisation (Membership for Amit Dasani)	100,000	–	100,000
<b>TOTAL</b>	<b>1,533,118</b>	<b>–</b>	<b>1,533,118</b>

## NOTE 32 :

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

As per our attached report of even date

### For P B K & Co.

Chartered Accountants

Firm Registration No. 122384W

### Premal H. Gandhi

Partner

M.No. : 111592

Place : Mumbai

Date : 24th April, 2017

For and on behalf of the Board of

**Motilal Oswal Wealth Management Limited**

### Ajay Menon

Director

DIN No: 00024589

Place : Mumbai

Date : 24th April, 2017

### Harsh Joshi

Director

DIN No: 02951058

**Motilal Oswal Capital Markets Private Limited**

**Annual Report 2016-2017**

# INDEPENDENT AUDITORS' REPORT

To the Members of **MOTILAL OSWAL CAPITAL MARKETS PRIVATE LIMITED**

## **Report on the Financial Statements**

We have audited the accompanying financial statements of Motilal Oswal Capital Markets Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, 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 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 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 March 31, 2017, 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;
  - 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;

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

- d. In our opinion, the aforesaid 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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"; and
- 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 does not have any pending litigations which would impact its financial positions;
  - (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; and
  - (iv) The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 (Refer Note No. 11 to the financial statements).

For **HARIBHAKTI & CO. LLP**

*Chartered Accountants*

ICAI Firm Registration No. 103523W/ W100048

**Purushottam Nyati**

*Partner*

Membership No. 118970

Place : Mumbai

Date : April 26, 2017

## 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 Capital Markets Private Limited on the financial statements for the year ended March 31, 2017.]**

- (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, material discrepancies identified on such verification have been properly dealt with in the books of account.
- (c) The Company does not have any immovable property recorded as fixed assets in the books, hence clause (i)(c) of paragraph 3 of the Order is not applicable to the Company.
- (ii) The Company does not have any inventory during the year, hence clause (ii) of paragraph 3 of the Order is not applicable to the Company.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) Based on information and explanation given to us the Company has not given any loans, investments, guarantees and securities. Hence, Section 185 is not applicable to the Company. Further the Company has complied with the provisions of Section 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, sales tax, service tax, value added tax, customs duty, excise duty, cess and any 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, value added tax, custom duty and excise duty are presently not applicable to the Company. And.  
According to the information and explanations given to us, no undisputed amounts 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, there are no dues with respect to income tax, sales tax, service tax, value added tax, customs duty, excise duty, which have not been deposited on account of any dispute.
- (viii) During the year, the Company has neither obtained any loan or borrowings from financial institution/bank/government nor issued any debenture. Accordingly, the provision stated in paragraph 3 (viii) of the Order is not applicable.
- (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.
- (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) As informed, the Company has not provided/paid for any managerial remuneration. Accordingly, paragraph 3 (xi) of the order is not applicable to the Company.
- (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.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

- (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. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **HARIBHAKTI & CO. LLP**

*Chartered Accountants*

ICAI Firm Registration No. 103523W/ W100048

**Purushottam Nyati**

*Partner*

Membership No. 118970

Place : Mumbai

Date : April 26, 2017

---

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Motilal Oswal Capital Markets Private Limited on the financial statements for the year ended March 31, 2017

### **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 Capital Markets Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the 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 (the "Guidance Note") 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 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.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

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.

## **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, 2017, 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/ W100048

**Purushottam Nyati**

*Partner*

Membership No. 118970

Place : Mumbai

Date : April 26, 2017

# BALANCE SHEET

## BALANCE SHEET AS AT 31ST MARCH, 2017

	Note No.	As at 31-Mar-2017 (In ₹)	As at 31-Mar-2016 (In ₹)
<b>I EQUITY AND LIABILITIES</b>			
<b>(A) Share Holders' Funds :</b>			
Share Capital	1	3,500,000	12,500,000
Reserves and Surplus	2	29,991,712	15,511,649
<b>TOTAL</b>	<b>(A)</b>	<b>33,491,712</b>	<b>28,011,649</b>
<b>(B) Non-Current Liabilities</b>			
Long-Term Provisions	3	133,095	113,985
<b>TOTAL</b>	<b>(B)</b>	<b>133,095</b>	<b>113,985</b>
<b>(C) Current Liabilities</b>			
Other Current Liabilities	4	2,437,745	4,601,321
Short-Term Provision	5	1,157,755	802,232
<b>TOTAL</b>	<b>(C)</b>	<b>3,595,500</b>	<b>5,403,553</b>
<b>TOTAL</b>	<b>(A)+(B)+(C)</b>	<b>37,220,307</b>	<b>33,529,187</b>
<b>II ASSETS</b>			
<b>(D) Non-Current Assets</b>			
Property, Plant and Equipment	6	50,614	–
Intangible Assets	6	64,448	–
Non-Current Investments	7	25,000,000	–
Deferred Tax Assets (Net)	8	27,585	–
Long-Term Loans and Advances	9	1,116,785	845,609
<b>TOTAL</b>	<b>(D)</b>	<b>26,259,432</b>	<b>845,609</b>
<b>(E) Current Assets</b>			
Trade Receivables	10	1,345,200	12,254,254
Cash and bank balances	11	7,973,973	18,224,944
Short-Term loans and advances	12	1,641,702	2,204,380
<b>TOTAL</b>	<b>(E)</b>	<b>10,960,875</b>	<b>32,683,578</b>
<b>TOTAL</b>	<b>(D+E)</b>	<b>37,220,307</b>	<b>33,529,187</b>

Significant Accounting Policies

19

Notes forming part of Accounts

20-29

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 Registration No. 103523W / W100048

**Purushottam Nyati**

Partner

Membership No.118970

Place : Mumbai

Dated : 26th April 2017.

For and on behalf of the Board of Directors

**Motilal Oswal Capital Markets Private Limited**

**Ajay Menon**

Director

DIN No: 00024589

Place : Mumbai

Dated : 26th April 2017.

**Anupam Agal**

Director

DIN No: 07608920

# STATEMENT OF PROFIT AND LOSS

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	Note No.	For the year ended 31-Mar-2017 (In ₹)	For the year ended 31-Mar-2016 (In ₹)
<b>REVENUE</b>			
Revenue from Operations	13	40,237,133	34,822,203
Other Income	14	1,611,860	1,177,819
<b>TOTAL</b>	<b>(A)</b>	<b>41,848,993</b>	<b>36,000,022</b>
<b>EXPENSES</b>			
Employee Benefits Expense	15	5,531,612	7,559,109
Finance Cost	16	–	22,341
Depreciation and amortization	6	21,632	–
Other Expenses	17	15,536,378	12,786,681
<b>TOTAL</b>	<b>(B)</b>	<b>21,089,622</b>	<b>20,368,131</b>
<b>Profit Before Tax</b>	<b>(C = A-B)</b>	<b>20,759,371</b>	<b>15,631,891</b>
<b>Less: Tax Expense</b>			
i) For Current Year			
Current Tax		6,623,251	4,879,299
Deferred Tax		(27,585)	–
ii) For Previous Year Income Tax		(316,358)	–
<b>Total Tax Expense</b>	<b>(D)</b>	<b>6,279,308</b>	<b>4,879,299</b>
<b>Profit for the year</b>	<b>(E = C-D)</b>	<b>14,480,063</b>	<b>10,752,592</b>
Earnings Per Share (Face Value Per Share ₹ 10/-)	20		
Basic		41.37	30.72
Diluted		41.37	30.72
Significant Accounting Policies	19		
Notes forming part of Accounts	20-29		
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 Registration No. 103523W / W100048

**Purushottam Nyati**  
Partner  
Membership No.118970  
Place : Mumbai  
Dated : 26th April 2017.

For and on behalf of the Board of Directors  
**Motilal Oswal Capital Markets Private Limited**

**Ajay Menon**  
Director  
DIN No: 00024589  
Place : Mumbai  
Dated : 26th April 2017.

**Anupam Agal**  
Director  
DIN No: 07608920

# CASH FLOW STATEMENT

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

	For the Year ended 31-Mar-2017 (In ₹)	For the Year ended 31-Mar-2016 (In ₹)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>20,759,371</b>	<b>15,631,891</b>
Add / (Less) :		
1) Interest Paid	—	22,341
2) Profit on sale on investment	(1,607,440)	(1,177,699)
3) Bad debts	164,798	
4) Depreciations and amortization	21,632	—
5) Gratuity and other long term employee benefits	19,012	114,462
<b>OPERATING PROFIT</b>	<b>19,357,373</b>	<b>14,590,995</b>
Adjustment For:		
1) Increase / (Decrease) In Trade payable & Other Current Liabilities	(2,163,576)	4,207,997
2) Increase / (Decrease) In Short term provision	(445,032)	908,113
3) Increase / (Decrease) in Long term Provision	98	(477)
4) (Increase) / Decrease In Long term Loans and advances	6,180	(48,663)
5) Increase / (Decrease) In Short Term Loans & Advances	562,678	(2,198,200)
6) (Increase) / Decrease In Trade Receivables	10,744,256	(12,254,254)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>28,061,977</b>	<b>5,205,511</b>
Taxes Paid	(5,783,696)	(5,179,449)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>22,278,281</b>	<b>26,062</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Purchase) of Fixed Assets	(136,694)	
(Purchase) of Investments	(66,000,000)	
Proceeds from sale of investment	42,607,440	1,177,699
<b>NET CASH (USED) FLOW FROM INVESTING ACTIVITIES</b>	<b>(23,529,254)</b>	<b>1,177,699</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Redemption) of Preference Shares	(9,000,000)	—
Interest Payments	—	(22,341)
<b>NET CASH (USED) FROM FINANCING ACTIVITIES</b>	<b>(9,000,000)</b>	<b>(22,341)</b>
<b>NET CASH GENERATED (USED) FLOW FOR THE YEAR</b>	<b>(10,250,973)</b>	<b>1,181,420</b>
<b>Cash &amp; Cash Equivalents at beginning of the year</b>		
Cash on Hand	40,415	—
Scheduled Bank - In Current Account	18,184,531	17,043,526
<b>Total Cash &amp; Cash Equivalents As At beginning of year</b>	<b>18,224,946</b>	<b>17,043,526</b>
<b>Cash &amp; Cash Equivalents as at end of year :</b>		
Cash on Hand	41,095	40,415
Scheduled Bank - In Current Account	7,932,878	18,184,531
<b>Cash &amp; Cash Equivalents as at 31.03.2017</b>	<b>7,973,973</b>	<b>18,224,946</b>

Note: The above cash flow statement as been prepared under the Indirect method as set out in Accounting Standard - 3 on cash flow statements issued by the Institute of Chartered Accountants of India.

As per our attached report of even date

**For Haribhakti & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration No. 103523W / W100048

**Purushottam Nyati**

*Partner*

Membership No.118970

Place : Mumbai

Dated : 26th April 2017

For and on behalf of the Board of Directors

**Motilal Oswal Capital Markets Private Limited**

**Ajay Menon**

*Director*

DIN No: 00024589

Place : Mumbai

Dated : 26th April 2017

**Anupam Agal**

*Director*

DIN No: 07608920

# NOTES TO FINANCIAL STATEMENT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

### NOTE 1 : SHARE CAPITAL

	As at 31-Mar-2017		As at 31-Mar-2016	
	Numbers	(In ₹)	Numbers	(In ₹)
<b>Authorised Share Capital :</b>				
Equity Shares of ₹ 10/- Each	400,000	4,000,000	400,000	4,000,000
7% Non-Cumulative Redeemable Preference Shares of ₹ 10/- Each	1,100,000	11,000,000	1,100,000	11,000,000
<b>TOTAL</b>	<b>1,500,000</b>	<b>15,000,000</b>	<b>1,500,000</b>	<b>15,000,000</b>
<b>Issued, Subscribed and Paid Up :</b>				
Equity Shares of ₹ 10/- Each Fully Paid Up (All the above shares are held by holding company Motilal Oswal Securities Limited)	350,000	3,500,000	350,000	3,500,000
7% Non-Cumulative Redeemable Preference Shares of the face value of ₹ 10 each (All the above shares are held by holding company Motilal Oswal Securities Limited)	–	–	900,000	9,000,000
<b>TOTAL</b>	<b>350,000</b>	<b>3,500,000</b>	<b>1,250,000</b>	<b>12,500,000</b>

### Terms and Conditions attached

#### 1.1 Rights, preferences and restrictions attached to Equity shares

The Company has one class of equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of share holders in the ensuing annual general meeting.

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. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### 1.2 Reconciliation of number of Equity shares outstanding

	As at 31-Mar-2017		As at 31-Mar-2016	
	Numbers	(In ₹)	Numbers	(In ₹)
Number of share at beginning of the year	350,000	3,500,000	350,000	3,500,000
Number of Share at the end of the year	350,000	3,500,000	350,000	3,500,000

#### 1.3 Reconciliation of number of Preference shares outstanding

	As at 31-Mar-2017		As at 31-Mar-2016	
	Numbers	(In ₹)	Numbers	(In ₹)
Number of share at beginning of the year	900,000	9,000,000	900,000	9,000,000
Less: Redeemed during the year	(900,000)	(9,000,000)	–	–
Number of Share at the end of the year	–	–	900,000	9,000,000

# NOTES TO FINANCIAL STATEMENT

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

	As at 31-Mar-2017		As at 31-Mar-2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Motilal Oswal Securities Limited (Holding Company)	350,000	100.00%	350,000	100.00%
<b>TOTAL</b>	<b>350,000</b>	<b>100.00%</b>	<b>350,000</b>	<b>100.00%</b>

## 1.5 Share holder having more than 5% preference holding in the Company

	As at 31-Mar-2017		As at 31-Mar-2016	
	No of Shares	% of Holding	No of Shares	% of Holding
Motilal Oswal Securities Limited (Holding Company)	–	–	9,00,000	100.00%
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>9,00,000</b>	<b>100.00%</b>

## NOTE 2: RESERVES & SURPLUS

		As at 31-Mar-2017 (In ₹)	As at 31-Mar-2016 (In ₹)
<b>Capital Redemption Reserve</b>			
Opening balance		–	–
Add: Additions during the year		9,000,000	–
<b>Closing Balance</b>	<b>(A)</b>	<b>9,000,000</b>	<b>–</b>
<b>Surplus</b>			
Opening balance		15,511,649	4,759,057
Add: Additions during the year		14,480,063	10,752,592
Less: Transfer to Capital Redemption Reserve		(9,000,000)	–
<b>Closing Balance</b>	<b>(B)</b>	<b>20,991,712</b>	<b>15,511,649</b>
<b>TOTAL</b>	<b>(A + B)</b>	<b>29,991,712</b>	<b>15,511,649</b>

## NOTE 3 : LONG-TERM PROVISIONS

	As at 31-Mar-2017 (In ₹)	As at 31-Mar-2016 (In ₹)
Provision for Employee Benefits (refer note no. 27)	133,095	113,985
<b>TOTAL</b>	<b>133,095</b>	<b>113,985</b>

## NOTE 4 : OTHER CURRENT LIABILITIES

	As at 31-Mar-2017 (In ₹)	As at 31-Mar-2016 (In ₹)
Income received in advance	938,599	873,362
<b>For Other liabilities</b>		
– Accrued salaries & benefits	111,295	50,810
– Withholdings and other Tax payables	72,965	483,468
– Other Payables	1,314,886	3,193,681
<b>TOTAL</b>	<b>2,437,745</b>	<b>4,601,321</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 5 : SHORT-TERM PROVISIONS

	As at 31-Mar-2017 (In ₹)	As at 31-Mar-2016 (In ₹)
<b>Provision for Employee Benefits</b>		
Provision for Ex Gratia	267,821	801,755
Gratuity obligation (Unfunded) (refer note 27)	379	477
<b>Others</b>		
Provision for Tax (Net of Advance Tax ₹ 57,33,696)	889,555	–
<b>TOTAL</b>	<b>1,157,755</b>	<b>802,232</b>

## NOTE 6 : FIXED ASSETS

(In ₹)

Particulars	Location	Original Cost					Depreciation and Amortization				Net Block Value	
		Opening	Additions	Deductions	Impairment Loss	Closing	Opening	Additions	Deductions	Closing	Opening	Closing
<b>Tangible Assets</b>												
Computer	Motilal Oswal Tower	–	53,350	–	–	53,350	–	5,989	–	5,989	–	47,361
Mobile	Motilal Oswal Tower	–	4,200	–	–	4,200	–	947	–	947	–	3,253
<b>TOTAL (A)</b>		–	<b>57,550</b>	–	–	<b>57,550</b>	–	<b>6,936</b>	–	<b>6,936</b>	–	<b>50,614</b>
<b>Intangible Assets</b>												
Purchased Computer Software	Motilal Oswal Tower	–	79,144	–	–	79,144	–	14,696	–	14,696	–	64,448
<b>TOTAL (B)</b>		–	<b>79,144</b>	–	–	<b>79,144</b>	–	<b>14,696</b>	–	<b>14,696</b>	–	<b>64,448</b>
<b>TOTAL {(A + B)}</b>		–	<b>136,694</b>	–	–	<b>136,694</b>	–	<b>21,632</b>	–	<b>21,632</b>	–	<b>115,062</b>

There was no Fixed Asset during previous year, hence numbers for previous year have not been presented

## NOTE 7 : NON-CURRENT INVESTMENTS (At Cost)

	As at 31-Mar-2017		As at 31-Mar-2016	
	Units	(In ₹)	Units	(In ₹)
<b>OTHER INVESTMENTS</b>				
<b>Investment in Mutual Funds</b>				
MOST Focused 35 (Unquoted, Fully paid with Face Value ₹ 10)	219,586	5,000,000	–	–
MOST Focused 30 (Unquoted, Fully paid with Face Value ₹ 10)	406,326	10,000,000	–	–
MOST Focused 25 (Unquoted, Fully paid with Face Value ₹ 10)	508,108	10,000,000	–	–
<b>TOTAL</b>	<b>1,134,020</b>	<b>25,000,000</b>	–	–

	CY (In ₹)	PY (In ₹)
Aggregate Amount of Quoted Investments	25,000,000	–
Market value of Quoted Investments	25,566,576	–
Aggregate Amount of Unquoted Investments	–	–
Aggregate Provision for Diminution in the value of Investments	–	–

# NOTES TO FINANCIAL STATEMENT

## NOTE 8 : DEFERRED TAX ASSET (NET)

	As at 31-Mar-2017 (In ₹)	As at 31-Mar-2016 (In ₹)
Expenses allowable u/s 43B on payment basis	36,775	–
Difference between Tax Depreciation and Book Depreciation	(9,190)	–
<b>TOTAL</b>	<b>27,585</b>	<b>–</b>

## NOTE 9 : LONG-TERM LOANS AND ADVANCES

	As at 31-Mar-2017 (In ₹)	As at 31-Mar-2016 (In ₹)
<b>Unsecured, considered good</b>		
Capital Advance	–	48,663
Prepaid Expenses	7,920	–
Deposit	852,750	716,850
Advance Tax (Net of Provisions of ₹ 47,93,196 and PY ₹ 48,79,299)	256,115	80,096
<b>TOTAL</b>	<b>1,116,785</b>	<b>845,609</b>

## NOTE 10 : TRADE RECEIVABLE

	As at 31-Mar-2017 (In ₹)	As at 31-Mar-2016 (In ₹)
<b>Unsecured, considered good:</b>		
Outstanding for a period more than six months from the date they are due for payment	562,116	–
Others	783,084	12,254,254
<b>TOTAL</b>	<b>1,345,200</b>	<b>12,254,254</b>

## NOTE 11 : CASH AND BANK BALANCES

	As at 31-Mar-2017 (In ₹)	As at 31-Mar-2016 (In ₹)
<b>Cash and cash equivalents</b>		
Cash in Hand	41,095	40,413
Bank balances in Current Account	7,932,878	18,184,531
<b>TOTAL</b>	<b>7,973,973</b>	<b>18,224,944</b>

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:—

Particulars	SBNs	Other denomination Notes	Total
Opening cash in hand as on 8-11-2016	32,800	5,035	37,835
(+) Permitted receipts	–	50,000	50,000
(-) Paid for permitted transactions	–	12,000	12,000
(-) Amount deposited in Banks	32,800	–	32,800
Closing cash in hand as on 30-12-2016	–	43,035	43,035

# NOTES TO FINANCIAL STATEMENT

## NOTE 12 : SHORT-TERM LOANS AND ADVANCES

	As at 31-Mar-2017 (In ₹)	As at 31-Mar-2016 (In ₹)
<b>Unsecured, considered good</b>		
<b>Others</b>		
Prepaid Expenses	172,506	1,704,026
Service Tax Credit Receivable	976,146	500,354
Advance recoverable in cash or kind or for value to be received	493,050	–
<b>TOTAL</b>	<b>1,641,702</b>	<b>2,204,380</b>

## NOTE 13 : INCOME FROM SALE OF SERVICES

	For the Year ended 31-Mar-2017 (In ₹)	For the Year ended 31-Mar-2016 (In ₹)
<b>(a) Revenue From Operations</b>		
Training Fees	10,588,247	18,136,103
Brokerage on Property	28,923,275	8,993,741
Referral Fees	667,278	–
Advisory Fees	58,333	–
<b>(b) Other operating revenue</b>		
Exhibition Fees	–	7,692,359
<b>TOTAL (a + b)</b>	<b>40,237,133</b>	<b>34,822,203</b>

## NOTE 14 : OTHER INCOME

	For the Year ended 31-Mar-2017 (In ₹)	For the Year ended 31-Mar-2016 (In ₹)
Miscellaneous Income	4,420	120
Profit on sale of Investment	1,607,440	1,177,699
<b>TOTAL</b>	<b>1,611,860</b>	<b>1,177,819</b>

## NOTE 15 : EMPLOYEE BENEFITS EXPENSE

	For the Year ended 31-Mar-2017 (In ₹)	For the Year ended 31-Mar-2016 (In ₹)
Salary, Bonus and Allowances	5,263,988	7,349,905
Contribution to provident & other funds	61,274	45,576
Staff Welfare Expenses	187,338	49,166
Gratuity and other long term employee benefits expenses (refer note no. 28)	19,012	114,462
<b>TOTAL</b>	<b>5,531,612</b>	<b>7,559,109</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 16 : FINANCE COST

	For the Year ended 31-Mar-2017 (In ₹)	For the Year ended 31-Mar-2016 (In ₹)
Interest Cost	—	22,341
<b>TOTAL</b>	<b>—</b>	<b>22,341</b>

## NOTE 17 : OTHER EXPENSES

	For the Year ended 31-Mar-2017 (In ₹)	For the Year ended 31-Mar-2016 (In ₹)
Advertisement Expenses	2,629,377	3,815,557
Bank Charges	134,599	232,964
Printing Stationery Expenses	409,561	546,251
Repairs & Maintenance	15,428	—
Power and fuel	154,767	—
Training Expenses	1,380,280	1,777,765
Audit Fees (refer note no 21)	258,850	253,764
Legal & Professional Fees	40,915	88,952
Rent	1,455,070	1,436,088
Filing Fees	—	14,782
Bad Debts	164,798	—
Miscellaneous Expenses	69,322	40,589
Mobile Charges	99,209	19,996
Travelling & Conveyance	344,880	160,232
Client Entertainment	569,339	198,190
Referral Fees	5,573,945	284,123
Meeting and event expenses	—	3,222,565
Brand Promotion	2,171,598	694,863
Computer Software charges	35,631	—
Insurance	28,809	—
<b>TOTAL</b>	<b>15,536,378</b>	<b>12,786,681</b>

## NOTE 18 : CORPORATE INFORMATION

Motilal Oswal Capital Markets Private Ltd (“The Company”) is in business of providing training in Trading & Investing Research and Property Brokerage. The Company has surrendered its license for SEBI registered Trading Member on the Capital Market and Futures & Options segment of the National Stock Exchange of India Ltd. (NSE) having SEBI registration no. INB231331936 (Capital market segment) and INF231331936 (F&O segment) on 3rd February, 2015 which was approved by the NSE on 24th April, 2015.

# NOTES TO FINANCIAL STATEMENT

## NOTE 19 : SIGNIFICANT ACCOUNTING POLICIES:

### 19.1 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 (GAAP) in India, the applicable accounting standards notified under Section 133 of the Companies Act, 2013 ('the Act'), read with rule 7 of the Companies (Accounts) Rules, 2014 issued by Institute of Chartered Accountant of India and the provisions of the Act.

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

### 19.2 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 of 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 or materialized.

### 19.3 Property, Plant & Equipments (PPE):

PPE are stated at cost less accumulated depreciation and impairment thereon. The cost of PPE 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 Act. In pursuant of Schedule II of the Companies Act 2013, the PPE 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 depreciation has been provided based on Written down Value method using the useful life as specified in Schedule II to the Act.

### 19.4 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.

### 19.5 Investments :

- a) 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.
- b) 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.
- c) Current investments are valued at cost or market/fair value, whichever is lower. Carrying amount of individual investment is determined on the basis of average of carrying amount of total holding of investments.

### 19.6 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) Training fees is recognised only after the client attended the training or there is reasonable certainty that client will not attend the training. Registration fee is recognised when it is received from the client.
- b) Brokerage on property is recognised to the extent it is probable that the economic benefit will flow to the company & revenue is reliably measured.
- c) Interest income is recognised on accrual basis.
- d) Dividend income is recognised when the right to receive payment is established.
- e) In respect of other heads of income the Company accounts the same on accrual basis.

# NOTES TO FINANCIAL STATEMENT

## 19.7 Employee Benefits:

### – Provident Fund

Contribution payable to the recognised provident fund, which is a defined contribution scheme, is charged to the Statement of Profit and Loss in the period in which it occurs.

### – Gratuity

Gratuity is post-employment benefit and is in the nature of Defined Benefit Plan. The Liability recognised in the balance sheet in respect of gratuity is the present value of defined benefit obligation at the balance sheet date and less the fair value of plan assets, 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.

### – Other Long Term Benefits

Other long term benefits consist of heritage club benefits, which is recognized as liability at the present value of defined benefits obligation as at the balance sheet date. The defined obligation benefit is calculated at the balance sheet date by an independent actuary using the projected unit credit method.

### – 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.

### – Bonus / Ex-gratia Plans

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.

## 19.8 Taxation:

Tax expenses comprise 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 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.

## 19.9 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.

# NOTES TO FINANCIAL STATEMENT

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.

## 19.10 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.

## 19.11 Leases:

### a) 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.

## 19.12 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 earnings 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.

## 19.13 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.

## 19.14 Segment Reporting:

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted by the Company.

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".

## NOTE 20 : EARNINGS PER SHARE:

	As at 31-Mar-2017 (In ₹)	As at 31-Mar-2016 (In ₹)
Net Profit attributable to equity shareholders [A] (₹)	14,480,063	10,752,592
Weighted Average Number of equity shares issued [B]	350,000	350,000
Basic/ Diluted Earnings per share [Face value of ₹ 10 (Previous Year ₹ 10) each] (EPS) [A/B] (₹)	41.37	30.72

# NOTES TO FINANCIAL STATEMENT

## NOTE 21 : AUDITORS' REMUNERATION

	For the year ended 31-Mar-2017 (In ₹)	For the year ended 31-Mar-2016 (In ₹)
a) <b>As Auditors:</b>		
Audit Fees	192,500	192,500
Tax Audit	60,000	60,000
Out of Pocket Expenses	6,350	1,264
	<b>258,850</b>	<b>253,764</b>

Auditors Remuneration is exclusive of service tax

## NOTE 22 : CONTINGENT LIABILITIES & COMMITMENTS

### Contingent liabilities:

There are no contingent liabilities as on 31st March, 2017 and 31st March, 2016

### Capital Commitments:

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances) is ₹ Nil (Previous Year : ₹ 21,337)

## NOTE 23 :

The Company has taken Office Premises on lease. The Company as a Lessee recognised ₹ 14,55,070 (Previous Year ₹ 14,36,088) in the statement of Profit and Loss under the head "Rent".

### General description of lease terms: -

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

## NOTE 24 : SEGMENT INFORMATION

- a) The business segment has been considered as the primary segment for disclosure., since the business operations of the company is primarily concentrated in India, the company is considered to operate only in the domestic segment. Company's operations predominately relate to providing broking and training services to clients.
- b) Broking and other related activities includes Broking services of Real Estate Properties to clients.
- c) Company's Training Services comprises of Training on Equity Markets to Trainees (clients).

(In ₹)

Particulars	Equity Broking & Other related activities		Training related activities		Unallocated Portion		Total	
	31-Mar-2017	31-Mar-2016	31-Mar-2017	31-Mar-2016	31-Mar-2017	31-Mar-2016	31-Mar-2017	31-Mar-2016
<b>REVENUE:</b>								
External Revenue	29,648,886	16,686,100	10,588,247	18,136,103	1,611,860	1,177,819	41,181,715	36,000,022
Inter-Segment Revenue	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>29,648,886</b>	<b>16,686,100</b>	<b>10,588,247</b>	<b>18,136,103</b>	<b>1,611,860</b>	<b>1,177,819</b>	<b>41,848,993</b>	<b>36,000,022</b>
<b>RESULT:</b>								
Segment Result	13,971,380	11,247,962	5,434,981	3,482,214	-	-	19,406,361	14,730,176
Unallocated Corporate Expenses							258,850	253,764
Operating Profit							20,759,371	15,654,232

# NOTES TO FINANCIAL STATEMENT

Particulars	Equity Broking & Other related activities		Training related activities		Unallocated Portion		Total	
	31-Mar-2017	31-Mar-2016	31-Mar-2017	31-Mar-2016	31-Mar-2017	31-Mar-2016	31-Mar-2017	31-Mar-2016
Interest Expenses							-	22,341
Interest Income							-	-
Less: Tax Expenses:								
Income Tax							6,623,251	4,879,299
Deferred Tax							(27,585)	-
Tax Impact of Transitional Depreciation							-	-
For previous year(s) (Income tax)							(316,358)	-
<b>Profit from Ordinary Activities</b>							<b>14,480,063</b>	<b>10,752,592</b>
Exceptional Item							-	-
<b>Net Profit</b>							<b>14,480,063</b>	<b>10,752,592</b>
<b>OTHER INFORMATION:</b>								
Segment Assets	8,470,453	14,006,943	2,490,008	18,941,796			10,960,461	32,948,739
Unallocated Corporate Asset							26,259,846	580,450
<b>Total Asset</b>	<b>8,470,453</b>	<b>14,006,943</b>	<b>2,490,008</b>	<b>18,941,796</b>			<b>37,220,307</b>	<b>33,529,189</b>
Segment Liabilities	611,921	3,572,462	1,889,028	1,461,607			2,500,949	5,034,069
Unallocated Corporate Liabilities							1,227,646	483,470
<b>Total Liabilities</b>	<b>611,921</b>	<b>3,572,462</b>	<b>1,889,028</b>	<b>1,461,607</b>			<b>3,728,595</b>	<b>5,517,539</b>
Capital Expenditure							136,694	-
Depreciation							21,632	-

## NOTE 25 : RELATED PARTY DISCLOSURE:

### I. Names of Related Parties:-

#### Holding Company :

Motilal Oswal Securities Limited

#### Intermediate Holding Company:

Motilal Oswal Financial Services Limited

#### Ultimate Holding Company:

Passionate Investment Management Private Limited

#### Fellow Subsidiaries:

1. Motilal Oswal Commodities Broker Private Limited
2. Motilal Oswal Investment Advisors Limited
3. MOPE Investment Advisors Private Limited
4. Motilal Oswal Wealth Management Limited
5. Motilal Oswal Insurance Broker Private Limited
6. Motilal Oswal Asset Management Company Ltd.
7. Motilal Oswal Trustee Company Ltd.
8. Motilal Oswal Securities International Pvt. Ltd.
9. Motilal Oswal Capital Markets (Hongkong) Pvt. Ltd.
10. Motilal Oswal Capital Markets (Singapore) Pte. Ltd.
11. Aspire Home Finance Corporation Limited
12. Motilal Oswal Real Estate Investment Advisors Private Limited
13. Motilal Oswal Real Estate Investment Advisors II Private Limited
14. India Business Excellence Management Company
15. Motilal Oswal Asset Management (Mauritius) Private Limited

# NOTES TO FINANCIAL STATEMENT

16. Motilal Oswal Capital Limited  
17. Nagori Agro & Cattle Feeds Private Limited

## Enterprises in which key management personnel exercise significant Control

1. VISU Associates - Partnership firm (Dissolved from 31st March, 2017)  
2. OSAG Enterprises LLP

## II. Transactions with related parties for the year ended 31st March, 2017

(In ₹)

Particulars	Name of the related Party	Holding / Intermediate Holding Companies		Fellow Subsidiary Companies		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Redemption of Preference Shares	Motilal Oswal Securities Limited	(9,000,000)	–	–	–	(9,000,000)	–
Referral (Income)	Motilal Oswal Wealth Management Ltd.	–	–	(667,278)	–	(667,278)	–
Referral Expense	Motilal Oswal Wealth Management Ltd.	–	–	2,613,369	–	2,613,369	–
	Motilal Oswal Securities Limited	1,327,448	–	–	–	1,327,448	–
<b>Total Referral (Income)</b>		–	–	<b>(667,278)</b>	–	<b>(667,278)</b>	–
<b>Total Referral Expense</b>		<b>1,327,448</b>	–	<b>2,613,369</b>	–	<b>3,940,817</b>	–
Interest Expense / (Income)	Motilal Oswal Securities Limited	–	–	–	0	0	0
	Motilal Oswal Securities Limited	–	–	–	–	–	–
	Motilal Oswal Financial Services Ltd.	–	(120)	–	–	–	(120)
	Motilal Oswal Financial Services Ltd.	–	22,341	–	–	–	22,341
<b>Total Interest (Income)</b>		–	<b>(120)</b>	–	–	–	<b>(120)</b>
<b>Total Interest Expense</b>		–	<b>22,341</b>	–	–	–	<b>22,341</b>
Rent Expense	Motilal Oswal Securities Limited	1,455,070	1,433,700	–	–	1,455,070	1,433,700
<b>Total Rent Expense</b>		<b>1,455,070</b>	<b>1,433,700</b>	–	–	<b>1,455,070</b>	<b>1,433,700</b>
Rent Deposit Paid / (Received)		135,900	–	–	–	135,900	–
<b>Total Rent Deposit Paid / (Received)</b>		<b>135,900</b>	–	–	–	<b>135,900</b>	–
Loan Taken (Maximum Balance)	Motilal Oswal Financial Services Ltd.	–	1,200,000	–	–	–	1,200,000
<b>Total Loan Taken (Maximum Balance)</b>		–	<b>1,200,000</b>	–	–	–	<b>1,200,000</b>
Loan taken	Motilal Oswal Financial Services Ltd.	–	1,200,000	–	–	–	1,200,000
<b>Total Loan Taken</b>		–	<b>1,200,000</b>	–	–	–	<b>1,200,000</b>
Repayment of loan	Motilal Oswal Financial Services Ltd.	–	1,200,000	–	–	–	1,200,000
<b>Total Repayment of Loan</b>		–	<b>1,200,000</b>	–	–	–	<b>1,200,000</b>
(Payment) / Receipt for Reimbursement of Expense	Motilal Oswal Asset Management Company Ltd.	–	–	–	(13,939)	–	(13,939)
	Motilal Oswal Securities Limited	(274,868)	(5,218,412)	–	–	(274,868)	(5,218,412)
<b>Total (Payment) / Receipt for Reimbursement of Expense</b>		<b>(274,868)</b>	<b>(5,218,412)</b>	–	<b>(13,939)</b>	<b>(274,868)</b>	<b>(5,232,351)</b>
Outstanding Balances:						–	–
Rent / MOT Cost	Motilal Oswal Securities Limited	(97,546)	–	–	–	(97,546)	–
	Motilal Oswal Financial Services Ltd.	–	–	–	–	–	–
Other Payables	Motilal Oswal Securities Limited	(54,744)	–	–	–	(54,744)	–
	Motilal Oswal Financial Services Ltd.	(19,206)	(19,206)	–	–	(19,206)	(19,206)
<b>Total Payables</b>		<b>(171,496)</b>	<b>(19,206)</b>	–	–	<b>(171,496)</b>	<b>(19,206)</b>
Deposit Rent Refundable	Motilal Oswal Securities Limited	852,750	716,850	–	–	852,750	716,850
<b>Total Deposit Rent Refundable</b>		<b>852,750</b>	<b>716,850</b>	–	–	<b>852,750</b>	<b>716,850</b>

\*Note : All Loans referred above are repayable on demand

# NOTES TO FINANCIAL STATEMENT

## NOTE 26 :

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 filed 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-2017 In (₹)	31-Mar-2016 In (₹)
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	–	–

## NOTE 27 : EMPLOYEE BENEFITS DISCLOSURE

### (a) Defined Contribution Plan

Particulars	2016-17	2015-16
Employer's contribution to Provident Fund (including Admin charges)	61,274	45,576

### (b) Defined Benefit Plan

#### Gratuity Plan

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

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

	Other Long Term Benefits			
	31/Mar/17	31/Mar/16	31/Mar/17	31/Mar/16
I) Assumptions as at				
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Average Interest / Discount Rate	6.69%	7.49%	6.69%	
Average Rate of increase in compensation	8.00%	10.00%	0	
Average Rate of return (expected) on plan assets				
Average Employee Attrition Rate(Past Service (PS))	PS: 0 to 37 : 12.5%	PS: 0 to 37 : 10%	PS: 0 to 37 : 28.16%	
Expected average remaining service	6.36	7.66	2.27	
II Changes in present value of obligations				
PVO at beginning of year	114,462	–	–	–
Interest cost	8,573	–	–	–
Current Service Cost	143,623	114,462	19,080	–
Past Service Cost – (non vested benefits)	–	–	–	–
Past Service Cost – (vested benefits)	–	–	–	–
Benefits Paid	–	–	–	–
Actuarial (Gain)/Loss on obligation	(152,264)	–	–	–

# NOTES TO FINANCIAL STATEMENT

	Other Long Term Benefits			
	31/Mar/17	31/Mar/16	31/Mar/17	31/Mar/16
<b>I) Assumptions as at</b>				
PVO at end of year	114,394	114,462	19,080	-
<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	-	-	-	-
Benefit Paid	-	-	-	-
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	-	-	-	-
Benefit Paid	-	-	-	-
Fair Value of Plan Assets at end of year	-	-	-	-
Funded Status (including unrecognized past service cost)	(114,394)	(114,462)	(19,080)	-
Excess of actual over estimated return on Plan Assets	-	-	-	-
<b>V Experience History</b>	<b>31/Mar/17</b>	<b>31/Mar/16</b>	<b>31/Mar/17</b>	<b>31/Mar/16</b>
(Gain)/Loss on obligation due to change in Assumption	(26,619)	-	-	-
Experience (Gain)/ Loss on obligation	(125,645)	-	-	-
Actuarial Gain/(Loss) on plan assets	-	-	-	-
<b>VI Actuarial Gain/(Loss) recognized</b>				
Actuarial Gain/(Loss) for the year (Obligation)	152,264	-	-	-
Actuarial Gain/(Loss) for the year (Plan Assets)	-	-	-	-
Total Gain/(Loss) for the year	152,264	-	-	-
Actuarial Gain/(Loss) recognized for the year	152,264	-	-	-
Unrecognized Actuarial Gain/(Loss) at end of year	-	-	-	-
<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	-	-	-	-
<b>Unrecognized Past Service Cost – non vested benefits</b>	-	-	-	-
<b>VIII Amounts to be recognized in the balance sheet and statement of Profit &amp; Loss Account</b>				
PVO at end of year	114,394	114,462	19,080	-
Fair Value of Plan Assets at end of year	-	-	-	-
Funded Status	(114,394)	(114,462)	(19,080)	-
Unrecognized Actuarial Gain/(Loss)	-	-	-	-
Unrecognized Past Service Cost– non vested benefits	-	-	-	-
<b>Net Asset/(Liability) recognized in the balance sheet</b>	<b>(114,394)</b>	<b>(114,462)</b>	<b>(19,080)</b>	-
<b>IX Expense recognized in the statement of Profit &amp; Loss A/C</b>				
Current Service Cost	143,623	114,462	19,080	-
Interest cost	8,573	-	-	-
Past Service Cost – (non vested benefits)	-	-	-	-
Past Service Cost (vested benefits)	-	-	-	-
Unrecognized Past Service Cost – non vested benefits	-	-	-	-

# NOTES TO FINANCIAL STATEMENT

	Other Long Term Benefits			
	31/Mar/17	31/Mar/16	31/Mar/17	31/Mar/16
<b>I) Assumptions as at</b>				
Expected Return on Plan Assets	-	-	-	-
Net Actuarial (Gain)/Loss recognized for the year	(152,264)	-	-	-
<b>Expense recognized in the statement of P &amp; L A/C</b>	<b>(68)</b>	<b>114,462</b>	<b>19,080</b>	-
<b>X Movements in the Liability recognized in Balance Sheet</b>				
Opening Net Liability	114,462	-	-	-
Expenses as above	(68)	114,462	19,080	-
Contribution paid	-	-	-	-
Closing Net Liability	114,394	114,462	19,080	-
<b>XI Schedule III</b>				
Current Liability	379	477	0	-
Non-Current Liability	114,015	113,985	19,080	-

Note: Since the provisions of Gratuity are applied from 2015-16, the disclosure for Gratuity figures as required by Para 120(n) have not been presented for the previous financial years.

## NOTE 28 :

Provisions made for the year ended 31st March 2017 comprises of :

	Opening balance as on 1-April-2016	Provided for the FY 2016-17	Provision reversed / paid for the FY 2016-17	Closing balance as of 31-Mar-2017
Ex-gratia	801,755	267,821	801,755	267,821
Provision for Gratuity	114,462	114,394	114,462	114,394
Compensated Absences	-	19,080	-	19,080

Provisions made for the year ended 31st March 2016 comprises of :

	Opening balance as on 1- April 2015	Provided for the FY 2015-16	Provision reversed / paid for the FY 2015-16	Closing balance as of 31-Mar-2016
Ex-gratia	-	801,755	-	801,755
Provision for Gratuity	-	114,462	-	114,462

## NOTE 29 :

Previous year's figures have been regrouped, rearranged, reclassified to the extent considered necessary.

As per our attached report of even date

### For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

### Purushottam Nyati

Partner

Membership No.118970

Place : Mumbai

Dated : 26th April 2017.

For and on behalf of the Board of Directors

**Motilal Oswal Capital Markets Private Limited**

### Ajay Menon

Director

DIN No: 00024589

Place : Mumbai

Dated : 26th April 2017.

### Anupam Agal

Director

DIN No: 07608920

# **Motilal Oswal Securities International Private Limited**

**Annual Report 2016-2017**

# INDEPENDENT AUDITORS' REPORT

To the Members of **MOTILAL OSWAL SECURITIES INTERNATIONAL PRIVATE LIMITED**

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

We have audited the accompanying financial statements of Motilal Oswal Securities International Private Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the 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 and presentation of these 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 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 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and fair presentation of the 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the 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 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 2017 and its loss and its cash flows for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2015 ("Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the annexure a statement of 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 purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from the examination of those books;

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

- c. the Balance Sheet, Statement of Profit and Loss and 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 notified 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- 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 Auditor) Rule 2014, in our opinion to the best of our information and according to the explanations given to us:
  - i) The company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses.
  - ii) There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund
  - iii) The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings to Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and it is in accordance with books of accounts maintained.

For **P B K & Co**  
*Chartered Accountants*  
Firm Registration No.: 122384W

**Premal H Gandhi**  
*Partner*  
Membership No. 111592

Place: Mumbai  
Date: 24th April, 2017

## **ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.  
(c) The Company did not have any immovable properties at anytime during the year. Hence, the requirements of sub clause (c) to clause (i) of paragraph 3 of the said Order are not applicable to the Company.
2. The Company did not have any inventory at anytime during the year. Hence, the requirements of clause (ii) of paragraph 3 of the said Order are not applicable to the Company.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act. Hence, the requirements of sub clause (a) (b) & (c) to clause (iii) of paragraph 3 of the said Order are not applicable to the Company.
4. According to the information and explanation given to us, in respect of loans, investments, guarantees, and security the company has complied with the provisions of section 185 and 186 of the companies Act, 2013.
5. The Company has not accepted any deposits from the public under the provisions of Sections 73 to 76 or any relevant provisions of the Companies Act and the rules framed there under.
6. Pursuant to the rules made by the Central Government of India, the Company is not required to maintain cost records under sub-section (1) of section 148 of the Companies Act in respect of its products.
7. (a) According to the information and explanation given to us and the records of the Company examined by us in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of investor education and protection fund, income-tax, sales- tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable with the appropriate authorities in India.  
(b) According to the information and explanations given to us, and the records of the Company examined by us, there are no dues in respect of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess as at March 31, 2017 which have not been deposited on account of any dispute.
8. The Company does not have any loans or borrowings from any financial institutions, banks, government or debenture holders during the year. Accordingly, Paragraph 3 (viii) of the Order is not applicable.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
10. 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 has been noticed or reported during the year, nor have been informed of such case by the management.
11. The Company has not paid/provided any managerial remuneration under the provisions of section 197 read with Schedule V to the Companies Act, 2013.
12. In our opinion, and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us, and the records of the Company examined by us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the Accounting Standard (AS) 18 – Related Party Transaction.
14. According to the information and explanations given to us, and the records of the Company examined by us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
15. According to the information and explanations given to us, and the records of the Company examined by us, the company has not entered into any non-cash transactions with directors or persons connected with him.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **P B K & Co**

*Chartered Accountants*

Firm Registration No.: 122384W

**Premal H Gandhi**

*Partner*

Membership No. 111592

Place: Mumbai

Date: 24th April, 2017

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## **ANNEXURE B TO THE AUDITORS' REPORT**

### **Report on the Internal Financial Controls 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 Securities International Private Limited ('the Company') as of 31 March 2017 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 the 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, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 were 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 auditors' judgment, 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 authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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.

### **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 31 March 2017, 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.

For **P B K & Co**

*Chartered Accountants*

Firm Registration No.: 122384W

**Premal H Gandhi**

*Partner*

Membership No. 111592

Place: Mumbai

Date: 24th April, 2017

# BALANCE SHEET

## BALANCE SHEET AS AT 31ST MARCH, 2017

	Note No.	As at 31-Mar-2017 (In ₹)	As at 31-Mar-2016 (In ₹)
<b>EQUITY &amp; LIABILITIES</b>			
<b>Share Holder's Funds:</b>			
Share Capital	1	45,692,000	45,692,000
Reserves & Surplus	2	(3,392,868)	(1,752,428)
		<b>42,299,132</b>	<b>43,939,572</b>
<b>Non Current Liabilities</b>			
Long Term Provisions	3	133,622	62,750
		<b>133,622</b>	<b>62,750</b>
<b>Current Liabilities</b>			
Other Current Liabilities	4	1,637,515	2,575,497
Short Term Provisions	5	1,137,760	880,090
		<b>2,775,275</b>	<b>3,455,587</b>
<b>TOTAL</b>		<b>45,208,030</b>	<b>47,457,910</b>
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
Long Term Loans and Advances	6	1,742,434	3,305,161
Deferred Tax Assets (net)	7	831,112	1,235,995
		<b>2,573,546</b>	<b>4,541,156</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	8	37,969,168	38,075,792
Trade Receivables	9	2,681,461	2,716,041
Other Current Assets	10	1,983,855	2,124,921
		<b>42,634,484</b>	<b>42,916,754</b>
<b>TOTAL</b>		<b>45,208,030</b>	<b>47,457,910</b>

Notes referred above form part is an integral part of financial statements.

As per our attached report of even date

**For P B K & Co.**  
Chartered Accountants  
Firm Registration No. 122384W

**Premal Gandhi**  
Partner  
M.No. : 111592  
Place : Mumbai  
Date : 24th April, 2017

For and on behalf of the Board of  
**Motilal Oswal Securities International Private Limited**

**Ajay Menon**  
Director  
DIN No: 00024589  
Place : Mumbai  
Date : 24th April, 2017

**Harsh Joshi**  
Director  
DIN No: 02951058

# STATEMENT OF PROFIT AND LOSS

## STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2017

Particulars	Note No.	For the period ended 31-Mar-2017 (In ₹)	For the period ended 31-Mar-2016 (In ₹)
<b>Revenue</b>			
Revenue from Operations	11	18,745,322	19,915,687
Other Income	12	161,400	25,169
<b>TOTAL REVENUE</b>		<b>18,906,722</b>	<b>19,940,856</b>
<b>Expenses:</b>			
Employee Benefits	13	6,639,757	6,892,054
Other Expense	14	13,007,523	10,425,935
<b>TOTAL EXPENSES</b>		<b>19,647,280</b>	<b>17,317,989</b>
<b>Profit/(Loss) Before Tax</b>		<b>(740,558)</b>	<b>2,622,867</b>
<b>Tax Expense:</b>			
Current Tax		492,098	499,787
MAT credit entitlement		–	(204,421)
Deferred Tax		404,882	515,867
For previous year(s) (Income tax)		2,901	
<b>Profit/(Loss) for the year</b>		<b>(1,640,440)</b>	<b>1,811,634</b>
<b>Earnings Per Share (₹)</b>			
Basic and Diluted Earnings/(Loss) per share (Face value of ₹ 10 each)		(0.36)	0.40

Notes referred above form part is an integral part of financial statements.

As per our attached report of even date

**For P B K & Co.**  
Chartered Accountants  
Firm Registration No. 122384W

**Premal Gandhi**  
Partner  
M.No. : 111592  
Place : Mumbai  
Date : 24th April, 2017

For and on behalf of the Board of  
**Motilal Oswal Securities International Private Limited**

**Ajay Menon**  
Director  
DIN No: 00024589  
Place : Mumbai  
Date : 24th April, 2017

**Harsh Joshi**  
Director  
DIN No: 02951058

# CASH FLOW STATEMENT

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	For the year ended 31st March, 2017 In (₹)	For the period ended 31st March, 2016 In (₹)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
PROFIT/(LOSS) BEFORE TAX	(740,558)	2,622,867
Add/(Less):		
1) Effect Of Exchange Rate Changes	57,600	4,582
	57,600	4,582
<b>OPERATING PROFIT/(LOSS)</b>	<b>(682,958)</b>	<b>2,627,449</b>
Adjustment For:		
(Increase) / Decrease In Sundry Debtors	34,580	(594,760)
(Increase) / Decrease In Other Current Assets	141,066	(447,048)
(Increase) / Decrease In Long Term Loans & Advances	1,562,727	4,000
Increase / (Decrease) In Provision	257,670	591,330
Increase / (Decrease) In Long term Provision	70,872	
Increase / (Decrease) In Current Liabilities	(937,982)	(1,596,174)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>445,975</b>	<b>584,797</b>
Taxes Paid	(494,999)	(1,362,448)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(49,024)</b>	<b>(777,651)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>NET CASH FLOW FOR THE YEAR</b>	<b>(49,024)</b>	<b>(777,651)</b>
<b>Cash &amp; Cash Equivalents as at 01.04.2016</b>	<b>37,982,214</b>	<b>38,759,865</b>
Balances With bank	38,075,792	38,858,025
Effect of Exchange Rate Changes	(93,578)	(98,160)
<b>Cash &amp; Cash Equivalents as at 31.03.2017</b>	<b>37,933,190</b>	<b>37,982,214</b>
Cheques In hand	–	–
Balances With bank	37,969,168	38,075,792
Effect of Exchange Rate Changes	(35,978)	(93,578)

As per our attached report of even date

**For P B K & Co.**

Chartered Accountants

Firm Registration No. 122384W

**Premal Gandhi**

Partner

M.No. : 111592

Place : Mumbai

Date : 24th April, 2017

For and on behalf of the Board of  
**Motilal Oswal Securities International Private Limited**

**Ajay Menon**

Director

DIN No: 00024589

Place : Mumbai

Date : 24th April, 2017

**Harsh Joshi**

Director

DIN No: 02951058

# NOTES TO FINANCIAL STATEMENT

## NOTE 1: SHARE CAPITAL

Particulars	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
<b>Authorised:</b>		
1,00,00,000 Equity Shares of ₹ 10/- each	100,000,000	100,000,000
<b>TOTAL</b>	<b>100,000,000</b>	<b>100,000,000</b>
<b>Issued, Subscribed and Paid Up:</b>		
45,69,200 Equity Shares of ₹ 10/- each. (All the above, equity shares are held by Motilal Oswal Securities Limited the holding company and it's nominee)	45,692,000	45,692,000
<b>TOTAL</b>	<b>45,692,000</b>	<b>45,692,000</b>

### 1.1 Reconciliation of number of Equity shares outstanding

	As at 31-Mar-2017 Number of Shares	As at 31-Mar-2016 Number of Shares
Number of shares at beginning of the year	4,569,200	4,569,200
Add: Shares issued during this year	—	—
Number of shares at the end of the year	4,569,200	4,569,200

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

Name of Shareholder	As at 31-Mar-2017		As at 31-Mar-2016	
	No of Shares	% of Holding	No of Shares	% of Holding
Motilal Oswal Securities Ltd. (Holding Company)	4,569,200	100	4,569,200	100

## NOTE 2: RESERVES AND SURPLUS

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
<b>Profit &amp; Loss Account</b>		
Opening balance	(1,752,428)	(3,564,062)
Add: Additions during the year	1,640,440	1,811,634
<b>TOTAL</b>	<b>(3,392,868)</b>	<b>(1,752,428)</b>

## NOTE 3: LONG TERM PROVISIONS

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
Provision for Gratuity	133,622	62,750
<b>TOTAL</b>	<b>133,622</b>	<b>62,750</b>

## NOTE 4: OTHER CURRENT LIABILITIES

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
Statutory Liabilities	187,469	176,404
Salary Payable	1,217,753	54,863
Payable for Expenses	232,293	2,344,230
<b>TOTAL</b>	<b>1,637,515</b>	<b>2,575,497</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 5: SHORT TERM PROVISIONS

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
Ex-gratia Payable	–	600,000
Other Provisions	1,137,300	280,090
Provision for Gratuity	460	–
<b>TOTAL</b>	<b>1,137,760</b>	<b>880,090</b>

## NOTE 6: LONG TERM LOANS AND ADVANCES

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
Advance Tax (net of provisions)	1,382,434	2,945,161
Rent Deposit	360,000	360,000
<b>TOTAL</b>	<b>1,742,434</b>	<b>3,305,161</b>

## NOTE 7: DEFERRED TAX (LIABILITIES)/ASSETS

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
Provision for Gratuity	34,526	19,390
WDV of licence	796,586	1,216,605
<b>TOTAL</b>	<b>831,112</b>	<b>1,235,995</b>

## NOTE 8: CASH & CASH EQUIVALENTS

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)	
Cash on Hand	–	–	
<b>Cash in Hand</b>			
Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:			
Particulars	SBNs	Other denomination notes (Rupees)	Total
Opening cash in hand as on 8-11-2016	–	–	–
(+) Withdrawn from Bank	–	10,000	10,000
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	6,000	6,000
(-) Amount deposited in Banks	–	4,000	4,000
Closing cash in hand as on 30-12-2016	–	–	–
<b>Balance with:</b>			
Scheduled Bank - In Current Account	37,969,168		38,075,792
<b>TOTAL</b>	<b>37,969,168</b>		<b>38,075,792</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 9: TRADE RECEIVABLES

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
Unsecured, considered good, outstanding for a period less than six months	2,681,461	2,716,041
<b>TOTAL</b>	<b>2,681,461</b>	<b>2,716,041</b>

## NOTE 10: OTHER CURRENT ASSETS

	As at 31-Mar-2017 In (₹)	As at 31-Mar-2016 In (₹)
Prepaid Expense	354,756	310,591
Service Tax Credit	158,973	252,077
Mat Credit Entitlement	1,416,895	1,416,895
Advance Against Expenses	53,231	145,358
<b>TOTAL</b>	<b>1,983,855</b>	<b>2,124,921</b>

## NOTE 11: REVENUE FROM OPERATIONS

Particulars	For the period ended 31-Mar-2017 In (₹)	For the period ended 31-Mar-2016 In (₹)
Advisory Fees	18,745,322	19,915,687
<b>TOTAL</b>	<b>18,745,322</b>	<b>19,915,687</b>

## NOTE 12: OTHER INCOME

	For the period ended 31-Mar-2017 In (₹)	For the period ended 31-Mar-2016 In (₹)
Interest on Income tax Refund	161,400	25,169
<b>TOTAL</b>	<b>161,400</b>	<b>25,169</b>

## NOTE 13: EMPLOYEE BENEFITS

	For the period ended 31-Mar-2017 In (₹)	For the period ended 31-Mar-2016 In (₹)
Salaries and Incentives	6,568,425	7,081,400
Gratuity	71,332	(189,346)
<b>TOTAL</b>	<b>6,639,757</b>	<b>6,892,054</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 14: OTHER EXPENSES

	For the period ended 31-Mar-2017 In (₹)	For the period ended 31-Mar-2016 In (₹)
Registration Charges	25,560	160,432
Remuneration to Auditors	1,763,116	2,047,749
Legal & Professional Fees	3,232,500	3,348,443
Examination Fees	172,644	65,139
Rent to MOSL	723,600	721,200
Consultancy Charges	888,000	888,000
Membership and Subscription Fees	512,802	309,996
Client Entertainment Expenses	16,473	53,444
Communication Expenses	37,744	60,730
Interest on TDS	–	2,483
Rent Rates & Taxes	3,347,873	–
Travelling Expenses	1,180,869	1,390,666
Back up Charges	28,482	265,327
Bank Charges	58,374	47,064
Business Support Charges	180,900	180,300
Foreign Exchange Fluctuation	16,981	148,645
TDS Filing fees	–	342
Interest on Service Tax	–	1,095
Insurance Charges	820,847	734,880
Miscellaneous Expenses	759	–
<b>TOTAL</b>	<b>13,007,523</b>	<b>10,425,935</b>

## NOTE 15: SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation of Financial Statements:

The accompanying 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 and in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 issued by Institute of Chartered Accountant of India and the provisions of the Companies Act, 2013.

### 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 of 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.

### Revenue Recognition:

- Revenue is recognised when there is a reasonable certainty of its ultimate realisation / collection.
- Advisory fees is recognised on a accrual basis in accordance with the terms of the agreement with Motilal Oswal Securities Limited.

### Taxation:

Income-tax expense comprises current tax (i.e. amount of tax for the year 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).

# NOTES TO FINANCIAL STATEMENT

## Current Tax:

Provision for current tax is made on the basis of estimated taxable income for the accounting period 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 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 realisation 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 realised.

## 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.

As per our attached report of even date

## For P B K & Co.

*Chartered Accountants*

Firm Registration No. 122384W

## Premal Gandhi

*Partner*

M.No. : 111592

Place : Mumbai

Date : 24th April, 2017

For and on behalf of the Board of  
**Motilal Oswal Securities International Private Limited**

## Ajay Menon

*Director*

DIN No: 00024589

Place : Mumbai

Date : 24th April, 2017

## Harsh Joshi

*Director*

DIN No: 02951058

## NOTE 16: NOTES TO ACCOUNTS

Motilal Oswal Securities Limited (MOSL) is a company registered under SEBI with broker license to carry on securities business in India. As part of its broking business, it deals with Foreign Institutional Investors who have been domiciled in the United States (U.S) as regards their investments in Indian Equities. In order to cater to such U.S. based Institutions within the framework provided by SEC, MOSL has set up a 100% subsidiary domiciled in India - Motilal Oswal Securities International Private Limited (MOSIPL) which has received approval for broker dealer registration from FINRA. The Company will only reach out to Major Institutional Investors as defined in Rule 15a-6. The main activity of MOSIPL would be to distribute research published in India and advise institutional clients based in United States (U.S.) on investments in Indian equity markets and serve as a chaperoning broker dealer pursuant to Rule 15 a-6(a)(3) of the U.S. Securities Exchange Act 1934, as amended by the U.S. Securities and Exchange Commission (SEC).

## For Rajesh Dharamshi:

- 1) The Company 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
- 2) Remuneration payable to them would be in capacity of Independent Contractor and not in the capacity of Director of the Company; as a result the remuneration payable to him would be construed purely on grounds of Professional nature.
- 3) 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 FINANCIAL STATEMENT

- 4) As per section 197 of the Companies Act, 2013, the 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 Company.

## 1. AUDITORS' REMUNERATION:

### Auditor's Remuneration (inclusive of Service Tax):

Particulars	For the year ended 31-Mar-2017 In (₹)	For the year ended 31-Mar-2016 In (₹)
As Auditors:		
Audit fees	1,763,116	2,047,749
In any other capacity, in respect of:		
Other Certification	—	—
<b>TOTAL</b>	<b>1,763,116</b>	<b>2,047,749</b>

## 2. BASIC & DILUTED EARNINGS PER SHARE:

Particulars	For the year ended 31-Mar-2017 In (₹)	For the year ended 31-Mar-2016 In (₹)
Net Profit/(Loss) attributable to equity shareholders [A] (₹)	(1,640,440)	1,811,634
Weighted Average Number of equity shares issued [B]	4,569,200	4,569,200
Basic & Diluted Earnings per share (EPS)[A/B] (₹)	(0.36)	0.40

## 3. DEFERRED TAX ASSETS / (LIABILITY):

In the presence of virtual certainty of realization of carried forward tax losses, management has created deferred tax assets for the year under review. The same will be reassessed at subsequent balance sheet date and will be accounted for in the year of virtual certainty. The component of Deferred Tax Assets / (Liabilities) are as under.

Particulars	For the year ended 31-Mar-2017 In (₹)	For the year ended 31-Mar-2016 In (₹)
Preliminary expenses	—	—
Provision for gratuity	34,526	19,390
WDV of assets	796,586	1,216,605
Deferred Tax (Liability) / Assets	831,112	1,235,995

## 4. GRATUITY PLAN:

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

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

Period Covered	2016-17	2015-16
Assumptions as at	31/Mar/17	31/Mar/16
Interest / Discount Rate	6.69% p.a.	7.49% p.a.
Expected Return on Plan Assets		
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Rate of increase in compensation	6% p.a.	3% p.a.
Disability	Nil	Nil
Employee Attrition Rate (Past Service)	PS: 0 to 37 : 33.33%	PS: 0 to 37 : 15.86
Expected average remaining service	1.99	5.17

# NOTES TO FINANCIAL STATEMENT

## 4.2. Changes in the present value of the obligations

Particulars	31-Mar-2017 In (₹)	31-Mar-2016 In (₹)
Present value of obligation at beginning of the period	62,750	252,096
Interest cost	4,700	19,588
Current service cost	59,706	126,166
Past service cost - (non vested benefit)	—	—
Past service cost - (vested benefit)	—	—
Benefits paid	—	—
Actuarial (gain) loss on obligation	(20,623)	(335,100)
Present value of obligation at end of the period	106,533	62,750

## 4.3. Changes in fair value of the Plan Assets

Particulars	31-Mar-2017 In (₹)	31-Mar-2016 In (₹)
Fair value of plan assets at beginning of the period	—	—
Expected return on plan assets	—	—
Contributions	—	—
Benefits paid	—	—
Actuarial gain (Loss) plan assets	—	—
Fair value of plan assets at end of the period	—	—

## 4.4. Fair value of Plan Assets

Particulars	31-Mar-2017 In (₹)	31-Mar-2016 In (₹)
Fair value of plan assets at beginning of the period	—	—
Actual return on plan assets	—	—
Contributions	—	—
Benefit paid	—	—
Fair value of plan assets at end of the period	—	—
Funded Status (including unrecognized past service cost)	(106,533)	(62,750)
Excess of actual over estimated return on plan assets	—	—

## 4.5. Experience History

Particulars	31-Mar-2017 In (₹)	31-Mar-2016 In (₹)	31-Mar-2015 In (₹)
(Gain) / Loss on obligation due to change in Assumption	(29,806)	(82,068)	—
Experience (Gain) / Loss on obligation	9,183	(253,032)	127,106
Actuarial (Gain) / Loss on plan asset	—	—	—

# NOTES TO FINANCIAL STATEMENT

## 4.6. Actuarial Gain / (Loss) Recognized

Particulars	31-Mar-2017 In (₹)	31-Mar-2016 In (₹)
Actuarial Gain / (Loss) for the period (obligation)	20,623	335,100
Actuarial Gain / (Loss) for the period (plan assets)	–	–
Total Gain / (Loss) for the period	20,623	335,100
Actuarial Gain / (Loss) recognized for the period	20,623	335,100
Unrecognized Actuarial Gain / (Loss) at the end of the period	–	–

## 4.7. Past service cost recognized

Particulars	31-Mar-2017 In (₹)	31-Mar-2016 In (₹)
Past service cost - (non vested benefit)	–	–
Past service cost - (vested benefit)	–	–
Average remaining future service till vesting benefit	–	–
Recognized Past service cost - non vested benefits	–	–
Recognized Past service cost - vested benefits	–	–
Unrecognized Past service cost - non vested benefits	–	–

## 4.8. Amounts to be recognized in the Balance Sheet and Statement of Profit & Loss Account

Particulars	31-Mar-2017 In (₹)	31-Mar-2016 In (₹)
Present value of obligation at end of period	106,533	62,750
Fair value of plan assets at end of period	–	–
Funded status	(106,533)	(62,750)
Unrecognised Actuarial Gain / (Loss)	–	–
Unrecognised past service cost - non vested benefits	–	–
Net Liability / (Asset) recognised in the Balance Sheet	(106,533)	62,750

## 4.9. Profit and Loss Account – Expense

Particulars	31-Mar-2017 In (₹)	31-Mar-2016 In (₹)
Current service cost	59,706	126,166
Interest cost	4,700.00	–
Past service cost - (non vested benefit)	–	–
Past service cost - (vested benefit)	–	–
Unrecognised past service cost - non vested benefits	–	–
Expected return on plan assets	–	–
Net actuarial (gain) / loss recognised for the period	(20,623)	(335,100)
Expenses Recognised in the statement of Profit & Loss Account	43,783	(189,346)

# NOTES TO FINANCIAL STATEMENT

## 4.10. Movement in net Liability recognized in the Balance Sheet

Particulars	31-Mar-2017 In (₹)	31-Mar-2016 In (₹)
Opening net liability	62,750	252,096
Expenses as above	43,783	(189,346)
Contribution paid	—	—
Closing net Liability	106,533	62,750

## 4.11. Schedule III of the Companies Act 2013

Particulars	31-Mar-2017 In (₹)	31-Mar-2016 In (₹)
Current Laibility	460	301
Non-Current Liability	106,073	62,449
<b>Heritage Club Benefits</b>		
Non-Current Liability	27549	—

## 5. RELATED PARTY DISCLOSURE:

### I. Names of Related Parties:

#### A) Enterprises where control exists:

- Motilal Oswal Securities Limited - Holding Company
- Motilal Oswal Financial Services Limited – Holding Company of Motilal Oswal Securities Limited
- Passionate Investment Management Private Limited - Ultimate Holding Company

### II. Transactions with related parties: 31-03-2017

In (₹)

Particulars	Name of the related Party	2016-17	2015-16
Rent	Motilal Oswal Securities Limited	720,000	720,000
Rent Deposit	Motilal Oswal Securities Limited	—	360,000
Business Support Service	Motilal Oswal Securities Limited	180,000	180,000
Advisory Fees	Motilal Oswal Securities Limited	(18,745,322)	(19,215,758)
Trade Receivables	Motilal Oswal Securities Limited	4,000	2,705,665
Consultancy charges	Rajesh Dharamshi	888,000	888,000

Note: Income / receipts figures are shown in brackets.

#### B) Fellow subsidiaries:

- Motilal Oswal Capital Markets Private Limited
- Motilal Oswal Trustee Company Limited
- Motilal Oswal Insurance Brokers Private Limited
- Motilal Oswal Commodities Broker Private Limited
- Motilal Oswal Investment Advisors Limited (formerly known as Motilal Oswal Investment Advisors Private Limited)

# NOTES TO FINANCIAL STATEMENT

- MOPE Investment Advisors Private Limited
- Motilal Oswal Wealth Management Limited
- Motilal Oswal Asset Management Company
- Motilal Oswal Capital Market (Hongkong) Pvt Ltd
- Motilal Oswal Capital Market (Singapore) Pte Ltd.
- 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
- Motilal Oswal Asset Management (Mauritius) Private Limited
- Nagori Agro & Cattle Feeds Private Limited
- Motilal Oswal Capital Limited

## 6. SEGMENT INFORMATION

The Company is engaged in single segment as defined in Accounting Standard - 17, hence there are no other reportable segments.

## 7. EXPENSES INCURRED IN FOREIGN CURRENCY

Particulars	2016-17	2015-16
Audit Fees	1,763,116	2,117,194
Filing Fees	-	-
Back up charges	28,482	265,327
Registration Charges	25,560	160,432
Examination Fees	172,644	65,139
Membership Charges	512,802	309,996
Loding and Boarding Overseas	-	66,736
Travelling Overseas	1,013,054	1,323,930
<b>TOTAL</b>	<b>3,515,658</b>	<b>4,308,754</b>

8. 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 in the Fixed Assets.

As per our attached report of even date

### For P B K & Co.

Chartered Accountants

Firm Registration No. 122384W

### Premal Gandhi

Partner

M.No. : 111592

Place : Mumbai

Date : 24th April, 2017

For and on behalf of the Board of  
**Motilal Oswal Securities International Private Limited**

### Ajay Menon

Director

DIN No: 00024589

Place : Mumbai

Date : 24th April, 2017

### Harsh Joshi

Director

DIN No: 02951058

# **Motilal Oswal Capital Markets (Hongkong) Private Limited**

**Annual Report 2016-2017**

# ACCOUNTANTS CERTIFICATE

---

The Board of Directors

**Motilal Oswal Capital Markets (Hong Kong) Private Limited**

We have verified the conversion of the accompanying condensed balance sheet of Motilal Oswal Capital Markets (Hong Kong) Private Limited as on March 31, 2017 and the related condensed Statement of Profit and Loss for the period ended March 31, 2017 has been prepared and certified by the Management of Motilal Oswal Financial Services Limited and denominated in Hong Kong Dollars, to Indian Rupees, with books of account and records maintained and produced to us for verification and information and explanations given to us by the management of the Motilal Oswal Financial Services Limited have found it to be in accordance therewith.

This certificate has been issued for the Management of the Company and to assist the auditors of the ultimate holding company with their review of the consolidated financial statements and should not be used for any other purpose.

For **P B K & CO.**

*Chartered Accountants*

Firm Registration No.: 122384W

**Premal Gandhi**

*Partner*

Membership No.:111592

Place: Mumbai

Date: 24th April, 2017

# BALANCE SHEET

## BALANCE SHEET AS AT MARCH 31, 2017

	Note No.	As at March 31, 2017 in ₹	As at March 31, 2016 in ₹
<b>I EQUITY AND LIABILITIES</b>			
<b>Share holders' Funds:</b>			
Share Capital	1	41,202,000	41,202,000
Reserve and Surplus	2	(33,583,037)	(24,747,086)
<b>Current Liabilities</b>			
Other Current Liabilities	3	812,608	1,369,779
Short Term Provisions	4	—	41,619
<b>TOTAL</b>		<b>8,431,571</b>	<b>17,866,312</b>
<b>II ASSETS</b>			
Cash and Cash Equivalents	5	7,994,612	17,427,753
Short Term Loans and Advances	6	436,959	438,559
<b>TOTAL</b>		<b>8,431,571</b>	<b>17,866,312</b>

Notes referred to above form an Integral part of these Financial Statements

As per our attached Report of even date

**For P B K & Co.**

*Chartered Accountants*

Firm Reg No. 122384W

**Premal H Gandhi**

*Partner*

M.No.: 111592

Place : Mumbai

Date : 24th April, 2017

**For Motilal Oswal Capital Markets (Hongkong) Private Limited**

**Abhijit Tare**

*Director*

DIN No. 07682095

Place : Mumbai

Date : 24th April, 2017

**Martin Brendon Marnick**

*Director*

# STATEMENT OF PROFIT AND LOSS

## STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2017

Particulars	Note No.	For the Period Ended March 31, 2017 in ₹	For the Period Ended March 31, 2016 in ₹
<b>INCOME :</b>			
Other Income	7	145	221
<b>Total Revenue</b>		<b>145</b>	<b>221</b>
<b>EXPENSES:</b>			
Employee Benefits	8	4,997,643	4,958,314
Other Expenses	9	3,771,544	3,675,992
<b>Total expenses</b>		<b>8,769,187</b>	<b>8,634,306</b>
<b>Loss Before Tax</b>		<b>(8,769,042)</b>	<b>(8,634,085)</b>
<b>Loss for the period/year</b>		<b>(8,769,042)</b>	<b>(8,634,085)</b>
<b>Earnings per equity share:</b>			
Basic and Diluted		(1.46)	(1.44)
Equity Shares of Par Value HK \$ 1 each			

Notes referred to above form an integral part of these financial statements

As per our attached Report of even date

**For P B K & Co.**

Chartered Accountants  
Firm Reg No. 122384W

**Premal H Gandhi**

Partner  
M.No.: 111592

Place : Mumbai

Date : 24th April, 2017

**For Motilal Oswal Capital Markets (Hongkong) Private Limited**

**Abhijit Tare**

Director  
DIN No. 07682095

Place : Mumbai

Date : 24th April, 2017

**Martin Brendon Marnick**

Director

# CASH FLOW STATEMENT

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

Particulars	April 1, 2016 to March 31, 2017 in ₹	April 1, 2015 to March 31, 2016 in ₹
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Loss Before Tax</b>	(8,769,042)	(8,634,085)
Add :		
Adjustments for:		
Interest Income	(145)	(221)
Translation Differences on Foreign Currency Taken to Reserves	(66,908)	1,255,861
Adjustment for working capital changes		
Increase / (Decrease) in Other Current Liabilities	(557,171)	843,574
Increase / (Decrease) in Short Term Provision	(41,619)	29,509
Increase / (Decrease) in Short Term Loans and Advances	1,600	(88,419)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(9,433,285)</b>	<b>(6,593,781)</b>
Taxes Paid	—	—
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(9,433,285)</b>	<b>(6,593,781)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest Received	145	221
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>145</b>	<b>221</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>—</b>	<b>—</b>
<b>NET CASH FLOW FOR THE YEAR</b>	<b>(9,433,139)</b>	<b>(6,593,560)</b>
Balance with Bank in Current Account as at the beginning of the year	17,427,753	24,021,314
Balance with Bank in Current Account as at the end of the year	7,994,612	17,427,753

As per our attached Report of even date

**For P B K & Co.**

*Chartered Accountants*

Firm Reg No. 122384W

**Premal H Gandhi**

*Partner*

M.No.: 111592

Place : Mumbai

Date : 24th April, 2017

**For Motilal Oswal Capital Markets (Hongkong) Private Limited**

**Abhijit Tare**

*Director*

DIN No. 07682095

Place : Mumbai

Date : 24th April, 2017

**Martin Brendon Marnick**

*Director*

# NOTES TO FINANCIAL STATEMENT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

### NOTE 1 : SHARE CAPITAL

	As at March 31, 2017 in ₹	As at March 31, 2016 in ₹
<b>Authorised :</b>		
Equity Shares of HK\$ 1 Each	70,000,000	70,000,000
<b>TOTAL</b>	<b>70,000,000</b>	<b>70,000,000</b>
<b>Issued, Subscribed and Paid Up :</b>		
Equity Shares of HK \$ 1 each fully paid up	41,202,000	41,202,000
(All of the above 6,000,000 equity shares are held by Motilal Oswal Securities Limited, the Holding Company)		
<b>TOTAL</b>	<b>41,202,000</b>	<b>41,202,000</b>

### NOTE 2 : RESERVES AND SURPLUS

	As at March 31, 2017 in ₹	As at March 31, 2016 in ₹
<b>Deficit in the Statement of Profit and Loss</b>		
Opening Balance	(31,269,903)	(22,635,818)
Net loss for the Year	(8,769,042)	(8,634,085)
Foreign Currency Translation Reserve		
Opening Balance	6,522,816	5,266,955
Add : For the Current Year	(66,908)	1,255,861
Closing Balance	6,455,908	6,522,816
<b>Closing Balance</b>	<b>(33,583,037)</b>	<b>(24,747,087)</b>

### NOTE 3 : OTHER CURRENT LIABILITIES

	As at March 31, 2017 in ₹	As at March 31, 2016 in ₹
Creditors for Expenses	812,608	1,369,779
<b>TOTAL</b>	<b>812,608</b>	<b>1,369,779</b>

### NOTE 4 : SHORT TERM PROVISIONS

	As at March 31, 2017 in ₹	As at March 31, 2016 in ₹
Provision for Expenses	—	41,619
<b>TOTAL</b>	<b>—</b>	<b>41,619</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 5 : CASH AND BANK BALANCES

	As at March 31, 2017 in ₹	As at March 31, 2016 in ₹
Balance with Banks in Current Accounts	7,994,612	17,427,753
<b>TOTAL</b>	<b>7,994,612</b>	<b>17,427,753</b>

## NOTE 6 : SHORT TERM LOANS AND ADVANCES

	As at March 31, 2017 in ₹	As at March 31, 2016 in ₹
<b>Others</b>		
Others Unsecured, Considered Good		
Rent Deposit	276,448	276,443
Other Deposits	4,170	4,267
Advance for Expenses	92,149	92,148
Prepaid Expenses	64,192	65,702
<b>TOTAL</b>	<b>436,959</b>	<b>438,559</b>

## NOTE 7 : OTHER INCOME

	For the Period ended March 31, 2017 in ₹	For the Period ended March 31, 2016 in ₹
Interest Income	145	221
<b>TOTAL</b>	<b>145</b>	<b>221</b>

## NOTE 8 : EMPLOYEE BENEFITS

	For the Period ended March 31, 2017 in ₹	For the Period ended March 31, 2016 in ₹
<b>Employee Benefits</b>		
Salaries and Incentives	4,832,493	4,797,181
Contribution to Provident Fund	155,574	151,789
Insurance	9,576	9,343
<b>TOTAL</b>	<b>4,997,643</b>	<b>4,958,314</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 9 : OTHER EXPENSES

	For the Period ended March 31, 2017 in ₹	For the Period ended March 31, 2016 in ₹
Rent Rates and Taxes	1,124,280	1,015,603
Foreign Exchange Gain / (Loss)	–	(100)
Courier Charges	–	7,539
Legal and Professional Fees	2,164,026	2,097,782
Auditor's Remuneration	438,199	460,427
Bank Charges	39,854	40,941
Miscellaneous Expenses	5,186	53,801
<b>TOTAL</b>	<b>3,771,544</b>	<b>3,675,992</b>

## NOTE 10 : BACKGROUND

Motilal Oswal Capital Markets (Hongkong) Private Limited ('The Company') was incorporated in Hongkong on September 30, 2011 (CR No. 1668413). The principal shareholder of the Company as at March 31, 2017 is Motilal Oswal Securities Limited (MOSL).

The Company's principal activity is to distribute research (produced by MOSL) and render financial advice on Indian equities to institutional investors in Hongkong.

The Company is seeking to conduct regulated activities such as dealing in securities and advising on securities as it intends to provide a brokerage service in relation to stocks, unit trusts, mutual funds, debt securities and stock derivatives. The Company is also seeking to distribute institutional research to Hongkong and overseas institutional clients.

The transactions of the Company are in local currency, which have been converted into Indian Rupees for reporting purposes at the rate applied as per paragraph (c) of Note 2 of Significant Accounting Policies.

## NOTE 11 : SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements of the Company are prepared under the historical cost convention on the accrual basis of accounting and comply in all material aspects with accounting principles generally accepted in India.

### (b) 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 on the date of the financial statements. The estimates and assumptions used in the accompanying 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 financial statements. Any differences of actual results to such estimates are recognized prospectively in the current and future periods.

### (c) Conversion to Indian Rupees

For the purpose of these financial statements, 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 as Reserves and surplus. The share capital is carried forward at the rate of exchange prevailing on the transaction date.

### (d) Operating Leases

Lease rentals in respect of operating lease are charged to the statement of profit and loss as per the terms of the lease arrangement on a straight-line basis over the lease period.

### (e) Taxes on income

Current tax is determined as the amount of tax payable in respect of taxable income for the year using the tax rates enacted or substantially enacted at the balance sheet date.

# NOTES TO FINANCIAL STATEMENT

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

## (f) Earnings per share

Basic earning per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period as adjusted for the effects of all diluted potential equity shares.

## (g) Contingencies and Provisions

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.

## NOTE 12 : SFC LICENCE

Motilal Oswal Capital Markets (Hong Kong) Private Limited ("Motilal HK") was incorporated in Hong Kong on 30 September 2011 (CR No 1668413).

The Company received SFC license on 24th June 2014 to Advise on Securities & conduct TYPE IV Activity vide its license no AYY301.

The license allows Motilal HK to distribute Research Reports on Indian Markets only to Hong Kong based Professional Investors

Motilal HK is 100% owned subsidiary of Motilal Oswal Securities Limited a 100% subsidiary of Motilal Oswal Financial Services Limited subsidiary of Passionate Investment Management Private Limited which is its ultimate holding company.

## NOTE 13 : TAXATION

No provision for the current tax has been made in view of taxable loss for the period.

## NOTE 14 : OPERATING LEASES

The Company had taken office premises under operating lease or leave and license agreements.

During the year ₹ 11,24,280 (Previous year ₹ 10,15,603) being lease rentals for the current year are recognized in the statement of profit and loss under the head "rent".

As at March 31, 2017 the total future minimum lease payments under non-cancellable operating leases are payable as follows :-

Particulars	April 1, 2016 to March 31, 2017 in ₹	April 1, 2015 to March 31, 2016 in ₹
Payable within 1 year	1,084,775	1,027,772
Payable after 1 year but not later than 5 years	—	—
<b>TOTAL</b>	<b>1,084,775</b>	<b>1,027,772</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 15 : EARNINGS PER SHARE

The numerator and denominator used to calculate basic and diluted earnings per shares are as under:

Particulars	For the year ended March 31, 2017 in ₹	For the year ended March 31, 2016 in ₹
Loss attributable to equity shareholders (₹)	(8,769,042)	(8,634,085)
Weighted average number of equity shares outstanding during the year	6,000,000	6,000,000
Nominal value per share (₹)	6.87	6.87
Earnings per share (Basic and diluted) (₹)	<u>(1.46)</u>	<u>(1.44)</u>

## NOTE 16 : TRANSLATION DIFFERENCES

The translation differences arising during the period on account of foreign currency have been directly taken to Reserves.

## NOTE 17 : RELATED PARTIES TRANSACTIONS

### (i) Relationships during the period

- A) Enterprises where control exists
- Motilal Oswal Securities Limited – Holding Company
  - Motilal Oswal Financial Services Limited – Holding Company of Motilal Oswal Securities Limited
  - Passionate Investment Management Private Limited - Ultimate Holding Company
- B) Fellow subsidiaries
- Motilal Oswal Capital Markets Private Limited
  - Motilal Oswal Trustee Company Limited
  - Motilal Oswal Insurance Brokers Private Limited
  - Motilal Oswal Commodities Broker Private Limited
  - Motilal Oswal Investment Advisors Limited (formerly known as Motilal Oswal Investment Advisors Private Limited)
  - MOPE Investment Advisors Private Limited
  - Motilal Oswal Wealth Management Limited
  - Motilal Oswal Securities International Private Limited
  - Motilal Oswal Asset Management Company
  - Motilal Oswal Capital Market (Singapore) Pte Ltd.
  - 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
  - Motilal Oswal Asset Management (Mauritius) Private Limited
  - Nagori Agro & Cattle Feeds Private Limited
  - Motilal Oswal Capital Limited
- C) Key management personnel
- Abhijeet Tare - Director
  - Martin Brendon Marnick - Director

# NOTES TO FINANCIAL STATEMENT

## ii) Transactions with Related Parties for the period ended March 31, 2017

Transactions	Name of the Related Party	For the year ended March 31, 2017	For the year ended March 31, 2016
Director's Remuneration	Martin Brendon Marnick	4,997,643	4,958,314
<b>TOTAL</b>		<b>4,997,643</b>	<b>4,958,314</b>

Note: 'Income/receipts figures are shown in brackets.

### NOTE 18 :

Previous period's figures have regrouped/rearranged where necessary to confirm the current year's classifications.

#### For P B K & Co.

*Chartered Accountants*

Firm Reg No. 122384W

#### Premal H Gandhi

*Partner*

M.No.: 111592

Place : Mumbai

Date : 24th April, 2017

#### For Motilal Oswal Capital Markets (Hongkong) Private Limited

#### Abhijit Tare

*Director*

DIN No. 07682095

Place : Mumbai

Date : 24th April, 2017

#### Martin Brendon Marnick

*Director*

# **Motilal Oswal Capital Markets (Singapore) Pte. Ltd.**

**Annual Report 2016-2017**

# ACCOUNTANTS CERTIFICATE

---

The Board of Directors

**Motilal Oswal Capital Markets (Singapore) Pte. Ltd.**

We have verified the conversion of the accompanying condensed balance sheet of Motilal Oswal Capital Markets (Singapore) Pte. Ltd. as on March 31, 2017 and the related condensed Statement of Profit and Loss for the period ended March 31, 2017 has been prepared and certified by the Management of Motilal Oswal Financial Services Limited and denominated in Singapore Dollars, to Indian Rupees, with books of account and records maintained and produced to us for verification and information and explanations given to us by the management of the Motilal Oswal Financial Services Limited have found it to be in accordance therewith.

This certificate has been issued for the Management of the Company and to assist the auditors of the ultimate holding company with their review of the consolidated financial statements and should not be used for any other purpose.

For **P B K & CO.**

*Chartered Accountants*

Firm Registration No.: 122384W

**Premal Gandhi**

*Partner*

Membership No.:111592

Place: Mumbai

Date: 24th April 2017

# BALANCE SHEET

## BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
<b>EQUITY AND LIABILITIES</b>			
<b>Share Holders' Funds :</b>			
Share Capital	1	104,087,500	9,887,500
Reserve and Surplus	2	3,311,147	3,039,814
<b>Current Liabilities</b>			
Other Current Liabilities	3	476,852	1,583,950
Short Term Provisions	4	2,082,869	444,137
<b>TOTAL</b>		<b>109,958,368</b>	<b>14,955,400</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	5	105,2189	–
Current Assets			
Trade Receivables	6	5,886,764	3,135,223
Cash and Cash Equivalent	7	97,880,054	10,357,851
Short Term Loan and Advances	8	6,086,331	1,462,326
<b>TOTAL</b>		<b>109,958,368</b>	<b>14,955,400</b>

Notes Referred to above form an Integral part of the Financial Statements

As per our attached Report of even date

**For P B K & Co.**

Chartered Accountants

Firm Reg No. 122384W

**Premal H Gandhi**

Partner

M.No.: 111592

Place : Mumbai

Date : 24th April, 2017

**For Motilal Oswal Capital Market (Singapore) Pte. Ltd**

**Abhijit Tare**

Director

DIN No. 07682095

Place : Mumbai

Date : 24th April, 2017

**Kadambari Balachandaran**

Director

# STATEMENT OF PROFIT AND LOSS

## STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2017

Particulars	Note No.	For the Period Ended March 31, 2017 (₹)	For the Period Ended March 31, 2016 (₹)
<b>INCOME :</b>			
Income from Operations	9	18,069,244	13,974,549
<b>TOTAL REVENUE</b>		<b>18,069,244</b>	<b>13,974,549</b>
<b>EXPENSES :</b>			
Employee Benefits	10	11,461,205	4,231,724
Depreciation	11	19,110	—
Other Expenses	12	4,232,066	7,919,997
<b>TOTAL EXPENSES</b>		<b>15,712,381</b>	<b>12,151,721</b>
<b>Profit Before Tax</b>		<b>2,356,863</b>	<b>1,822,827</b>
<b>Tax Expense:</b>			
Current Tax		176,891	183,565
Prior Year		(381,926)	—
<b>Profit for the year /period</b>		<b>2,561,897</b>	<b>1,639,262</b>
<b>Earnings per Equity Share:</b>			
Basic and Diluted		5.01	6.56
Equity Shares of Par Value SGD 1/-each			

Notes Referred to above form an Integral part of the Financial Statements

As per our attached Report of even date

**For P B K & Co.**

Chartered Accountants

Firm Reg No. 122384W

**Premal H Gandhi**

Partner

M.No.: 111592

Place : Mumbai

Date : 24th April, 2017

**For Motilal Oswal Capital Market (Singapore) Pte. Ltd**

**Abhijit Tare**

Director

DIN No. 07682095

Place : Mumbai

Date : 24th April, 2017

**Kadambari Balachandaran**

Director

# CASH FLOW STATEMENT

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

Particulars	April 1, 2016 to March 31, 2017 in ₹	April 1, 2015 to March 31, 2016 in ₹
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) Before Tax	2,356,863	1,822,827
Add :		
Adjustments For:		
Change in Translation Differences on Foreign Currency Taken to Reserves	(2,290,565)	871,115
Depreciation	19,110	
Adjustment for working capital changes :		
Increase / (Decrease) in Current Liabilities	(1,107,099)	820,399
Increase / (Decrease) in Short Term Provisions	1,638,732	
(Increase) / Decrease in Short Term Loans and Advances	(4,624,005)	(117,387)
(Increase) / Decrease in Trade Receivables	(2,751,541)	(319,733)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(6,758,504)</b>	<b>3,077,221</b>
Change in Tax Balance	205,035	260,572
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(6,553,470)</b>	<b>3,337,793</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(124,328)	—
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(124,328)</b>	<b>—</b>
<b>CASH FROM FINANCING ACTIVITIES</b>		
Issue of Shares	94,200,000	—
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>94,200,000</b>	<b>—</b>
<b>NET CASH FLOW FOR THE YEAR</b>	<b>87,522,203</b>	<b>3,337,793</b>
Balance with Bank in Current Account as at the opening of the Year	10,310,541	6,990,022
Cash on Hand	47,311	30,034
Balance with Bank In Current Account as at the end of the Year	97,850,385	10,310,541
Cash on Hand	29,669	47,311

As per our attached Report of even date

**For P B K & Co.**

Chartered Accountants

Firm Reg No. 122384W

**Premal H Gandhi**

Partner

M.No.: 111592

Place : Mumbai

Date : 24th April, 2017

**For Motilal Oswal Capital Market (Singapore) Pte. Ltd**

**Abhijit Tare**

Director

DIN No. 07682095

Place : Mumbai

Date : 24th April, 2017

**Kadambari Balachandaran**

Director

# NOTES TO FINANCIAL STATEMENT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

### NOTE 1 : SHARE CAPITAL

	As at March 31, 2017 in ₹	As at March 31, 2016 in ₹
<b>Authorized :</b>		
10,00,00,000 Equity Shares of SGD 1 Each	3,700,000,000	3,700,000,000
<b>TOTAL</b>	<b>3,700,000,000</b>	<b>3,700,000,000</b>
<b>Issued, Subscribed and Paid Up:</b>		
Equity shares of SGD 1 each fully paid up (All of the above 2,50,000 shares are held by Motilal Oswal Securities Limited, the Holding company)	9,887,500	9,887,500
Equity shares of SGD 1.8 each fully paid up (All of the above 1,111,111 shares are held by Motilal Oswal Securities Limited, the Holding company)	94,200,000	–
<b>TOTAL</b>	<b>104,087,500</b>	<b>9,887,500</b>

### NOTE 2 : RESERVES AND SURPLUS

	As at March 31, 2017 in ₹	As at March 31, 2016 in ₹
<b>Deficit in the statement of profit and loss</b>		
Opening Balance	1,066,785	(572,477)
Net Profit for the year	2,561,897	1,639,262
	3,628,683	1,066,785
<b>Foreign Currency Translation Reserve</b>		
Opening Balance	1,973,029	1,101,914
Add : For the Current Year	(2,290,565)	871,115
Closing Balance	(317,536)	1,973,029
<b>Closing Balance</b>	<b>3,311,147</b>	<b>3,039,814</b>

### NOTE 3 : OTHER CURRENT LIABILITIES

	As at March 31, 2017 in ₹	As at March 31, 2016 in ₹
<b>Other Payables</b>		
Creditors for Expenses	403,437	1,535,504
Outstanding Expenses	73,414	48,446
<b>TOTAL</b>	<b>476,852</b>	<b>1,583,950</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 4 : SHORT TERM PROVISIONS

	As at March 31, 2017 in ₹	As at March 31, 2016 in ₹
Provision for Taxes	169,279	444,137
Provision for Ex Gratia	1,913,590	–
<b>TOTAL</b>	<b>2,082,869</b>	<b>444,137</b>

## NOTE 5 : TANGIBLE ASSETS

in ₹

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2016	Additions 2016-17	Deductions 2016-17	As on 31.3.2017	As on 01.04.2016	For the Year 2016-17	Deductions 2016-17	As on 31.3.2017	As on 31.3.2017	As on 31.03.2016
<b>Tangible Assets</b>										
Computer	–	124,328	–	124,328	–	19,110	–	19,110	105,218	–
<b>TOTAL</b>	–	124,328	–	124,328	–	19,110	–	19,110	105,218	–

## NOTE 6 : TRADE RECEIVABLES

	As at March 31, 2017 in ₹	As at March 31, 2016 in ₹
Unsecured, Considered Good, Outstanding for a Period Less than Six Months	5,886,764	3,135,223
<b>TOTAL</b>	<b>5,886,764</b>	<b>3,135,223</b>

## NOTE 7 : CASH AND BANK BALANCES

	As at March 31, 2017 in ₹	As at March 31, 2016 in ₹
Cash on Hand	29,669	47,311
Balance with Banks		
In Current Accounts	97,850,385	10,310,541
<b>TOTAL</b>	<b>97,880,054</b>	<b>10,357,851</b>

## NOTE 8 : LOANS AND ADVANCES

	As at March 31, 2017 in ₹	As at March 31, 2016 in ₹
Advance Rent	121,437	124,774
– Prepaid Expenses	64,590	–
– Deposits	5,900,304	1,337,554
<b>TOTAL</b>	<b>6,086,331</b>	<b>1,462,326</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 9 : INCOME FROM OPERATIONS

	For the Period Ended March 31, 2017 (₹)	For the Period Ended March 31, 2016 (₹)
Advisory Fees	18,069,244	13,974,549
<b>TOTAL</b>	<b><u>18,069,244</u></b>	<b><u>13,974,549</u></b>

## NOTE 10 : EMPLOYEE BENEFITS

	For the Period Ended March 31, 2017 (₹)	For the Period Ended March 31, 2016 (₹)
Salaries and Incentives	11,042,303	3,821,527
Contribution to Provident Fund	418,902	410,197
<b>TOTAL</b>	<b><u>11,461,205</u></b>	<b><u>4,231,724</u></b>

## NOTE 11 : DEPRECIATION

	For the Period Ended March 31, 2017 (₹)	For the Period Ended March 31, 2016 (₹)
Depreciation on Tangible Assets	19,110	-
<b>TOTAL</b>	<b><u>19,110</u></b>	<b><u>-</u></b>

## NOTE 12 : OTHER EXPENSES

	For the Period Ended March 31, 2017 (₹)	For the Period Ended March 31, 2016 (₹)
Rent	2,853,128	2,706,490
Legal and Professional Fees	444,460	4,310,770
Travelling	186,367	237,673
Auditor's Remuneration	169,616	165,174
Repairs and Maintenance	129,243	123,776
Communication Charges	138,695	133,990
Printing and Stationery	64,082	73,219
Client Entertainment Expenses	64,018	50,099
Staff Welfare	62,634	5,418
Foreign exchange Gain / (Loss)	-	10,535
Membership and Subscription Charges	4,846	51,912
Bank Charges	56,825	50,944
Miscellaneous Expenses	58,154	-
<b>TOTAL</b>	<b><u>4,232,066</u></b>	<b><u>7,919,997</u></b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 13 : BACKGROUND

Motilal Oswal Capital Markets (Singapore) Pte Ltd. ('The Company') was incorporated in Singapore on September 28, 2011. The principal shareholder of the Company as at March 31, 2017 is Motilal Oswal Securities Limited (MOSL).

The Company's principal activity is to distribute research (produced by MOSL) and render financial advice on Indian equities to institutional investors in Singapore.

The transactions of the Company are in local currency, which have been converted into Indian Rupees for reporting purposes at the rate applied as per paragraph (c) of Note 2 of Significant Accounting Policies.

Motilal Oswal Capital Markets Singapore Pte Limited (MOCMSPL) is an exempt financial advisor under the Singapore Financial Advisers Act and a subsidiary of Motilal Oswal Securities Limited a SEBI registered Broker Dealer in India. As an Exempt Financial Advisor notified with MAS enables MOCMSPL to distribute in Singapore research and render financial advice on Indian Equities to accredited investors/Institutional Investors as defined in the Financial Advisers Regulations and the Securities and Futures Act (Chapter 289), as amended from time to time.

## NOTE 14 : SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements of the Company are prepared under the historical cost convention on the accrual basis of accounting and comply in all material aspects with accounting principles generally accepted in India.

### (b) 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 on the date of the financial statements. The estimates and assumptions used in the accompanying 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 financial statements. Any differences of actual results to such estimates are recognized prospectively in the current and future periods.

### (c) Conversion to Indian Rupees

For the purpose of these financial statements, 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 as Reserves and Surplus. The share capital is carried forward at the rate of exchange prevailing on the transaction date.

### (d) Revenue recognition

Revenue is recognized when there is a reasonable certainty of its ultimate realization / collection

Investment advisory fees is recognized on an accrual basis in accordance with the terms of the agreement with MOSL.

### (e) Operating Leases

Lease rentals in respect of operating lease are charged to the statement of profit and loss as per the terms of the lease arrangement on a straight-line basis over the lease period.

### (f) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year using the tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

### (g) Earnings per share

Basic earning per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

### (h) Contingencies and Provisions

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.

# NOTES TO FINANCIAL STATEMENT

## NOTE 15 :

During the year, The Company has issued 11,11,111 equity shares of SGD 1.8 (INR 84.78) each fully paid up on 5th January, 2017. All the shares has been subscribed by its holding company Motilal Oswal Securities Limited.

## NOTE 16 : TAXATION

Provision for the current tax has been made for ₹ 2,05,035 (Previous year ₹ 1,83,565/-).

## NOTE 17 : OPERATING LEASES

The Company had taken office premises under operating lease or leave and license agreements.

During the year ₹ 28,53,128/- (Previous year ₹ 27,06,490/-) being lease rentals for the current year are recognized in the statement of profit and loss under the head "Rent".

As at March 31, 2017 the total future minimum lease payments under non-cancellable operating leases are payable as follows :-

### Operating Lease Commitments

Particulars	April 1, 2016 to March 31, 2017 (₹)	April 1, 2015 to March 31, 2016 (₹)
Payable within 1 year	2,736,999	2,814,996
Payable after 1 year but not later than 5 years	—	—
<b>TOTAL</b>	<b>2,736,999</b>	<b>2,814,996</b>

The above operating lease commitments are based on known rental rates as at the date of this report and do not include any revision in rates which may be determined by the relevant authorities.

## NOTE 18 : EARNINGS PER SHARE

The numerator and denominator used to calculate basic and diluted earnings per shares are as under:

Particulars	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Profit attributable to equity shareholders (₹)	2,561,897	1,639,262
Weighted average number of equity shares outstanding during the year	511,796	250,000
Nominal value per share (₹)	76.47	39.55
Earnings per share (Basic and diluted) (₹)	5.01	6.56

## NOTE 19 : TRANSLATION DIFFERENCES

The translation differences arising during the period on account of foreign currency have been directly taken to Reserves.

## NOTE 20 : RELATED PARTY TRANSACTIONS

### (i) Relationships during the year

- A) Enterprises where control exists
  - Motilal Oswal Securities Limited – Holding Company
  - Motilal Oswal Financial Services Limited – Holding company of Motilal Oswal Securities Limited
  - Passionate Investment Management Private Limited - Ultimate Holding company
- B) Fellow subsidiaries
  - Motilal Oswal Capital Markets Private Limited
  - Motilal Oswal Trustee Company Limited
  - Motilal Oswal Insurance Brokers Private Limited
  - Motilal Oswal Commodities Broker Private Limited
  - Motilal Oswal Investment Advisors Limited (formerly known as Motilal Oswal Investment Advisors Private Limited)

# NOTES TO FINANCIAL STATEMENT

- MOPE Investment Advisors Private Limited
  - Motilal Oswal Wealth Management Private Limited
  - Motilal Oswal Securities International Private Limited
  - Motilal Oswal Asset Management Company
  - Motilal Oswal Capital Market (Honkong) Pvt Ltd.
  - 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
  - Motilal Oswal Asset Management (Mauritius) Private Limited
  - Nagori Agro & Cattle Feeds Private Limited
  - Motilal Oswal Capital Limited
- C) Key management personnel
- Abhijit Tare - Director
  - Kadambari Balachandaran - Director

## ii) Transactions with related parties for the year ended March 31, 2017

Transactions	Name of the related Party	2016-17	2015-16
Advisory Fees (charged) / paid	Motilal Oswal Securities Limited	(18,069,244)	(13,939,302)
Director's remuneration	Kadambari Balachandaran	2,974,064	2,862,131
Director's remuneration	Varun Kumar	3,392,166	-
Advisory fees outstanding at the year end	Motilal Oswal Securities Limited	5,886,764	3,014,395

Note: Income/receipts figures are shown in brackets.

### NOTE 21 :

Previous year figures have regrouped / rearranged where necessary to confirm to current year's classifications.

As per our attached Report of even date

#### For P B K & Co.

Chartered Accountants  
Firm Reg No. 122384W

#### Premal H Gandhi

Partner

M.No.: 111592

Place : Mumbai

Date : 24th April, 2017

#### For Motilal Oswal Capital Market (Singapore) Pte. Ltd

#### Abhijit Tare

Director

DIN No. 07682095

Place : Mumbai

Date : 24th April, 2017

#### Kadambari Balachandaran

Director

**Motilal Oswal Real Estate Investment  
Advisors Private Limited**

**Annual Report 2016-2017**

# INDEPENDENT AUDITORS' REPORT

## To the Members of MOTILAL OSWAL REAL ESTATE INVESTMENT ADVISORS PRIVATE LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of Motilal Oswal Real Estate Investment Advisors Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, 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 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 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 March 31, 2017, its loss 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;
  - 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;

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

- 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 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 does not have any pending litigations which would impact its financial position;
  - (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.
  - (iv) The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 (Refer Note No. 9 to the financial statements).

**For Haribhakti & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration No. 103523W / W100048

**Purushottam Nyati**

*Partner*

Membership No. 118970

Place: Mumbai

Date: April 26, 2017

## **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 Real Estate Investment Advisors Private Limited on the financial statements for the year ended March 31, 2017]

- (i) As informed, the Company does not have fixed assets. Accordingly, the provisions stated in paragraph 3 (i)(a), 3 (i)(b) and 3 (i) (c) of the Order are not applicable to the Company.
- (ii) As informed, the Company does not have inventories. Accordingly, the provisions stated in paragraph 3 (ii)(a), 3 (ii)(b) and 3 (ii) (c) of the Order are not applicable to the Company.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (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, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, however, delays in deposit have not been serious. And,  
According to the information and explanations given to us, no undisputed amounts 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, there are no dues with respect to income tax, sales tax, service tax, value added tax, customs duty, excise duty, which have not been deposited on account of any dispute.
- (viii) The Company does not have any loan or borrowing from bank(s) / government(s) or dues to debenture holder(s). Further, according to information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to financial institution(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.
- (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) As the Company has not paid / provided for any managerial remuneration. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
- (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.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

---

(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. Therefore, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the Company.

**For Haribhakti & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration No. 103523W / W100048

**Purushottam Nyati**

*Partner*

Membership No. 118970

Palce: Mumbai

Date: April 26, 2017

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2 under „Report on Other Legal and Regulatory Requirements’ in the Independent Auditor’s Report of even date to the members of Motilal Oswal Real Estate Investment Advisors Private Limited on the financial statements for the year ended March 31, 2017]

### **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 Real Estate Investment Advisors Private Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the 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 (the “Guidance Note”) 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 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.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

---

## **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, 2017, 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 / W100048

## **Purushottam Nyati**

*Partner*

Membership No. 118970

Place: Mumbai

Date: April 26, 2017

# BALANCE SHEET

## BALANCE SHEET AS AT 31ST MARCH, 2017

	Note No.	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>A. Share Holders' Funds :</b>			
Share Capital	1	1,000,000	1,000,000
Reserves and Surplus	2	(7,457,248)	(5,022,801)
<b>TOTAL</b>	<b>(A)</b>	<b>(6,457,248)</b>	<b>(4,022,801)</b>
<b>B. Non-Current Liabilities :</b>			
Long-term provisions	3	—	139,380
<b>TOTAL</b>	<b>(B)</b>	<b>—</b>	<b>139,380</b>
<b>C. Current Liabilities :</b>			
(a) Short-term borrowings	4	6,267,298	3,276,769
(b) Other current liabilities	5	762,937	401,035
(c) Short-term provisions	6	99,750	482,409
<b>TOTAL</b>	<b>(C)</b>	<b>7,129,985</b>	<b>4,160,213</b>
<b>TOTAL</b>	<b>(A+B+C)</b>	<b>672,737</b>	<b>276,792</b>
<b>II. ASSETS</b>			
<b>E. Non-current assets:</b>			
(a) Non-current investments	7	187,993	188,307
(b) Long-term loans and advances	8	90,032	49,187
<b>TOTAL</b>	<b>(D)</b>	<b>278,025</b>	<b>237,494</b>
<b>F. Current assets:</b>			
(a) Cash and bank balances	9	388,787	36,163
(b) Short-term loans and advances	10	5,925	3,135
<b>TOTAL</b>	<b>(E)</b>	<b>394,712</b>	<b>39,298</b>
<b>TOTAL</b>	<b>(D+E)</b>	<b>672,737</b>	<b>276,792</b>
Significant accounting policies	16		
Notes forming part of Accounts	17-26		

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 Registration No. 103523W / W100048

**Purushottam Nyati**  
Partner  
Membership.No 118970

Place : Mumbai  
Dated : 26th April, 2017

**For and on behalf of the Board of Directors**  
**Motilal Oswal Real Estate Investment Advisors Private Limited**

**Motilal Oswal**  
Director  
DIN No. 00024503

**Vishal Tulsyan**  
Director  
DIN No. 00139754

Place : Mumbai  
Dated : 26th April, 2017

# STATEMENT OF PROFIT AND LOSS

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	Note No.	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
<b>REVENUE</b>			
Other Income	11	18,573	13,752
<b>TOTAL</b>	<b>(A)</b>	<b>18,573</b>	<b>13,752</b>
<b>EXPENSES</b>			
Employee Benefits Expenses	12	1,459,517	2,078,118
Finance Cost	13	819,479	378,366
Other Expenses	14	171,084	358,410
<b>TOTAL</b>	<b>(B)</b>	<b>2,450,080</b>	<b>2,814,894</b>
<b>(Loss) before Taxation</b>	<b>(C) = (A) - (B)</b>	<b>(2,431,507)</b>	<b>(2,801,142)</b>
<b>Less: Provision for Taxation</b>			
For current year		–	–
Deferred tax		–	–
Income Tax for earlier years		2,940	–
	<b>(D)</b>	<b>2,940</b>	<b>–</b>
<b>(Loss) after Tax</b>	<b>(E) = (C) - (D)</b>	<b>(2,434,447)</b>	<b>(2,801,142)</b>
<b>Earnings Per share (₹)</b>			
Basic (Face Value of share ₹ 10 each, PY ₹ 10 each )		(24.34)	(28.01)
Diluted (Face Value of share ₹ 10 each, PY ₹ 10 each )		(24.34)	(28.01)
Significant accounting policies	16		
Notes forming part of Accounts	17-26		
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 Registration No. 103523W / W100048

**Purushottam Nyati**  
Partner  
Membership.No 118970

Place : Mumbai  
Dated : 26th April, 2017

**For and on behalf of the Board of Directors**  
**Motilal Oswal Real Estate Investment Advisors Private Limited**

**Motilal Oswal**  
Director  
DIN No. 00024503

**Vishal Tulsyan**  
Director  
DIN No. 00139754

Place : Mumbai  
Dated : 26th April, 2017

# CASH FLOW STATEMENT

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	For the Year ended 31st March 2017 (In ₹)	For the Year ended 31st March 2016 (In ₹)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>(2,431,507)</b>	<b>(2,801,142)</b>
Adjustment for		
Interest Expense	819,479	378,366
Partnership gain from IREF II LLP	(18,563)	(13,752)
Adjustment for working capital changes		
(Decrease) other long term provision	(139,380)	–
Increase/(Decrease) Other Current Liabilities	(35,099)	136,194
(Decrease) Short-term Provision	(382,659)	(76,407)
(Increase)/Decrease in Short-term Loans & Advances	(1,219)	2,452
(Increase) in Other Current Assets	–	(26,988)
(Increase) in Long Term Loans & Advances	(39,558)	
<b>CASH USED IN OPERATIONS</b>	<b>(2,228,506)</b>	<b>(2,401,277)</b>
Taxes Paid (Net of Refunds )	(5,799)	–
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(2,234,305)</b>	<b>(2,401,277)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment In Subsidiary	(10)	–
Partnership gain from IREF II LLP	18,563	–
Refund from IREF II LLP	324	18,065
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>18,877</b>	<b>18,065</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan taken	2,650,000	–
Loan Repaid	–	2,736,121
Interest paid	(81,948)	(378,366)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>2,568,052</b>	<b>2,357,755</b>
<b>NET CASH FLOW FOR THE YEAR ENDED</b>	<b>352,624</b>	<b>(25,457)</b>
Cash & Cash Equivalents as at beginning of the year	–	–
Cash & Cash Equivalents comprise of		
Scheduled Bank - In Current Account	36,163	61,620
<b>Total Cash &amp; Cash Equivalents as at beginning of the year</b>	<b>36,163</b>	<b>61,620</b>
<b>Cash &amp; Cash Equivalents as at end of the year</b>		
Cash on hand	200,000	–
Scheduled Bank - In Current Account	188,787	36,163
Fixed Deposit with Banks	–	–
<b>Total Cash &amp; Cash Equivalents as at end of the year</b>	<b>388,787</b>	<b>36,163</b>

Note : The above cash flow statement has been prepared under the Indirect method” as set out in Accounting Standard - 3 on cash flow statements issued by the Institute of Chartered Accountants of India.

**As per our attached report of even date**

**For Haribhakti & Co LLP**  
Chartered Accountants  
ICAI Firm Registration No. 103523W / W100048

**Purushottam Nyati**  
Partner  
Membership.No 118970

Place : Mumbai  
Dated : 26th April, 2017

**For and on behalf of the Board of Directors**  
**Motilal Oswal Real Estate Investment Advisors Private Limited**

**Motilal Oswal**  
Director  
DIN No. 00024503

**Vishal Tulsyan**  
Director  
DIN No. 00139754

Place : Mumbai  
Dated : 26th April, 2017

# NOTES TO FINANCIAL STATEMENT

## NOTE 1 : SHARE CAPITAL

	As at 31-Mar-17		As at 31-Mar-16	
	Number of Shares	(In ₹)	Number of Shares	(In ₹)
<b>Authorised</b>				
1,00,000 Equity Shares of ₹ 10 each ( PY ₹ 10 each)	100,000	1,000,000	100,000	1,000,000
<b>TOTAL</b>	<b>100,000</b>	<b>1,000,000</b>	<b>100,000</b>	<b>1,000,000</b>
<b>Issued, Subscribed &amp; Paid Up</b>				
1,00,000 Equity Shares of ₹10 each fully paid up ( PY ₹ 10 each)	100,000	1,000,000	100,000	1,000,000
Of the above 1,00,000 shares (previous year 89,999 shares) held by holding company MOPE Investment Advisors Private Limited				
<b>TOTAL</b>	<b>100,000</b>	<b>1,000,000</b>	<b>100,000</b>	<b>1,000,000</b>

The Company has one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holder of the equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all the preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

### Reconciliation of number of shares outstanding

Name of Shareholder	As at 31-Mar-17		As at 31-Mar-16	
	Number of Shares	(In ₹)	Number of Shares	(In ₹)
Number of share at beginning of the year	100,000	1,000,000	100,000	1,000,000
Add : Share issued during the year	–	–	–	–
<b>Number of Share at the end of the year</b>	<b>100,000</b>	<b>1,000,000</b>	<b>100,000</b>	<b>1,000,000</b>

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

Name of Shareholder	As at 31-Mar-17		As at 31-Mar-16	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Like Minded Wealth Creation Trust	–	–	10,000	10.00
MOPE Investment Advisors Private Limited and its Nominee	100,000	100.00	89,999	89.99

## NOTE 2: RESERVES AND SURPLUS

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Opening balance	(5,022,801)	(2,221,659)
Net Profit/(Loss) For the current year	(2,434,447)	(2,801,142)
<b>TOTAL</b>	<b>(7,457,248)</b>	<b>(5,022,801)</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 3 : LONG-TERM PROVISIONS

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Provision for Employee Benefits Gratuity	–	139,380
<b>TOTAL</b>	<b>–</b>	<b>139,380</b>

## NOTE 4 : SHORT-TERM BORROWINGS

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Loan and advance from Related Party, Repayable on demand (Unsecured, Considered Good)</b> Motilal Oswal Financial Services Ltd (Intermediate Holding Company)	6,267,298	3,276,769
<b>TOTAL</b>	<b>6,267,298</b>	<b>3,276,769</b>

## NOTE 5 : OTHER CURRENT LIABILITIES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Interest accrued but not due on Borrowings	737,531	340,529
Other Payables		
Taxes payable	15,239	26,924
For expenses	10,167	33,582
<b>TOTAL</b>	<b>762,937</b>	<b>401,035</b>

## NOTE 6 : SHORT-TERM PROVISIONS

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Provision for Employee Benefits</b>		
Ex-Gratia Payable	–	275,000
Gratuity Obligation	–	49,659
<b>Other Provisions</b>		
Provision for Expenses	99,750	157,750
<b>TOTAL</b>	<b>99,750</b>	<b>482,409</b>

## NOTE 7 : NON-CURRENT INVESTMENTS (AT COST)

(In ₹)

Sr. No.	Particulars	Subsidiary/ Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extend of Holding %		Amount	
			31-Mar-17	31-Mar-16			31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
1	<b>Investment in Equity Instrument (Trade Investment)</b>									
	Motilal Real Estate Investment Advisors II Private Limited	Subsidiary	9,000	8,999	Unquoted	Fully Paid-up	90.00%	89.99%	90,000	89,990
2	<b>Investment in Partnership Firm (Other Investment)</b>									
	Investment In IREF II LLP									
	Opening Balance								98,317	102,630
	Add : Contribution made during the year								–	–
	Add : Share of Profit								18,563	13,752
	Less : Return/Receipts during the year								(18,887)	(18,065)
	Closing Balance	Others	1	1	Unquoted	Fully Paid-up	–	–	97,993	98,317
	<b>Total</b>								<b>187,993</b>	<b>188,307</b>

# NOTES TO FINANCIAL STATEMENT

Particulars	31-Mar-17		31-Mar-16	
	Cost (In ₹)	Market Value (In ₹)	Cost (In ₹)	Market Value (In ₹)
Aggregate value of quoted investments and market value	NA	NA	NA	NA
Aggregate value of unquoted investments				
Others	187,993	NA	188,307	NA
Aggregate provision for diminution in value of investments	NA	NA	NA	NA

## NOTE 8 : LONG TERM LOANS AND ADVANCES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Other Loans and Advances (Unsecured, considered good)</b>		
Prepaid Expenses	1,428	1,999
Balances With Government Authorities	88,605	47,188
<b>TOTAL</b>	<b>90,032</b>	<b>49,187</b>

## NOTE 9 : CASH AND BANK BALANCES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Cash and Cash Equivalents</b>		
Cash on hand	200,000	–
<b>Balance with banks</b>		
In current accounts	188,787	36,163
<b>TOTAL</b>	<b>388,787</b>	<b>36,163</b>

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:

Particulars	SBNs	Other denomination notes (Rupees)	Total
<b>Closing cash in hand as on 8-11-2016</b>	–	–	–
(+) Withdrawn from Bank		200,000.00	200,000.00
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	–	–
(-) Amount deposited in Banks	–	–	–
<b>Closing cash in hand as on 30-12-2016</b>	–	<b>200,000.00</b>	<b>200,000.00</b>

**Note:** Specified Bank Notes is defined as Bank Notes of denominations of the existing series of the value of Five hundred rupees and one thousand rupees.

## NOTE 10 : SHORT TERM LOANS AND ADVANCES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Others (Unsecured, considered good)</b>		
Prepaid Expenses	4,354	3,135
Advance Tax & TDS	1,571	–
<b>TOTAL</b>	<b>5,925</b>	<b>3,135</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 11 : OTHER INCOME

	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
Share of Profit from IREF II LLP	18,563	13,752
Miscellaneous Income	10	—
<b>TOTAL</b>	<b>18,573</b>	<b>13,752</b>

## NOTE 12 : EMPLOYEE BENEFITS EXPENSE

	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
Salary, Bonus and Allowances	1,413,326	1,989,530
Gratuity	30,191	88,588
Staff Welfare Expenses	16,000	—
<b>TOTAL</b>	<b>1,459,517</b>	<b>2,078,118</b>

## NOTE 13 : FINANCE COST

	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
Interest Expense	819,479	378,366
<b>TOTAL</b>	<b>819,479</b>	<b>378,366</b>

## NOTE 14 : OTHER EXPENSES

	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
Remuneration to Auditors	94,026	215,000
Legal & Professional Charges	49,754	96,751
Rent	12,060	12,000
Rates and taxes	6,484	3,527
Miscellaneous Expenses	8,759	31,132
<b>TOTAL</b>	<b>171,084</b>	<b>358,410</b>

# NOTES TO FINANCIAL STATEMENT

## SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### NOTE 15 : CORPORATE INFORMATION

Motilal Oswal Real Estate Investment Advisors Private Limited (the Company) was incorporated on September 13, 2013. The principal shareholder of the Company as at March 31, 2017 is MOPE Investment Advisors Private Limited (Formerly known as Motilal Oswal Private Equity Advisors Private Limited).

The Company is Managing Partner of India Realty Excellence Fund II LLP (Fund), where it has the exclusive powers to manage and cause the Fund Activities to be managed for and on behalf of the Fund, in accordance with the LLP Agreement dated 29th January, 2014 entered between Fund, the Company & Motilal Oswal Securities Limited. It shall also recommend the Portfolio Investments and Divestments to the Investment Committee, which will be responsible for the investment and divestment decisions of the Fund. All the powers and authority conferred upon the Company under the LLP Agreement shall be exercised at its discretion without requiring any further consent or approval of the other partners.

### NOTE 16 : SIGNIFICANT ACCOUNTING POLICIES

#### (a) 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 (GAAP) 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 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.

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.

#### (b) 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 of 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 recognised in the period in which the results are known or materialised.

#### (c) 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.

#### (d) 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. Carrying amount of individual investment is determined on the basis of average of carrying amount of total holding of investments.

# NOTES TO FINANCIAL STATEMENT

## (e) Revenue Recognition

Revenue is recognized when there is reasonable certainty of its ultimate realization/collection.

### – Share of profit/loss of LLP

Profit and Loss from Partnership firm are accounted on accrual basis and as per terms of Partnership LLP agreement dated 29th January 2014, entered between IREF II LLP, the Company & Motilal Oswal Securities Limited.

## (f) Taxation

Tax expenses comprises of 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 Income Tax Act, 1961.

### – 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 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 realisation 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.

### – 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.

## (g) Contingencies and provisions

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.

## (h) Employee Benefits :

### – Provident Fund

Contribution payable to the recognised provident fund, which is a defined contribution scheme, is charged to the Statement of Profit and Loss account in the period in which it occurs.

### – Gratuity

Gratuity is post employment benefit and is in the nature of Defined Benefit Plan. The Liability recognised in the balance sheet in respect of gratuity is the present value of defined benefit obligation at the balance sheet date and less the fair value of plan assets, 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

# NOTES TO FINANCIAL STATEMENT

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.

– **Bonus / Ex-gratia Plans**

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.

**(i) 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.

**(j) Earnings 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 earnings 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.

**(k) 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.

## NOTE 17 : EARNINGS PER SHARE

	As at 31-Mar-17	As at 31-Mar-16
Net Profit/(Loss) attributable to equity shareholders [A] (₹)	(2,434,447)	(2,801,142)
Number of Weighted Average equity shares issued [B]	100,000	100,000
Basic/Diluted Earnings per share (EPS)[A/B] (₹)	(24.34)	(28.01)
Face Value of ₹ 10 Each		

## NOTE 18 : AUDITOR'S REMUNERATION

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>As Auditors:</b>		
Audit Fees	90,000	165,000
Out of Pocket Expense	4,026	–
<b>In any other capacity, in respect of :</b>		
Other certifications	–	50,000
<b>TOTAL</b>	<b>94,026</b>	<b>215,000</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 19 :

Provisions made for the Year ended 31st March, 2017 comprises of:

(In ₹)

	Opening balance as on 1st April, 2016	Provided For the year ended 31st March, 2017	Provision Paid /reversed For the year ended 31st March, 2017	Closing balance as of 31st March, 2017
Ex Gratia (Bonus)	275,000	–	275,000	–
Gratuity	189,039	30,191	219,230	–

Provisions made for the Year ended 31st March, 2016 comprises of:

	Opening balance as on 1st April, 2015	Provided For the year ended 31st March, 2016	Provision Paid /reversed For the year ended 31st March, 2016	Closing balance as of 31st March, 2016
Ex Gratia (Bonus)	400,000	275,000	400,000	275,000
Gratuity	100,451	88,588	–	189,039

## NOTE 20 : DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

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 filed 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-17	31-Mar-16
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	–	–

## NOTE 21 : SEGMENT INFORMATION

Since the Company is engaged in single segment i.e. business of managing and advising real estate funds , there are no separate reportable segment as required under Accounting Standard – 17.

## NOTE 22 :

The company has taken Office Premise on Lease for a period of five years. Since, the lease is cancelalble there are no future minimum lease payments. During the year, ₹ 12,000/- (Previous year ₹ 12,000) has been recognised as Lease Payments in the statement of Profit and Loss under the head "Rent"

# NOTES TO FINANCIAL STATEMENT

## NOTE 23 : GRATUITY

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

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

The Company does not have any Employees as at 31st March, 2017

	31-Mar-17	31-Mar-16			
<b>I Assumptions as at</b>					
Mortality	–	IALM (2006–08) Ult.			
Interest / Discount Rate	–	7.49%			
Rate of increase in compensation	–	10.00%			
Rate of return (expected) on plan assets					
Employee Attrition Rate (Past Service (PS))	–	PS: 0 to 37 : 15.87%			
Expected average remaining service	–	5.01			
<b>II Changes in present value of obligations</b>					
PVO at beginning of period	–	100,451			
Interest cost	–	7,805			
Current Service Cost	–	47,147			
Past Service Cost- (non vested benefits)	–	–			
Past Service Cost - (vested benefits)	–	–			
Benefits Paid	–	–			
Actuarial (Gain)/Loss on obligation	–	33,636			
PVO at end of period	–	189,039			
<b>III Changes in fair value of plan assets</b>					
Fair Value of Plan Assets at beginning of period	–	–			
Expected Return on Plan Assets	–	–			
Contributions	–	–			
Benefit Paid	–	–			
Actuarial Gain/(Loss) on plan assets	–	–			
Fair Value of Plan Assets at end of period	–	–			
<b>IV Fair Value of Plan Assets</b>					
Fair Value of Plan Assets at beginning of period	–	–			
Actual Return on Plan Assets	–	–			
Contributions	–	–			
Benefit Paid	–	–			
Fair Value of Plan Assets at end of period	–	–			
Funded Status (including unrecognised past service cost)	–	(189,039)			
Excess of actual over estimated return on Plan Assets	–	–			
<b>V Experience History</b>	<b>31-Mar-17</b>	<b>31-Mar-16</b>	<b>31-Mar-15</b>	<b>31-Mar-14</b>	<b>31-Mar-13</b>
PVO at end of period	–	189,039	100,451	–	–
Fair Value of Plan Assets at end of period	–	–	–	–	–
Surplus / (Deficit)	–	(189,039)	(100,451)	–	–
(Gain)/Loss on obligation due to change in Assumption	–	11,965	–	–	–
Experience (Gain)/ Loss on obligation	–	21,671	58,812	–	–
Actuarial Gain/(Loss) on plan assets	–	–	–	–	–

# NOTES TO FINANCIAL STATEMENT

	31-Mar-17	31-Mar-16
<b>VI Actuarial Gain/(Loss) Recognized</b>		
Actuarial Gain/(Loss) for the period (Obligation)	–	(33,636)
Actuarial Gain/(Loss) for the period (Plan Assets)	–	–
Total Gain/(Loss) for the period	–	(33,636)
Actuarial Gain/(Loss) recognized for the period	–	(33,636)
Unrecognized Actuarial Gain/(Loss) at end of period	–	–
<b>VII Past Service Cost Recognised</b>		
Past Service Cost- (non vested benefits)	–	–
Past Service Cost -(vested benefits)	–	–
Average remaining future service till vesting of the benefit	–	–
Recognised Past service Cost- non vested benefits	–	–
Recognised Past service Cost- vested benefits	–	–
Unrecognised Past Service Cost- non vested benefits	–	–
<b>VIII Amounts to be recognized in the balance sheet and statement of profit &amp; loss account</b>		
PVO at end of period	–	189,039
Fair Value of Plan Assets at end of period	–	–
Funded Status	–	(189,039)
Unrecognized Actuarial Gain/(Loss)	–	–
Unrecognised Past Service Cost- non vested benefits	–	–
Net Asset/(Liability) recognized in the balance sheet	–	(189,039)
<b>IX Expense recognized in the statement of P&amp;L A/C</b>		
Current Service Cost	–	47,147
Interest cost	–	7,805
Past Service Cost- (non vested benefits)	–	–
Past Service Cost (vested benefits)	–	–
Unrecognised Past Service Cost- non vested benefits	–	–
Expected Return on Plan Assets	–	–
Net Actuarial (Gain)/Loss recognized for the period	–	33,636
Expense recognized in the statement of P & L A/C	–	88,588
<b>X Movements in the Liability recognized in Balance Sheet</b>		
Opening Net Liability	–	100,451
Expenses as above	–	88,588
Contribution paid	–	–
Closing Net Liability	–	189,039
<b>XI Schedule III of Companies Act, 2013</b>		
Current Liability	–	49,659
Non-Current Liability	–	139,380

## NOTE 24 : RELATED PARTY DISCLOSURE

### (i) Relationships during the year

#### Ultimate Holding Company

- Passionate Investment Management Private Limited

#### Intermediate Holding Company

- Motilal Oswal Financial Services Limited

#### Holding Company

- MOPE Investment Advisors Private Limited

# NOTES TO FINANCIAL STATEMENT

## Fellow Subsidiaries

- Motilal Oswal Capital Markets Private Limited
- Motilal Oswal Trustee Company Limited
- Motilal Oswal Insurance Brokers Private Limited
- Motilal Oswal Commodities Broker Private Limited
- Motilal Oswal Asset Management Company Limited
- Motilal Oswal Investment Advisors Limited (formerly known as Motilal Oswal Investment Advisors Private Limited)
- Motilal Oswal Securities Limited
- Motilal Oswal Wealth Management Limited
- Motilal Oswal Securities International Private Limited
- Motilal Oswal Capital Market (Hongkong) Private Limited
- Motilal Oswal Capital Markets (Singapore) Pte. Limited
- Aspire Home Finance Corporation Limited
- Motilal Oswal Asset Management (Mauritius) Company Private Limited
- India Business Excellence Management Company
- Nagori Agro & Cattle Feeds Private Limited
- Carnation Township Management, LLP (upto 29th March, 2016)

## Subsidiaries

- Motilal Oswal Real Estate Investment Advisors II Private Limited

## Key Managerial Personnel

- Motilal Oswal - Director
- Raamdeo Agarawal – Director

## Enterprises in which Key Managerial Personnel have control

- OSAG Enterprises LLP
- VISU Associates - Partnership Firm (Dissolved from 31st March, 2017)

## (ii) Transactions with related parties: 31-03-2017

(In ₹)

Transaction	Name of the related Party	Holding / Intermediate Holding / Subsidiary Company	
		2016-17	2015-16
Interest Expense	Motilal Oswal Financial Services Limited	819,479	378,366
<b>Total Interest Expense</b>		<b>819,479</b>	<b>378,366</b>
Rent Expense	Motilal Oswal Financial Services Limited	12,000	12,000
<b>Total Rent Expense</b>		<b>12,000</b>	<b>12,000</b>
Loans (Taken)	Motilal Oswal Financial Services Limited	(2,990,529)	(2,736,121)
<b>Total Loan (Taken)</b>		<b>(2,990,529)</b>	<b>(2,736,121)</b>
Loan Taken (Maximum Balance)	Motilal Oswal Financial Services Limited	6,267,298	(3,617,298)
<b>Total Loan Taken (Maximum Balance)</b>		<b>6,267,298</b>	<b>(3,617,298)</b>
Investments (Maximum Balance)	Motilal Oswal Real Estate Investment Advisors II Private Limited	90,000	89,990
<b>Total Investments (Maximum Balance)</b>		<b>90,000</b>	<b>89,990</b>
Outstanding Balances:		–	–
Unsecured Loan (Taken)	Motilal Oswal Financial Services Limited	(7,004,829)	(3,617,298)
<b>Total Unsecured Loan (Taken)</b>		<b>(7,004,829)</b>	<b>(3,617,298)</b>
Investments	Motilal Oswal Real Estate Investment Advisors II Private Limited	90,000	89,990
<b>Total Investments</b>		<b>90,000</b>	<b>89,990</b>

Note : All Loans referred above are repayable on demand

# NOTES TO FINANCIAL STATEMENT

**NOTE 25 :**

Other Income includes ₹ 18,563/- towards partnership gain, which is based on management accounts of IREF II LLP.

**NOTE 26 :**

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 Registration No. 103523W / W100048

**Purushottam Nyati**

*Partner*

Membership.No 118970

Place : Mumbai

Dated : 26th April, 2017

**For and on behalf of the Board of Directors**

**Motilal Oswal Real Estate Investment Advisors Private Limited**

**Motilal Oswal**

*Director*

DIN No. 00024503

Place : Mumbai

Dated : 26th April, 2017

**Vishal Tulsyan**

*Director*

DIN No. 00139754

**Motilal Oswal Real Estate Investment Advisors II  
Private Limited**

**Annual Report 2016-2017**

# INDEPENDENT AUDITORS' REPORT

To the Members of **MOTILAL OSWAL REAL ESTATE INVESTMENT ADVISORS II PRIVATE LIMITED**

## **Report on the Financial Statements**

We have audited the accompanying financial statements of Motilal Oswal Real Estate Investment Advisors II Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, 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 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 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 March 31, 2017, 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;
  - 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;

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

- d. In our opinion, the aforesaid 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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".
- j. 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 does not have any pending litigations which would impact its financial position;
  - (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;
  - (iv) The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 (Refer Note No. 13 to the financial statements).

**For Haribhakti & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration No. 103523W / W100048

**Purushottam Nyati**

*Partner*

Membership No. 118970

Place: Mumbai

Date: April 26, 2017

## 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 Real Estate Investment Advisors II Private Limited on the financial statements for the year ended March 31, 2017]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, the fixed assets of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) As informed, the Company does not have any immovable property. Accordingly, the provisions stated in paragraph 3(i) (c) of the Order are not applicable to the Company.
- (ii) As informed, the Company does not have inventories. Accordingly, the provisions stated in paragraph 3(ii) (a), 3(ii) (b) and 3(ii) (c) of the Order are not applicable to the Company.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (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, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, however, there have been slight delay in few cases / delays in deposit have not been serious.  

And, According to the information and explanations given to us, no undisputed amounts 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, there are no dues with respect to income tax, sales tax, service tax, value added tax, customs duty, excise duty, which have not been deposited on account of any dispute.
- (viii) The Company does not have any loan or borrowing from bank(s) / government(s) or dues to debenture holder(s). Further, according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(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.
- (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) As informed, the Company has not paid / provided for any managerial remuneration. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company
- (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.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

- (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. Therefore, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the Company.

**For Haribhakti & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration No. 103523W / W100048

**Purushottam Nyati**

*Partner*

Membership No. 118970

Place: Mumbai

Date: April 26, 2017

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Motilal Oswal Real Estate Investment Advisors II Private Limited on the financial statements for the year ended March 31, 2017]

### **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 Real Estate Investment Advisors II Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the 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 (the "Guidance Note") 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 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.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

---

## **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, 2017, 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 / W100048

## **Purushottam Nyati**

*Partner*

Membership No. 118970

Place: Mumbai

Date: April 26, 2017

# BALANCE SHEET

## BALANCE SHEET AS AT 31ST MARCH 2017

	Note No.	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>A. Share Holders' Funds :</b>			
Share Capital	1	49,600,000	49,600,000
Reserves and Surplus	2	(14,833,446)	(37,406,340)
<b>Total</b>	<b>(A)</b>	<b>34,766,554</b>	<b>12,193,660</b>
<b>B. Non-Current Liabilities :</b>			
Long-term provisions	3	2,083,614	985,399
<b>Total</b>	<b>(B)</b>	<b>2,083,614</b>	<b>985,399</b>
<b>C. Current Liabilities :</b>			
(a) Short-term borrowings	4	97,850,000	86,298,358
(b) Trade payables	5		
Due to Micro and Small enterprises		-	-
Due to Others		16,504,664	96,685,516
(c) Other current liabilities	6	2,015,987	12,872,615
(d) Short-term provisions	7	26,019,112	13,824,863
<b>Total</b>	<b>(C)</b>	<b>142,389,763</b>	<b>209,681,352</b>
<b>TOTAL</b>	<b>(A+B+ C)</b>	<b>179,239,931</b>	<b>222,860,411</b>
<b>II. ASSETS</b>			
<b>D. Non-current assets:</b>			
(a) Fixed assets			
Property, Plant and Equipment	8	151,416	7,302
(b) Non-current investments	9	10	10
(c) Deferred tax assets (net)	10	5,041,505	16,291,448
(d) Long term loans and advances	11	85,541,887	50,835,894
<b>Total</b>	<b>(D)</b>	<b>90,734,818</b>	<b>67,134,654</b>
<b>E. Current assets:</b>			
(a) Trade receivables	12	58,638,407	94,252,733
(b) Cash and bank balances	13	4,148,905	47,114,946
(c) Short-term loans and advances	14	25,717,801	14,358,078
<b>Total</b>	<b>(E)</b>	<b>88,505,113</b>	<b>155,725,757</b>
<b>TOTAL</b>	<b>(D+E)</b>	<b>179,239,931</b>	<b>222,860,411</b>

Significant accounting policies

21

Notes forming part of Accounts

22-33

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 Registration No. 103523W / W100048

Purushottam Nyati

Partner

Membership.No 118970

Place : Mumbai

Dated : 26th April, 2017

For and on behalf of the Board of Directors

Motilal Oswal Real Estate Investment Advisors II Private Limited

Motilal Oswal

Director

DIN No. 00024503

Place : Mumbai

Dated : 26th April, 2017

Vishal Tulsyan

Director

DIN No. 00139754

# STATEMENT OF PROFIT AND LOSS

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	Note No.	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
<b>REVENUE</b>			
Income from Operations	15	180,823,134	156,386,902
Other Income	16	296,299	–
<b>Total</b>	<b>(A)</b>	<b>181,119,433</b>	<b>156,386,902</b>
<b>EXPENSES</b>			
Employee Benefits Expenses	17	60,201,603	37,995,564
Finance Cost	18	6,724,554	2,846,862
Depreciation and Amortisation	8	22,236	15,122
Other Expenses	19	80,192,558	118,869,932
<b>Total</b>	<b>(B)</b>	<b>147,140,950</b>	<b>159,727,480</b>
<b>Profit / (Loss) before Taxation</b>	<b>(C) = (A) - (B)</b>	<b>33,978,482</b>	<b>(3,340,578)</b>
Less: Provision for Taxation			
For current year		6,920,711	–
Deferred tax		11,249,943	(744,602)
Minimum Alternate Tax Credit Entitlement		(6,765,065)	
	<b>(D)</b>	<b>11,405,589</b>	<b>(744,602)</b>
<b>Profit (Loss) after Tax</b>	<b>(E) = (C) - (D)</b>	<b>22,572,894</b>	<b>(2,595,976)</b>
<b>Earnings Per share (₹)</b>			
Basic (Face Value of share ₹ 10 each, PY ₹ 10 each)		2,257.29	(259.60)
Diluted (Face Value of share ₹ 10 each, PY ₹ 10 each)		2,257.29	(259.60)

Significant accounting policies 21  
 Notes forming part of Accounts 22-33  
 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 Registration No. 103523W / W100048

**Purushottam Nyati**  
 Partner  
 Membership.No 118970

Place : Mumbai  
 Dated : 26th April, 2017

**For and on behalf of the Board of Directors**  
**Motilal Oswal Real Estate Investment Advisors II Private Limited**

**Motilal Oswal**  
 Director  
 DIN No. 00024503

**Vishal Tulsyan**  
 Director  
 DIN No. 00139754

Place : Mumbai  
 Dated : 26th April, 2017

# CASH FLOW STATEMENT

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>33,978,482</b>	<b>(3,340,578)</b>
Add/(Less):		
1) Interest Expenses/ Borrowing Cost	6,724,554	2,846,862
2) Gratuity and other long Term employee benefits	1,300,255	245,654
3) Depreciation and Amortisation	22,236	15,122
4) Profit on sale of investment	(296,299)	–
5) Dividend Income	–	–
<b>OPERATING PROFIT</b>	<b>41,729,228</b>	<b>(232,940)</b>
Adjustment for:		
1) (Increase)/Decrease Trade Receivables	35,614,327	(92,042,899)
2) (Increase) In Short-term Loans & Advances	(11,359,723)	(9,085,727)
3) (Increase) In Long term loans and advances	(16,630,331)	(22,553,820)
4) (Increase)/Decrease In Other Current Assets	–	–
5) Increase Other short term provision	10,893,994	1,596,260
6) Increase/(Decrease) Other Current Liabilities	(10,610,716)	8,865,252
7) Increase/(Decrease) Trade Payables	(80,180,852)	85,682,096
8) Increase Long term provision	1,098,215	–
<b>CASH USED IN OPERATIONS</b>	<b>(29,445,858)</b>	<b>(27,771,778)</b>
Taxes Paid	(18,231,308)	(15,757,637)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(47,677,167)</b>	<b>(43,529,415)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(166,350)	–
Investment in Mutual Fund	(140,000,000)	–
Proceeds from sale of Mutual Fund	140,296,299	–
Proceeds from Sale of Investment In Subsidiary	–	–
Investment in Shares	–	(10)
Dividend Income	–	–
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>129,949</b>	<b>(10)</b>

# CASH FLOW STATEMENT (Contd..)

Particulars	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	—	—
Receipts from Short term Borrowings	169,518,206	166,613,808
Repayment of Short term Borrowings	(157,966,563)	(80,000,000)
Interest Expenses	(6,970,466)	(2,846,862)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>4,581,177</b>	<b>83,766,946</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS DURING THE YEAR</b>	<b>(42,966,041)</b>	<b>40,237,521</b>
<b>Cash &amp; Cash Equivalents as at beginning of the year</b>		
Scheduled Bank - In Current Account	47,114,946	6,877,423
<b>Cash &amp; Cash Equivalents as at beginning of the year</b>	<b>47,114,946</b>	<b>6,877,423</b>
<b>Cash &amp; Cash Equivalents as at end of the year</b>		
Cash on hand	390,314	112,553
Scheduled Bank - In Current Account	3,758,591	47,002,393
<b>Cash &amp; Cash Equivalents as at end of the year</b>	<b>4,148,905</b>	<b>47,114,946</b>

Note : The above cash flow statement has been prepared under the Indirect method as set out in Accounting Standard - 3 on cash flow statements issued by the Institute of Chartered Accountants of India.

## As per our attached report of even date

### For Haribhakti & Co LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

### Purushottam Nyati

Partner

Membership.No 118970

Place : Mumbai

Dated : 26th April, 2017

### For and on behalf of the Board of Directors

Motilal Oswal Real Estate Investment Advisors II Private Limited

### Motilal Oswal

Director

DIN No. 00024503

Place : Mumbai

Dated : 26th April, 2017

### Vishal Tulsyan

Director

DIN No. 00139754

# NOTES TO FINANCIAL STATEMENT

## NOTE 1 : SHARE CAPITAL

	As at 31-Mar-17		As at 31-Mar-16	
	Number of Shares	(In ₹)	Number of Shares	(In ₹)
<b>Authorised</b>				
50,000 Equity Shares of ₹ 10 each ( PY ₹ 10 each)	50,000	500,000	50,000	500,000
49,50,000 8% Non Cumulative Preference Shares of ₹ 10 each (PY ₹ 10 each)	4,950,000	49,500,000	4,950,000	49,500,000
<b>TOTAL</b>	<b>5,000,000</b>	<b>50,000,000</b>	<b>5,000,000</b>	<b>50,000,000</b>
<b>Issued, Subscribed &amp; Paid Up</b>				
10,000 Equity Shares of ₹ 10 each fully paid up ( PY ₹ 10 each)	10,000	100,000	10,000	100,000
Of the above 9,000 shares (previous year 9,000 shares) held by holding company Motilal Oswal Real Estate Investment Advisors Private Limited				
49,50,000 8% Non Cumulative Preference Shares of ₹ 10 each (PY ₹ 10 each)	4,950,000	49,500,000	4,950,000	49,500,000
Of the above 49,50,000 shares (Previous year 49,50,000) held by MOPE Investment Advisors Private Limited				
<b>TOTAL</b>	<b>4,960,000</b>	<b>49,600,000</b>	<b>4,960,000</b>	<b>49,600,000</b>

### 1.1 Terms and conditions

#### Equity Shares

The Company has issued one class of shares referred to as equity shares having a par value of ₹ 10/. 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

#### 8% Non Cumulative Preference Shares

The Company has one class of preference shares having a par value of ₹ 10/- and there are 49,50,000 preference shares issued & subscribed redeemable on or before end of 10 years from the date of allotment at the option of company. The shares will carry preferential right vis a vis equity share of the company with respect to payment of dividend and repayment in case of winding up or repayment of capital

- 1.2** 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. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 1.3 Reconciliation of number of shares outstanding

#### Name of Shareholder

	As at 31-Mar-17		As at 31-Mar-16	
	Number of Shares	(In ₹)	Number of Shares	(In ₹)
<b>Equity Shares</b>				
Number of share at beginning of the year	10,000	10,000	10,000	10,000
Add: Shares issued during the year	—	—	—	—
<b>Number of Share at the end of the year</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>8% Non Cumulative Preference Shares</b>				
Number of share at beginning of the year	4,950,000	4,950,000	4,950,000	4,950,000
Add: Shares issued during the year	—	—	—	—
<b>Number of Share at the end of the year</b>	<b>4,950,000</b>	<b>4,950,000</b>	<b>4,950,000</b>	<b>4,950,000</b>

# NOTES TO FINANCIAL STATEMENT

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

Name of Shareholder	As at 31-Mar-17		As at 31-Mar-16	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>Equity Shares</b>				
Like Minded Wealth Creation Trust	100	1.00	775	7.75
Sharad Mittal	750	7.50	–	–
Motilal Oswal Real Estate Investment Advisors Pvt Ltd. (Including its Nominees)	9,000	90.00	9,000	90.00

Name of Shareholder	As at 31-Mar-17		As at 31-Mar-16	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>8% Non Cumulative Preference Shares</b>				
MOPE Investment Advisors Private Limited	4,950,000	100.00	4,950,000	100.00

## NOTE 2 : RESERVES AND SURPLUS

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Surplus Balance in statement of Profit &amp; loss</b>		
Opening balance	(37,406,340)	(34,810,364)
Add: Net Profit/(Loss) For the current year	22,572,894	(2,595,976)
<b>TOTAL</b>	<b>(14,833,446)</b>	<b>(37,406,340)</b>

## NOTE 3 : LONG-TERM PROVISIONS

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Provision for Employee Benefits (Refer Note No. 27)	2,083,614	985,399
<b>TOTAL</b>	<b>2,083,614</b>	<b>985,399</b>

## NOTE 4 : SHORT-TERM BORROWINGS

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Loan and advance from Related Party, Repayable on demand (Unsecured, Considered Good)</b>		
Motilal Oswal Financial services Ltd (Intermediate Holding Company)	97,850,000	36,300,120
MOPE Investment Advisors Private Limited (Holding Company)	–	49,998,239
<b>TOTAL</b>	<b>97,850,000</b>	<b>86,298,358</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 5 : TRADE PAYABLES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Due to:</b>		
Micro and Small Enterprises	–	–
Other	16,504,664	96,685,516
<b>TOTAL</b>	<b>16,504,664</b>	<b>96,685,516</b>

## NOTE 6 : OTHER CURRENT LIABILITIES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Interest Accrued and not due on Borrowings	77,043	322,955
Other Payables		
Taxes payable	1,091,377	10,471,646
For expenses	847,567	2,078,014
<b>TOTAL</b>	<b>2,015,987</b>	<b>12,872,615</b>

## NOTE 7 : SHORT-TERM PROVISIONS

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Provision for Employee Benefits</b>		
Ex-Gratia Payable	25,200,000	13,555,000
Gratuity Obligation	292,204	90,164
<b>Other Provisions</b>		
Provision for expenses	526,908	179,699
<b>TOTAL</b>	<b>26,019,112</b>	<b>13,824,863</b>

## NOTE 8 : FIXED ASSETS

### Current Year

(in ₹)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01-Apr-16	Additions	Deductions	As at 31-Mar-17	As at 01-Apr-16	Additions	Deductions	As at 31-Mar-17	As at 31-Mar-17	As at 31-Mar-16
<b>Property, Plant and Equipment</b>										
Computer	42,179	166,350	–	208,529	34,877	22,236	–	57,113	151,416	7,302
<b>TOTAL</b>	<b>42,179</b>	<b>166,350</b>	<b>–</b>	<b>208,529</b>	<b>34,877</b>	<b>22,236</b>	<b>–</b>	<b>57,113</b>	<b>151,416</b>	<b>7,302</b>

### Previous Year

(in ₹)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01-Apr-15	Additions	Deductions	As at 31-Mar-16	As at 01-Apr-15	Additions	Deductions	As at 31-Mar-16	As at 31-Mar-16	As at 31-Mar-15
<b>Property, Plant and Equipment</b>										
Computer	42,179	–	–	42,179	19,755	15,122	–	34,877	7,302	22,424
<b>TOTAL</b>	<b>42,179</b>	<b>–</b>	<b>–</b>	<b>42,179</b>	<b>19,755</b>	<b>15,122</b>	<b>–</b>	<b>34,877</b>	<b>7,302</b>	<b>22,424</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 9 : NON CURRENT INVESTMENTS (AT COST)

Name of Body Corporate	Subsidiary/ Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Face Value (In ₹)	Amount (In ₹)	
		31-Mar-17	31-Mar-16				31-Mar-17	31-Mar-16
<b>Other Investments</b>								
<b>Investment in Equity Instrument</b>								
Aspire Home Finance Corporation Ltd.	Fellow Subsidiary	1	1	Unquoted	Fully Paid-up	10	10	10
<b>Total</b>							<b>10</b>	<b>10</b>

Particulars	31-Mar-17		31-Mar-16	
	Cost (In ₹)	Market Value (In ₹)	Cost (In ₹)	Market Value (In ₹)
Aggregate value of quoted investments and market value	NA	NA	NA	NA
Aggregate value of unquoted investments				
Others	10	NA	10	NA
Aggregate provision for diminution in value of investments	NA	NA	NA	NA

## NOTE 10 : DEFERRED TAX ASSETS

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Deferred Tax Assets</b>		
Carry forward losses (Refer Note No. 31)	16,709,158	15,906,060
Unabsorbed Depreciation (Refer Note No. 31)	9,609	52,018
Timing difference u/s 40 A(7) and 35 D	884,637	333,370
Amortization cost	(12,561,900)	—
<b>TOTAL</b>	<b>5,041,505</b>	<b>16,291,448</b>

## NOTE 11 : LONG-TERM LOANS AND ADVANCES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Other Loans and Advances (Unsecured, considered good)</b>		
Prepaid Expenses	35,185,416	21,755,085
Advance Tax [Net of Provision for Tax of ₹ 69,20,710 (PY ₹ Nil)]	40,391,406	29,080,809
MAT Credit Entitlement	6,765,065	—
Capital Advance	3,200,000	—
<b>TOTAL</b>	<b>85,541,887</b>	<b>50,835,894</b>

## NOTE 12 : TRADE RECEIVABLES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Unsecured, Considered Good</b>		
Outstanding for a period more than six months	—	—
Others	58,638,407	94,252,733
<b>TOTAL</b>	<b>58,638,407</b>	<b>94,252,733</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 13 : CASH AND BANK BALANCES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Cash and Cash Equivalents</b>		
Cash on hand	390,314	112,553
<b>Balance with banks</b>		
In current accounts	3,758,591	47,002,393
<b>TOTAL</b>	<b>4,148,905</b>	<b>47,114,946</b>

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:

Particulars	SBNs	Other denomination notes (₹)	Total
Closing cash in hand as on 8-11-2016	–	290,128	290,128
(+) Withdrawn from Bank		200,000	200,000
(+) Permitted receipts	–	71,207	71,207
(-) Permitted payments	–	8,000	8,000
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on 30-12-2016	–	553,335	553,335

1. Specified Bank Notes is defined as Bank Notes of denominations of the existing services of the value of Five hundred and One thousand rupees
2. Other denomination notes (Rupees) Includes Foreign Currency

## NOTE 14 : SHORT-TERM LOANS AND ADVANCES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Secured, Considered Good</b>		
Loan and Advances to employees	3,534,024	3,533,524
<b>Others (Unsecured, considered good)</b>		
Advance for supply of services	6,940,781	–
Advance for Expenses	231,000	–
Service Tax Credit Receivable	3,665,393	5,197,632
Prepaid Expenses	11,346,603	5,626,922
<b>TOTAL</b>	<b>25,717,801</b>	<b>14,358,079</b>

## NOTE 15 : INCOME FROM OPERATIONS

	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
<b>Sale of Services</b>		
Referral Fee Received	11,228,344	5,778,664
Advisory Fees - Fund	116,579,790	71,048,238
Advisory Fees - Others	12,180,000	8,910,000
Setup Fees	32,435,000	67,450,000
<b>Other Operating Income</b>		
Recovery of Out of pocket expenses	8,400,000	3,200,000
<b>TOTAL</b>	<b>180,823,134</b>	<b>156,386,902</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 16 : OTHER INCOME

	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
Profit on sale of Investments	296,299	-
<b>TOTAL</b>	<b>296,299</b>	<b>-</b>

## NOTE 17 : EMPLOYEE BENEFITS EXPENSE

	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
Salary, Bonus and Allowances	57,820,228	37,253,119
Contribution to provident & other Funds	723,460	351,107
Staff Welfare Expenses	357,660	145,684
Gratuity and other Long term employee benefit expenses	1,300,255	245,654
<b>TOTAL</b>	<b>60,201,603</b>	<b>37,995,564</b>

## NOTE 18 : FINANCE COST

	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
Interest Cost	6,724,554	2,846,862
<b>TOTAL</b>	<b>6,724,554</b>	<b>2,846,862</b>

## NOTE 19: OTHER EXPENSES

	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
Placement Fees	67,928,414	102,764,620
Remuneration to Auditors	228,711	225,000
Legal & Professional Charges	3,627,881	3,585,198
Rent	3,247,516	2,933,300
Marketing & Brand Promotion Expenses	54,772	42,228
Picnic Exp	90,334	80,000
Membership & Subscription	981,181	947,131
Miscellaneous Expenses	326,413	804,719
Meeting and Seminar Expenses	166,371	2,328,759
Printing & Stationery	426,872	1,031,024
Bank Charges	5,101	8,881
Travelling & Conveyance Expenses	2,956,440	2,441,084
Rates and Taxes	133,232	364,391
Client Entertainment expenses	19,320	197,346
SEBI Registration Fees	-	1,000,000
Depository charges	-	66,000
Computer Maintenance & Software Charges	-	50,250
<b>TOTAL</b>	<b>80,192,558</b>	<b>118,869,932</b>

# NOTES TO FINANCIAL STATEMENT

## SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### NOTE 20 : CORPORATE INFORMATION

Motilal Oswal Real Estate Investment Advisors II Private Limited (the Company) was incorporated on March 07, 2014. The principal shareholder of the Company as at March 31, 2017 is Motilal Oswal Real Estate Investment Advisors Pvt. Ltd.

The Company is an Investment Manager and Venture Capital Advisor managing fund like Realty Excellence Fund II a fund launched by India Realty Excellence Fund II LLP and Realty Excellence Fund III a fund launched by India Realty Excellence Fund III. The Company is also engaged in providing financial, investment advisory services, management & facilitation services and identifying investment opportunities etc.

### NOTE 21 : SIGNIFICANT ACCOUNTING POLICIES

#### (a) 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 (GAAP) 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 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.

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.

#### (b) 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 of 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 recognised in the period in which the results are known or materialised.

#### (c) Property, Plant & Equipment (PPE)

PPE 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.

#### (d) 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.

#### (e) 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.

# NOTES TO FINANCIAL STATEMENT

Current investments are valued at cost or market/fair value, whichever is lower. Carrying amount of individual investment is determined on the basis of average of carrying amount of total holding of investments.

## (f) Revenue Recognition

### – Advisory and Setup fees / Referral Fees

Advisory and Setup Fees/Referral fees are accounted on accrual basis in accordance with the terms of contracts entered into between the Company and the counter party.

### – Interest and dividend income

Interest income is accounted on an accrual basis. Dividend income is recognized when the right to receive dividend is established.

– In respect of other heads of income, the Company accounts the same on accrual basis.

## (g) Taxation

Tax expense comprises of 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 Income Tax Act, 1961.

### – 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 recognized 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 recognized only if there is a virtual certainty of realisation 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.

### – 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.

## (h) Contingencies and provisions

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.

## (i) 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 and less than fair

# NOTES TO FINANCIAL STATEMENT

value of plan assets, 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.

– **Other Long Term Benefits:**

Other Long Term Benefits consist of Heritage Club benefits and are recognized as a liability at the present value of defined benefit obligation as at the balance sheet date. The defined benefit obligation is calculated at the balance sheet date by an independent actuary using the projected unit credit method.

– **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.

– **Bonus / Ex-gratia Plans**

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.

**(j) 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.

**(k) 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 Account. 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.

**(l) Earnings 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 earnings 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.

**(m) 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.

**NOTE 22 : EARNINGS PER SHARE:**

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Net Profit attributable to equity shareholders [A] (₹)	22,572,894	(2,595,976)
Weighted Average number of equity shares issued [B]	10,000	10,000
Basic/Diluted Earnings per share (EPS) (face value ₹ 10/- each)[A/B] (₹)	<u>2,257.29</u>	<u>(259.60)</u>

# NOTES TO FINANCIAL STATEMENT

## NOTE 23 : AUDITOR'S REMUNERATION

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>As Auditors:</b>		
Audit Fees	165,000	165,000
Tax Audit Fees	60,000	60,000
Out of Pocket Expenses	3,711	–
<b>TOTAL</b>	<b>228,711</b>	<b>225,000</b>

## NOTE 24 :

Provisions made for the period ended 31st March, 2017 comprises of:

(In ₹)

	Opening balance as on 01.04.2016	Provided during the year	Provision reversed/ paid during the year	Closing balance as on 31.03.2017
Ex-gratia	13,555,000	25,200,000	13,555,000	25,200,000
Gratuity	1,075,563	927,437	–	2,003,000
Compensated Absences	100,822	110,091	100,822	110,091
Heritage/ Club benefits	–	372,818	–	372,818

Provisions made for the period ended 31st March, 2016 comprises of:

(In ₹)

	Opening balance as on 01.04.2015	Provided during the year	Provision reversed/ paid during the year	Closing balance as on 31.03.2016
Ex-gratia	11,600,000	13,555,000	11,600,000	13,555,000
Gratuity	829,909	245,654	–	1,075,563
Compensated Absences	104,164	100,822	104,164	100,822

## NOTE 25 : DUES TO MICRO AND SMALL ENTERPRISES

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 filed 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-17	31-Mar-16
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

## NOTE 26 : EMPLOYEE BENEFIT DISCLOSURE

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

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

#### (a) Defined Contribution Plan

(In ₹)

	31-Mar-17	31-Mar-16
Employer's Contribution to Provident Fund	723,460	351,107

#### (b) Defined Benefit Plan

(In ₹)

	Gratuity		Other long Term Benefits	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
<b>I Assumptions as at</b>				
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.	IALM (2006-08) Ult.	
Interest / Discount Rate	6.69%	7.49%	6.69%	-
Rate of increase in compensation	11.00%	10.00%	N.A.	-
Rate of return (expected) on plan assets				
Employee Attrition Rate (Past Service (PS))	PS: 0 to 37 : 15.34%	PS: 0 to 37 : 15.87%	PS: 0 to 37 : 28% to 28.16%	-
Expected average remaining service	5.29	5.12	2.53 to 2.56	-
<b>II Changes in present value of obligations</b>				
PVO at beginning of period	1,075,563	829,909	-	-
Interest cost	80,560	64,484	-	-
Current Service Cost	490,696	489,295	372,818	-
Past Service Cost- (non vested benefits)	-	-	-	-
Past Service Cost -(vested benefits)	-	-	-	-
Benefits Paid	-	-	-	-
Actuarial (Gain)/Loss on obligation	356,181	(308,125)	-	-
PVO at end of period	2,003,000	1,075,563	372,818	-
<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	-	-	-	-
Benefit Paid	-	-	-	-
Actuarial Gain/(Loss) on plan assets	-	-	-	-
Fair Value of Plan Assets at end of period	-	-	-	-
<b>IV Fair Value of Plan Assets</b>				
Fair Value of Plan Assets at beginning of period	-	-	-	-
Actual Return on Plan Assets	-	-	-	-
Contributions	-	-	-	-
Benefit Paid	-	-	-	-
Fair Value of Plan Assets at end of period	-	-	-	-
Funded Status (including unrecognised past service cost)	(2,003,000)	(1,075,563)	(372,818)	-
Excess of actual over estimated return on Plan Assets	-	-	-	-

# NOTES TO FINANCIAL STATEMENT

V Experience History	31/Mar/17	31/Mar/16	31/Mar/15	31/Mar/14	31/Mar/13	31/Mar/17	31/Mar/16
PVO at end of period	2,003,000	1,075,563	829,909	-	-	372,818	-
Fair Value of Plan Assets at end of period	-	-	-	-	-	-	-
Surplus / (Deficit)	(2,003,000)	(1,075,563)	(829,909)	-	-	(372,818)	-
(Gain)/Loss on obligation due to change in Assumption	172,201	20,022	-	-	-	-	-
Experience (Gain)/Loss on obligation	183,980	(328,147)	399,251	-	-	-	-
Actuarial Gain/(Loss) on plan assets	-	-	-	-	-	-	-
Note : Experience History of Last Five Years in case of Other Long term Benefits is Not Applicable since, provision for the same is made from F.Y. 2016-17.							
				Gratuity		Other long Term Benefits	
				31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
<b>VI Actuarial Gain/(Loss) Recognized</b>							
Actuarial Gain/(Loss) for the period (Obligation)			(356,181)	308,125		-	-
Actuarial Gain/(Loss) for the period (Plan Assets)			-	-		-	-
Total Gain/(Loss) for the period			(356,181)	308,125		-	-
Actuarial Gain/(Loss) recognized for the period			(356,181)	308,125		-	-
Unrecognized Actuarial Gain/(Loss) at end of period			-	-		-	-
<b>VII Past Service Cost Recognised</b>							
Past Service Cost- (non vested benefits)			-	-		-	-
Past Service Cost -(vested benefits)			-	-		-	-
Average remaining future service till vesting of the benefit			-	-		-	-
Recognised Past service Cost- non vested benefits			-	-		-	-
Recognised Past service Cost- vested benefits			-	-		-	-
Unrecognised Past Service Cost- non vested benefits			-	-		-	-
<b>VIII Amounts to be recognized in the balance sheet and statement of profit &amp; loss account</b>							
PVO at end of period			2,003,000	1,075,563		372,818	-
Fair Value of Plan Assets at end of period			-	-		-	-
Funded Status			(2,003,000)	(1,075,563)		(372,818)	-
Unrecognized Actuarial Gain/(Loss)			-	-		-	-
Unrecognised Past Service Cost- non vested benefits			-	-		-	-
Net Asset/(Liability) recognized in the balance sheet			(2,003,000)	(1,075,563)		(372,818)	-
<b>IX Expense recognized in the statement of P&amp;L A/C</b>							
Current Service Cost			490,696	489,295		372,818	-
Interest cost			80,560	64,484		-	-
Past Service Cost- (non vested benefits)			-	-		-	-
Past Service Cost (vested benefits)			-	-		-	-
Unrecognised Past Service Cost- non vested benefits			-	-		-	-
Expected Return on Plan Assets			-	-		-	-
Net Actuarial (Gain)/Loss recognized for the period			356,181	(308,125)		-	-
Expense recognized in the statement of P&L A/C			927,437	245,654		372,818	-
<b>X Movements in the Liability recognized in Balance Sheet</b>							
Opening Net Liability			1,075,563	829,909		-	-
Expenses as above			927,437	245,654		372,818	-
Contribution paid			-	-		-	-
Closing Net Liability			2,003,000	1,075,563		372,818	-
<b>XI Schedule III of Companies Act, 2013</b>							
Current Liability			292,204	90,164		-	-
Non-Current Liability			1,710,796	985,399		372,818	-

# NOTES TO FINANCIAL STATEMENT

## NOTE 27 : RELATED PARTY DISCLOSURE

### (i) Relationships during the year

#### Ultimate Holding Company

- Passionate Investment Management Private Limited

#### Intermediate Holding Company

- Motilal Oswal Financial Services Limited
- MOPE Investment Advisors Private Limited

#### Holding Company

- Motilal Oswal Real Estate Investment Advisors Private Limited

#### Fellow Subsidiaries

- Motilal Oswal Capital Markets Private Limited
- Motilal Oswal Trustee Company Limited
- Motilal Oswal Insurance Brokers Private Limited
- Motilal Oswal Commodities Broker Private Limited
- Motilal Oswal Investment Advisors Limited (Formerly known as Motilal Oswal Investment Advisors Private Limited)
- Motilal Oswal Securities Limited
- Motilal Oswal Wealth Management Limited
- Motilal Oswal Securities International Private Limited
- Motilal Oswal Capital Market (Hongkong) Private Limited
- Motilal Oswal Capital Markets (Singapore) Pte. Limited
- Aspire Home Finance Corporation Limited
- India Business Excellence Management Company
- Motilal Oswal Asset Management Company Limited
- Motilal Oswal Asset Management (Mauritius) Company Private Limited
- OSAG Enterprises LLP (Enterprise over which ultimate holding company has control)
- Nagori Agro & Cattle Feeds Private Limited
- VISU Associates - Partnership Firm (Dissolved from 31st March, 2017) (Enterprise over which ultimate holding company has control)
- Carnation Township Management, LLP (upto 29th March, 2016)

#### Key management personnel

- Motilal Oswal – Director
- Vishal Tulsyan – Director

### (ii) Transactions with related parties

(in ₹)

Transaction	Name of the related Party	Holding / Intermediate / Ultimate Holding Company		Fellow Subsidiaries		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Rent Paid	MOPE Investment Advisors Private Limited	3,231,360	2,928,420	–	–	3,231,360	2,928,420
<b>Total Rent Paid</b>		<b>3,231,360</b>	<b>2,928,420</b>	<b>–</b>	<b>–</b>	<b>3,231,360</b>	<b>2,928,420</b>
Referral fees (Received)	Motilal Oswal Securities Limited	–	–	(162,417)	(4,012,587)	(162,417)	(4,012,587)
	Motilal Oswal Financial Services Limited	(11,063,678)	(1,766,077)			(11,063,678)	(1,766,077)
<b>Total Referral Fees (Received)</b>		<b>(11,063,678)</b>	<b>(1,766,077)</b>	<b>(162,417)</b>	<b>(4,012,587)</b>	<b>(11,226,095)</b>	<b>(5,778,664)</b>
Placement Fee & Referral fee Paid	Motilal Oswal Securities Limited	–	–	8,731,375	12,002,835	8,731,375	12,002,835
	Motilal Oswal Wealth Management Pvt Ltd			30,914,254	66,204,561	30,914,254	66,204,561
	Motilal Oswal Financial Services Limited	4,458,206	4,862,779	–	–	4,458,206	4,862,779

# NOTES TO FINANCIAL STATEMENT

(in ₹)

Transaction	Name of the related Party	Holding / Intermediate / Ultimate Holding Company		Fellow Subsidiaries		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>Total Placement Fee &amp; Referral fee Paid</b>		<b>4,458,206</b>	<b>4,862,779</b>	<b>39,645,629</b>	<b>78,207,396</b>	<b>44,103,835</b>	<b>83,070,175</b>
Interest Paid	Motilal Oswal Financial Services Limited	5,694,006	2,815,940	-	-	5,694,006	2,815,940
	MOPE Investment Advisors Private Limited	1,030,548	17,623	-	-	1,030,548	17,623
<b>Total Interest Paid</b>		<b>6,724,554</b>	<b>2,833,563</b>	<b>-</b>	<b>-</b>	<b>6,724,554</b>	<b>2,833,563</b>
Loans Taken	Motilal Oswal Financial Services Limited	(169,518,206)	(116,597,947)	-	-	(169,518,206)	(116,597,947)
	MOPE Investment Advisors Private Limited	-	(50,015,861)	-	-	-	(50,015,861)
<b>Total Loans Taken</b>		<b>(169,518,206)</b>	<b>(166,613,808)</b>	<b>-</b>	<b>-</b>	<b>(169,518,206)</b>	<b>(166,613,808)</b>
Loans Repaid	Motilal Oswal Financial Services Limited	108,273,657	80,000,000	-	-	108,273,657	80,000,000
	MOPE Investment Advisors Private Limited	50,015,861	-	-	-	50,015,861	-
<b>Total Loans Repaid</b>		<b>158,289,518</b>	<b>80,000,000</b>	<b>-</b>	<b>-</b>	<b>158,289,518</b>	<b>80,000,000</b>
Loan Taken Maximum Balance	Motilal Oswal Financial Services Limited	97,850,002	(71,130,515)	-	-	97,850,002	(71,130,515)
	MOPE Investment Advisors Private Limited	50,015,861	-	-	-	50,015,861	-
<b>Total Loan Taken Maximum Balance</b>		<b>147,865,863</b>	<b>(71,130,515)</b>	<b>-</b>	<b>-</b>	<b>147,865,863</b>	<b>(71,130,515)</b>
Investment Maximum Balance	Aspire Home Finance Corporation Limited	-	-	10	10	10	10
<b>Total Investment Maximum Balance</b>		<b>-</b>	<b>-</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Outstanding Balances:</b>							
a) Other Receivable/ (Payable)	Motilal Oswal Financial Services Limited	(3,199,788)	341,275	-	-	(3,199,788)	341,275
	Motilal Oswal Wealth Management Pvt Ltd	-	-	(3,502,959)	(44,571,982)	(3,502,959)	(44,571,982)
	Motilal Oswal Securities Limited	-	-	(572,646)	(9,784,163)	(572,646)	(9,784,163)
	Motilal Oswal Financial Services Limited	-	(1,979,989)	-	-	-	(1,979,989)
	Motilal Oswal Securities Limited	-	-	-	1,008,513	-	1,008,513
<b>Total Other Recievables</b>		<b>-</b>	<b>341,275</b>	<b>-</b>	<b>1,008,513</b>	<b>-</b>	<b>1,349,788</b>
<b>Total Other (Payables)</b>		<b>(3,199,788)</b>	<b>(1,979,989)</b>	<b>(4,075,605)</b>	<b>(54,356,145)</b>	<b>(7,275,393)</b>	<b>(56,336,134)</b>
b) Unsecured Loan Given / (Taken)	Motilal Oswal Financial Services Limited	(97,927,043)	(36,605,451)	-	-	(97,927,043)	(36,605,451)
	MOPE Investment Advisors Private Limited	-	(50,015,861)	-	-	-	(50,015,861)
<b>Total Unsecured Loan Given / (Taken)</b>		<b>(97,927,043)</b>	<b>(86,621,312)</b>	<b>-</b>	<b>-</b>	<b>(97,927,043)</b>	<b>(86,621,312)</b>
Investment	Aspire Home Finance Corporation Limited	-	-	10	10	10	10
<b>Total Investments</b>		<b>-</b>	<b>-</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>

Note : All Loans referred above are repayable on demand

## NOTE 28 : SEGMENT INFORMATION

Since the Company is engaged in single segment i.e. Advising and managing real estate funds, there are no separate reportable segment as required under Accounting Standard – 17.

## NOTE 29 :

The company has taken Office Premise on Lease for a period of five years. Since, the lease is cancelable there are no future minimum lease payments. During the year, ₹ 32,47,516/- (Previous year ₹ 29,33,300) has been recognised as Lease payment in the statement of Profit and Loss under the head "Rent"

## NOTE 30 :

The Company has unabsorbed business loss(including unabsorbed Depreciation) of ₹ 6,06,44,798 /- (P.Y. ₹ 5,16,44,266/-) on which it has recognized Deferred Tax Assets (DTA) of ₹ 1,67,18,768/- (P.Y. ₹ 1,59,58,078/-). 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 agreement signed between the Company, India Reality Excellence Fund II LLP, India Reality Excellence Fund III and Motilal Oswal Real Estate Investment Advisors Private Limited. Profit generated from such agreement will be able to recoup the entire amount of existing unabsorbed losses.

# NOTES TO FINANCIAL STATEMENT

## NOTE 31 : ACTIVITIES IN FOREIGN CURRENCY

	For the Year ended 31-Mar-17 (In ₹)	For the Year ended 31-Mar-16 (In ₹)
Expenditure in foreign currency (on accrual basis)		
Travelling Expense	220,814	150,578
Lodging and Boarding Expenses	258,624	38,160
<b>TOTAL</b>	<b>479,438</b>	<b>188,738</b>

## NOTE 32 :

During the year the company has submitted the request for cancellation/surrender of SEBI registration for Investment Advisors, the same is approved by board of Directors in board meeting held on 20th July, 2016. The SEBI approval for the same is awaited.

## NOTE 33 :

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 Registration No. 103523W / W100048

#### Purushottam Nyati

Partner

Membership.No 118970

Place : Mumbai

Dated : 26th April, 2017

#### For and on behalf of the Board of Directors

Motilal Oswal Real Estate Investment Advisors II Private Limited

#### Motilal Oswal

Director

DIN No. 00024503

Place : Mumbai

Dated : 26th April, 2017

#### Vishal Tulsyan

Director

DIN No. 00139754

# **India Business Excellence Management Co.**

**Annual Report 2016-2017**

# INDEPENDENT AUDITORS' REPORT

The Board of Directors

## **INDIA BUSINESS EXCELLENCE MANAGEMENT COMPANY**

We have audited the accompanying financial statements of India Business Excellence Management Company ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year ended 31st March 2017 converted to Indian Rupees from the US Dollar, and a summary of significant accounting policies and other explanatory information

The certificate has been issued for the financial statements of the Company prepared in US Dollars which are in accordance with and comply with International Financial Reporting Standards ("IFRS"). These Indian Rupee ("INR") statements and amounts are in accordance with generally accepted accounting principles in India and are disclosed and included solely for convenience and for inclusion in the consolidated financial statements of Motilal Oswal Financials Services Limited.

### **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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the 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 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 2017, its profit and its cash flows for the year ended on that date.

For **P B K & CO.**

*Chartered Accountants*

Firm Registration No.: 122384W

**Premal Gandhi**

*Partner*

Membership No.111592

Place: Mumbai

Date: 26th April, 2017

# BALANCE SHEET

## BALANCE SHEET AS AT 31ST MARCH, 2017

	Note No.	31-Mar-17 (In ₹)	31-Mar-16 (In ₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>A. Share Holders' Funds :</b>			
Share Capital	1	1,832,005	1,832,005
Reserves and Surplus	2	95,493,778	124,432,097
<b>Total</b>	<b>(A)</b>	<b>97,325,783</b>	<b>126,264,102</b>
<b>B. Current Liabilities :</b>			
(a) Trade Payable	3	21,315,904	2,001,403
(b) Other Current Liabilities	4	1,640,269	366,424
(c) Short-Term Provisions	5	901,331	(41,824)
<b>Total</b>	<b>(B)</b>	<b>23,857,504</b>	<b>2,326,003</b>
<b>TOTAL</b>	<b>(A+B)</b>	<b>121,183,288</b>	<b>128,590,105</b>
<b>II. ASSETS</b>			
<b>C. Current Assets:</b>			
(a) Current Investments	6	6,545	6,750
(b) Trade Receivables	7	451,995	5,249,461
(c) Cash and Bank Balances	8	1,357,991	341,343
(d) Short-Term Loans and Advances	9	119,366,757	122,992,551
<b>Total</b>	<b>(C)</b>	<b>121,183,288</b>	<b>128,590,105</b>
<b>TOTAL</b>		<b>121,183,288</b>	<b>128,590,105</b>
Significant Accounting Policies	14		
Notes referred to above form an integral part of these financial statements As per our report of even date.	15-18		

As per our attached report of even date

**For P B K & Co.**  
Chartered Accountants  
Firm Registration No. 122384W

**Premal H. Gandhi**  
Partner  
Membership No. 111592

Place : Mumbai  
Dated : 26th April, 2017

**For India Business Excellence Management Co**

Director Director

Place : Mauritius  
Dated : 26th April, 2017



# CASH FLOW STATEMENT

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

Particulars	31-Mar-17 (In ₹)	31-Mar-16 (In ₹)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>550,535,595</b>	<b>51,484,377</b>
Adjustments for:		
Translation differences on foreign currency taken to reserves	(6,488,671)	4,672,473
Adjustment for working capital changes		
Increase/(Decrease) trade payable	19,314,501	(13,929,172)
Increase/(Decrease) other current liabilities	1,273,844	(1,911,825)
Increase/(Decrease) Short term Provision	—	—
(Increase)/Decrease trade receivables	4,797,466	80,019,189
(Increase)/Decrease short term loan and advances	3,625,794	(122,417,655)
(Increase)/Decrease current investment	205	(364)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>573,058,735</b>	<b>(2,082,977)</b>
Taxes paid	(1,099,347)	(1,816,386)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>571,959,388</b>	<b>(3,899,363)</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITY</b>		
Dividend Paid	(570,942,740)	—
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(570,942,740)</b>	—
<b>NET CASH FLOW FOR THE YEAR</b>	<b>1,016,648</b>	<b>(3,899,363)</b>
Cash and cash equivalents as at beginning of year:		
Balance with bank in current account	341,343	4,240,706
Cash and cash equivalents as at end of year:		
Balance with bank in current account	1,357,991	341,343

Note: The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

As per our attached report of even date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

Membership No. 111592

Place : Mumbai

Dated : 26th April, 2017

**For India Business Excellence Management Co**

*Director*

*Director*

Place : Mauritius

Dated : 26th April, 2017

# NOTES TO FINANCIAL STATEMENT

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2017

### NOTE 1 : SHARE CAPITAL

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>Issued, subscribed and paid up :</b>		
Equity shares of USD 1 each	1,832,005	1,832,005
(All of the above 40,000 equity shares are held by MOPE Investment Advisors Private Limited, the holding company)		
<b>TOTAL</b>	<b>1,832,005</b>	<b>1,832,005</b>

### NOTE 2: RESERVES & SURPLUS

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Foreign exchange translation reserve		
Opening Balance	7,448,596	2,776,123
Add: During the year	(6,488,671)	4,672,473
<b>Sub Total (A)</b>	<b>959,925</b>	<b>7,448,596</b>
Revenue reserve		
Opening balance	116,983,501	67,055,197
Add: Transferred from Statement of Profit and Loss	548,493,093	49,928,304
Add : Dividend Paid / to be paid	(570,942,740)	-
<b>Sub Total (B)</b>	<b>94,533,853</b>	<b>116,983,501</b>
<b>TOTAL (A+B)</b>	<b>95,493,778</b>	<b>124,432,097</b>

### NOTE 3: TRADE PAYABLE

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Advisory Fees Payable	21,315,904	2,001,403
<b>TOTAL</b>	<b>21,315,904</b>	<b>2,001,403</b>

### NOTE 4 : OTHER CURRENT LIABILITIES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Others	1,296,040	-
Creditors for Expenses	344,228	366,424
Book Overdraft from Banks	-	-
<b>TOTAL</b>	<b>1,640,269</b>	<b>366,424</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 5 : SHORT TERM PROVISIONS

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Provision for Taxation	901,331	(41,824)
<b>TOTAL</b>	<b>901,331</b>	<b>(41,824)</b>

## NOTE 6 : CURRENT INVESTMENT

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
India Business Excellence Fund-I (200 Units of USD 0.01 each)	6,545	6,750
<b>TOTAL</b>	<b>6,545</b>	<b>6,750</b>

## NOTE 7 : TRADE RECEIVABLES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Unsecured, considered good		
Trade Receivables (Outstanding for less than six months)	451,995	5,249,461
Trade Receivables (Outstanding for more than six months)	–	–
<b>TOTAL</b>	<b>451,995</b>	<b>5,249,461</b>

## NOTE 8 : CASH AND BANK BALANCES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Cash and Bank Equivalents		
Balances with Bank	1,357,991	341,343
<b>TOTAL</b>	<b>1,357,991</b>	<b>341,343</b>

## NOTE 9 : SHORT TERM LOAN AND ADVANCES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Unsecured, considered good		
Prepaid Expenses	119,366,757	122,992,551
<b>TOTAL</b>	<b>119,366,757</b>	<b>122,992,551</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 10 : REVENUE FROM OPERATIONS

	For the Period ended 31-Mar-17 (In ₹)	For the Period ended 31-Mar-16 (In ₹)
Management and advisory fees	112,099,523	177,786,441
<b>TOTAL</b>	<b>112,099,523</b>	<b>177,786,441</b>

## NOTE 11 : OTHER EXPENSES

	For the Period ended 31-Mar-17 (In ₹)	For the Period ended 31-Mar-16 (In ₹)
<b>Other Expenses</b>		
Audit fees	646,455	239,416
Communication expenses	93,079	68,685
Foreign exchange fluctuation	279,974	(284,552)
Insurance	520,115	613,651
Legal and professional fees	3,288,270	2,510,859
Rates and taxes	813,299	737,741
Referral fees	3,819,449	7,200,272
Advisory and sub-advisory fees	121,714,825	114,377,121
Travelling and boarding expenses	570,611	370,244
Miscellaneous Expenses	384,252	468,627
<b>TOTAL</b>	<b>132,130,328</b>	<b>126,302,064</b>

## NOTE 12 : BACKGROUND

The Company was incorporated in Mauritius under the Companies Act 2001 on 27 September 2006 as a private company limited by shares and holds a category 1 Global Business Licence issued by the Financial Service Commission (the "FSC"). The Company has obtained authorisation from the FSC to act as CIS Manager to the India Business Excellence Fund-I (the Fund) under Section 98 of the Securities Act 2005 on 7 January 2009. On 29 April 2011, the Company has also received the FSC's authorisation to provide advisory services to India Business Excellence Fund-IIA (Fund-IIA) incorporated on 4 July 2011.

The financial statements of the Company prepared in US Dollars are in accordance with and comply with International Financial Reporting Standards ("IFRS"). These Indian Rupee ("INR") statements and amounts are in accordance with generally accepted accounting principles in India and are disclosed and included solely for convenience and for inclusion in the consolidated financial statements of Motilal Oswal Financials Services Limited. For the purpose of conversion the items in the statement of profit and loss have been converted at the average rate for the period and the items in the balance sheet have been converted at the closing rate except for share capital which has been converted at the historical rate.

## NOTE 13 : NATURE OF BUSINESS:

The principal activity of the Company is to act as an investment manager to "the Fund" and as investment advisor to "Fund-IIA".

## NOTE 14 : SIGNIFICANT ACCOUNTING POLICIES:

### (a) Basis of preparation

The financial statements of the Company have been prepared under the historical cost convention. The transactions of the Company are in USD, which have been converted into Indian Rupees for reporting purposes at the rate applied as per paragraph (c) of Note 3 of Significant Accounting Policies.

# NOTES TO FINANCIAL STATEMENT

## (b) Use of Estimates

The preparation of financial statements in conformity with 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 on the date of the financial statements. The estimates and assumptions used in the accompanying 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 financial statements. Any differences of actual results to such estimates are recognized prospectively in the current and future periods.

## (c) Conversion to Indian Rupees

For the purpose of these financial statements, 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 as Reserves and surplus. The share capital is carried forward at the rate of exchange prevailing on the transaction date.

## (d) Income recognition, fees and expenses

### Investment Management Agreement:

The Company had entered into an Investment Management Agreement with the Fund pursuant to the agreement, the Company assumes the investment management functions and has obtained the relevant authorisations to carry out the role of Investment Manager.

The Company is entitled to a management fee payable as follows:

- (i) during the first year, 2% of the aggregate Capital Commitment of the Fund;
- (ii) from the second year onwards during the Commitment Period 2% per annum of the aggregate Capital Commitment of the Fund; and
- (iii) after the Commitment Period, 2% per annum of the aggregate direct investment.

### Advisory Income:

Under the terms of Advisory agreement dated July 13, 2011, the Company has been appointed by Fund IIA as Investment Advisor to manage its operations and to execute and deliver the documents on its behalf (excluding authority to acquire or dispose of investments except with the approval of the Board) subject to the overall supervision of the Board of the Fund IIA as specified in the Private Placement Memorandum of the latter.

### Advisory Expenses:

The Company has entered into an Investment Advisory Service Agreement with MOPE Investment Advisors Private Limited ("MOPE"). Pursuant to the agreement, the Company receives non exclusive, non binding advice and recommendation pertaining to investment opportunities in India from MOPE. Effective as from 1 April 2007, the Company pays to MOPE a minimum fee on an annual basis which is equal to 130% of all the ordinary and necessary expenses incurred by MOPE from the purpose of such investment advice. In addition to the minimum fees, MOPE is also entitled to a performance incentive fee payable on the half yearly basis as may be decided by the Board of the Company and paid within 30 days of such decision by the Board.

### Sub advisory expenses:

The Company has entered in an Investment Sub Advisory Service Agreement with MOPE Investment Advisors Private Limited ("MOPE") on 4 May 2012. Pursuant to the agreement, the Company receives non exclusive, non binding advice and recommendation pertaining to investment opportunities in India from MOPE. The Company pays to MOPE a minimum fee on an annual basis which is equal to 130% of all the ordinary and necessary expenses incurred by MOPE from the purpose of such investment advice. In addition to the minimum fees, MOPE is also entitled to a performance incentive fee payable on the half yearly basis as may be decided by the Board of the Company and paid within 30 days of such decision by the Board.

### Placement agreement:

The Company has entered into placement agreement with several placement agents and the fees payable to the agents between the parties from time to time and the payment mode are defined in the agreement.

## (e) Taxes on income

The Company, under current laws and regulations, is liable to pay income tax on its net income at the rate of 15%. The Company is however entitled to a tax credit equivalent to the higher of actual foreign tax suffered and 80% of Mauritian

# NOTES TO FINANCIAL STATEMENT

tax payable in respect of its foreign source income. Capital gains of the Company are exempt from tax in Mauritius. The Company is centrally managed and controlled from Mauritius and is hence tax resident in Mauritius and holds a valid Certificate of Residence from the Mauritius Revenue Authority which is renewable annually subject to meeting certain conditions. The tax residency certificate entitles the Company to certain relief pursuant to a treaty concluded between Mauritius and India for avoidance of double taxation.

## (f) Earnings per share

Basic earning per share is computed by dividing net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earning per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year as adjusted for the effects of all diluted potential equity shares.

## (g) Contingencies and provisions

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.

## NOTE 15 : TAXATION

Provision for the current tax has been made for ₹ 20,42,503, Previous year ₹ 15,56,073/-

## NOTE 16 : BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE:

The numerator and denominator used to calculate basic and diluted earnings per shares are as under:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net Profit attributable to equity shareholders [A] (Rupees)	548,493,093	49,928,304
Weighted Average of equity shares issued [B] (face value of ₹ 1 each)	40,000	40,000
<b>Basic and Diluted Earnings per share [A/B] (Rupees)</b>	<b>13,712.33</b>	<b>1,248.21</b>

## NOTE 17 : TRANSLATION DIFFERENCES

The translation differences arising during the period on account of foreign currency have been directly taken to Reserves.

## NOTE 18 : RELATED PARTIES TRANSACTIONS

### (i) Relationships during the period

#### A) Enterprises where control exists

- MOPE Investment Advisors Private Limited – Holding Company
- Motilal Oswal Financial Services Limited – Holding Company of MOPE Investment Advisors Private Limited
- Passionate Investment Management Private Limited – Ultimate Holding Company

#### B) Fellow Subsidiaries

- Motilal Oswal Capital Markets Private Limited
- Motilal Oswal Trustee Company Limited
- Motilal Oswal Insurance Brokers Private Limited
- Motilal Oswal Commodities Broker Private Limited
- Motilal Oswal Investment Advisors Limited (Formerly known as Motilal Oswal Investment Advisors Private Limited)
- Motilal Oswal Securities Limited

# NOTES TO FINANCIAL STATEMENT

- Motilal Oswal Wealth Management Limited
- Motilal Oswal Securities International Private Limited
- Motilal Oswal Asset Management Company Limited
- Motilal Oswal Capital Market (Singapore) Pte Ltd.
- Motilal Oswal Real Estate Investment Advisors Private Limited
- Motilal Oswal Real Estate Investment Advisors II Private Limited
- Aspire Home Finance Corporation Limited
- Motilal Oswal Capital Markets (Hongkong) Private Limited
- Motilal Oswal Asset Management (Mauritius) Private Limited
- Nagori Agro & Cattle Feeds Private Limited
- Motilal Oswal Capital Limited
- Carnation Township Management, LLP (upto 29th March, 2016)

## C) Enterprises in which key management personnel exercise significant Influence

Nil

## ii) Transactions with related parties for the period ended March 31, 2017

Transactions	Name of the related Party	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Dividend paid	MOPE Investment Advisors Private Limited	570,942,740	–
Advisory Fee	MOPE Investment Advisors Private Limited	121,714,825	114,879,919
Trade Payables	MOPE Investment Advisors Private Limited	(21,315,905)	(123,579,821)
Prepaid Advisory Fee	MOPE Investment Advisors Private Limited	118,924,353	–

**Note: Income/receipts figures are shown in brackets.**

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

As per our attached report of even date

### For P B K & Co.

*Chartered Accountants*

Firm Registration No. 122384W

### Premal H. Gandhi

*Partner*

Membership No. 111592

Place : Mumbai

Dated : 26th April, 2017

### For India Business Excellence Management Co

*Director*

*Director*

Place : Mauritius

Dated : 26th April, 2017

# **Motilal Oswal Asset Management (Mauritius) Pvt. Ltd**

**Annual Report 2016-2017**

# ACCOUNTANTS CERTIFICATE



The Board of Directors **MOTILAL OSWAL ASSET MANAGEMENT (MAURITIUS) PVT. LTD**

We have verified the conversion of the accompanying condensed balance sheet of Motilal Oswal Asset Management (Mauritius) Pvt. Ltd as on March 31, 2017 and the related condensed Statement of Profit and Loss for the period ended March 31, 2017 has been prepared and certified by the Management of Motilal Oswal Financial Services Limited and denominated in US Dollars, to Indian Rupees, with books of account and records maintained and produced to us for verification and information and explanations given to us by the management of the Motilal Oswal Financial Services Limited have found it to be in accordance therewith.

This certificate has been issued for the Management of the Company and to assist the auditors of the ultimate holding company with their review of the consolidated financial statements and should not be used for any other purpose.

For **P B K & CO.**

*Chartered Accountants*

Firm Registration No.: 122384W

**Premal Gandhi**

*Partner*

Membership No.:111592

Place: Mumbai

Date: 24th April, 2017

# BALANCE SHEET

## BALANCE SHEET AS AT 31ST MARCH, 2017

	Note No.	As on 31-Mar-17 (In ₹)	As on 31-Mar-16 (In ₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>Share holders' Funds :</b>			
Share Capital	1	13,290,750	4,802,608
Reserves and Surplus	2	(10,545,731)	(4,014,026)
<b>Share Application Money pending allotment</b>		–	3,330,000
Trade Payables	3	1,060,801	
Other Current Liabilities	4	1,553,569	524,874
<b>TOTAL</b>		<b>5,359,389</b>	<b>4,643,456</b>
<b>II. ASSETS</b>			
<b>Non - Current Assets</b>			
<b>Current Assets</b>			
Cash and Bank Balances	5	3,710,033	1,657,690
Short Term Loans and Advances	6	1,642,875	2,985,765
Investments	7	6,480	–
<b>TOTAL</b>		<b>5,359,389</b>	<b>4,643,456</b>
Significant Accounting Policies	11		
Notes forming part of Accounts	12-17		
Notes referred to above form an integral part of these financial statements			

As per our report of attached even date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

Membership No. 111592

Place : Mumbai

Dated : 24th April, 2017

**For Motilal Oswal Asset Management (Mauritius) Pvt. Ltd**

*Director*

*Director*

# STATEMENT OF PROFIT AND LOSS

## STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2017

Particulars	Note No.	For the period ended 31-Mar-17 (In ₹)	For the period ended 31-Mar-16 (In ₹)
<b>REVENUE :</b>			
Revenue from Operations	8	519,298	—
<b>TOTAL INCOME</b>		<b>519,298</b>	<b>—</b>
<b>EXPENSES :</b>			
Other Expenses	9	7,216,906	3,614,602
<b>TOTAL EXPENSES</b>		<b>7,216,906</b>	<b>3,614,602</b>
<b>Profit/(Loss ) before taxation</b>		<b>(6,697,608)</b>	<b>(3,614,602)</b>
<b>Profit / (Loss) for the year/ period</b>		<b>(6,697,608)</b>	<b>(3,614,602)</b>
Earning Per Share			
Basic		(26.01)	(54.78)
Diluted		(26.01)	(54.78)
Significant Accounting Policies	11		
Notes forming part of Accounts	12-17		

Notes referred to above form an integral part of these financial statements

As per our report of attached even date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

Membership No. 111592

Place : Mumbai

Dated : 24th April, 2017

**For Motilal Oswal Asset Management (Mauritius) Pvt. Ltd**

*Director*

*Director*

# CASH FLOW STATEMENT

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	For the year ended 31-Mar-17 (In ₹)	For the year ended 31-Mar-16 (In ₹)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	(6,697,608)	(3,614,602)
Adjustment for FCTR	165,904	(14,230)
Adjustment for working capital changes		
Increase/(Decrease) in trade payables	1,060,801	451,033
Increase/(Decrease) in other current liabilities	1,028,695	–
(Increase)/Decrease in short-term loans and advances	1,342,890	(1,244,237)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(3,099,319)</b>	<b>(4,422,036)</b>
Taxes Paid (Net of Refunds)	–	–
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(3,099,319)</b>	<b>(4,422,036)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment in mutual fund	(6,480)	–
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(6,480)</b>	<b>–</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in share capital	8,488,142	4,802,546
Share Application Money pending allotment	(3,330,000)	(1,329,635)
Interest paid	–	–
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>5,158,142</b>	<b>3,472,911</b>
<b>NET CASH FLOW FOR THE YEAR</b>	<b>2,052,343</b>	<b>(949,126)</b>
Cash and bank balance		
Cash on hand	–	–
Scheduled Bank - in current account	1,657,690	2,606,816
Fixed deposit with banks	–	–
<b>Total Cash and bank balances as at beginning of year</b>	<b>1,657,690</b>	<b>2,606,816</b>
Cash and bank balances as at end of year :		
Cash on hand	–	–
Scheduled Bank - In Current Account	3,710,033	1,657,690
<b>Total Cash and bank balances as at end of year</b>	<b>3,710,033</b>	<b>1,657,690</b>

Note : The above cash flow statement has been prepared under the Indirect method" as set out in Accounting Standard - 3 on cash flow statements issued by the Institute of Chartered Accountants of India.

As per our report of attached even date

**For P B K & Co.**

Chartered Accountants

Firm Registration No. 122384W

**Premal H. Gandhi**

Partner

Membership No. 111592

Place : Mumbai

Dated : 24th April, 2017

**For Motilal Oswal Asset Management (Mauritius) Pvt. Ltd**

Director

Director

# NOTES TO FINANCIAL STATEMENT

## NOTE 1 : SHARE CAPITAL

	As at 31-Mar-17		As at 31-Mar-16	
	Number of Shares	(In ₹)	Number of Shares	(In ₹)
<b>Authorised :</b>				
Equity Shares of USD 1 each	205,000	13,290,750	1	62
<b>Issued, Subscribed and Paid Up :</b>				
Equity Shares of USD 1 each fully Paid up	205,000	13,290,750	75,000	4,802,608
<b>Total</b>	<b>205,000</b>	<b>13,290,750</b>	<b>75,000</b>	<b>4,802,608</b>

[All the above shares are held by Motilal Oswal Asset Management Company Limited, the holding company]

## NOTE 2: RESERVES & SURPLUS

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
<b>a) Foreign Currency Translation Reserves</b>		
Opening balance	18,525	32,755
Add:- Gain/(loss) on translation during the period	165,904	(14,230)
<b>Closing balance</b>	<b>184,429</b>	<b>18,525</b>
<b>b) Profit/(Deficit) in the statement of profit and loss</b>		
Opening Balance	(4,032,551)	(417,949)
Add: Net profit / (Loss) transferred from Statement of Profit and Loss A/C	(6,697,608)	(3,614,602)
<b>Closing Balance</b>	<b>(10,730,160)</b>	<b>(4,032,551)</b>
<b>TOTAL</b>	<b>(10,545,731)</b>	<b>(4,014,026)</b>

## NOTE 3 : TRADE PAYABLE

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Other Payable	1,060,801	—
<b>TOTAL</b>	<b>1,060,801</b>	<b>—</b>

## NOTE 4 : OTHER CURRENT LIABILITY

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Creditors for Expenses	1,553,569	524,874
<b>TOTAL</b>	<b>1,553,569</b>	<b>524,874</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 5: CASH AND BANK BALANCES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Balances with Banks		
– In Current Accounts	3,710,033	1,657,690
<b>TOTAL</b>	<b>3,710,033</b>	<b>1,657,690</b>

## NOTE 6: SHORT TERM LOANS AND ADVANCES

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Prepaid Expenses	910,781	433,667
Advances	652,296	2,552,098
Receivables	79,797	–
<b>TOTAL</b>	<b>1,642,875</b>	<b>2,985,765</b>

## NOTE 7 : INVESTMENTS

	As at 31-Mar-17 (In ₹)	As at 31-Mar-16 (In ₹)
Motilal Oswal India Fund	6,480	–
<b>TOTAL</b>	<b>6,480</b>	<b>–</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 8 : REVENUE FROM OPERATIONS

	For the period ended 31-Mar-17 (In ₹)	For the period ended 31-Mar-16 (In ₹)
Management fee	519,298	–
<b>TOTAL</b>	<b>519,298</b>	<b>–</b>

## NOTE 9 : OTHER EXPENSES

	For the period ended 31-Mar-17 (In ₹)	For the period ended 31-Mar-16 (In ₹)
Advisory Fee Expense	1,097,758	–
Accounting fees	157,590	192,972
Admin Fees	67,060	65,414
Bank charges	90,209	66,036
Corporate secretary fees	93,884	91,580
Directors fees	167,649	163,536
FSC fees - GBL and CIS	251,474	276,048
MLRO fees	83,825	81,768
Professional fees	77,119	11,861
Registered office fees	33,530	32,707
ROC Fees	22,633	22,079
Insurance Charges	108,503	–
Taxation fees	33,530	–
TRC fees	36,883	45,790
Retainer fee	–	1,962,426
Audit fees	287,015	261,657
Other Expenses	–	–
MOIF Expenses	4,605,699	340,729
Disbursements/Distribution Fee	2,548	–
<b>TOTAL</b>	<b>7,216,906</b>	<b>3,614,602</b>

## NOTE 10 : BACKGROUND

Motilal Oswal Asset Management (Mauritius) Private Limited ('The Company') was incorporated in Mauritius on January 08, 2015 (Co. No.127396) as a private company limited by shares and holds a Category 1 Global Business Licence and Collective Investment Scheme ("CIS") Manager License issued by the Financial Services Commission of Mauritius. The principal shareholder of the Company as at March 31, 2017 is Motilal Oswal Asset Management Company Limited (MOAMCL) and the principal activity of the Company is to conduct business as a CIS manager.

The transactions of the Company are denominated in US Dollars which have been converted into Indian Rupees for reporting purposes at the rate applied as per paragraph (c) of Note 2 of Significant Accounting Policies.

# NOTES TO FINANCIAL STATEMENT

## NOTE 11 : SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements of the Company are prepared under the historical cost convention on the accrual basis of accounting and comply in all material aspects with accounting principles generally accepted in India.

### (b) 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 on the date of the financial statements. The estimates and assumptions used in the accompanying 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 financial statements. Any differences of actual results to such estimates are recognized prospectively in the current and future periods.

### (c) Conversion to Indian Rupees

For the purpose of these financial statements, 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 as Reserves and surplus. The share capital is carried forward at the rate of exchange prevailing on the transaction date.

### (d) Operating Leases

Lease rentals in respect of operating lease are charged to the statement of profit and loss as per the terms of the lease arrangement on a straight-line basis over the lease period.

### (e) Taxes on income

Current tax is determined as the amount of tax payable in respect of taxable income for the year using the tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

### (f) Earnings per share

Basic earning per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period as adjusted for the effects of all diluted potential equity shares.

### (g) Contingencies and provisions

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.

### (h) Incorporation and Preliminary Expenses

The Incorporation expenses and preliminary expenses related to the incorporation of the company are debited to the statement of profit & loss.

## NOTE 12 : TAXATION

No provision for the current tax has been made in view of taxable loss for the period.

# NOTES TO FINANCIAL STATEMENT

## NOTE 13 : EARNINGS PER SHARE

The numerator and denominator used to calculate basic and diluted earnings per shares are as under:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Loss attributable to equity shareholders (₹)	(6,697,608)	(3,614,602)
Weighted average number of equity shares outstanding during the year	257,480	65,984
Nominal value per share (₹)	64.83	64.03
Earnings / (Loss) per share (Basic and diluted) (₹)	(26.01)	(54.78)

## NOTE 14 :

During the year, The Company has issued 40,000 equity shares of USD 1 (INR 67.00) each fully paid up on 22nd February, 2017 and 40,000 equity shares of USD 1 (INR 65.30) each fully paid up on 21st March, 2017. All the shares have been subscribed by its Holding Company Motilal Asset Management Company Limited.

## NOTE 15 : TRANSLATION DIFFERENCES

The translation differences arising during the period on account of foreign currency have been directly taken to Reserves.

## NOTE 16 : RELATED PARTIES TRANSACTIONS

### (i) Relationships during the period

#### A) Enterprises where control exists

##### Holding Company

- Motilal Oswal Asset Management Company Limited

##### Holding Company of Motilal Oswal Asset Management Company Limited

- Motilal Oswal Securities Limited

##### Holding Company of Motilal Oswal Securities Limited

- Motilal Oswal Financial Services Limited

##### Ultimate Holding Company

- Passionate Investment Management Private Limited -

#### B) Fellow Subsidiaries

- Motilal Oswal Capital Markets Private Limited
- Motilal Oswal Trustee Company Limited
- Motilal Oswal Insurance Brokers Private Limited
- Motilal Oswal Commodities Broker Private Limited
- Motilal Oswal Investment Advisors Limited (Motilal Oswal Investment Advisors Private Limited)
- MOPE Investment Advisors Private Limited
- Motilal Oswal Wealth Management Limited
- Motilal Oswal Securities International Private Limited
- Motilal Oswal Asset Management Company
- Motilal Oswal Capital Market (Singapore) Pte Ltd.
- 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
- Motilal Oswal Capital Market (Hongkong) Private Limited
- Motilal Oswal Capital Limited

#### C) Enterprises in which Key Management personnel exercise significant Influence

Nil

# NOTES TO FINANCIAL STATEMENT

## ii) Transactions with related parties for the period ended March 31, 2017

Transactions	Name of the related Party	For the year ended March 31, 2017	For the year ended March 31, 2016
Payable/ Receivable	Motilal Oswal Asset Management Company Limited	(1,060,801)	–
Share Capital Subscribed	Motilal Oswal Asset Management Company Limited	8,488,142	4,802,546
Share Application Money pending Allotment	Motilal Oswal Asset Management Company Limited	–	–
<b>TOTAL</b>		<b>7,427,341</b>	<b>4,802,546</b>

Note: Income/receipts figures are shown in brackets.

## NOTE 17 :

The following preliminary expenses and incorporation expenses are debited to Statement of Profit & Loss account:

Description of Expenses	For the year ended March 31, 2017	For the year ended March 31, 2016
Description of Expenses		
Corporate secretary fees	93,884	91,580
FSC fees - GBL and CIS	251,474	276,048
MLRO fees	83,825	81,768
Registered office fees	33,530	32,707
ROC Fees	22,633	22,079
Set up fees	–	–
<b>TOTAL</b>	<b>485,344</b>	<b>504,181</b>

As per our report of attached even date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

Membership No. 111592

Place : Mumbai

Dated : 24th April, 2017

**For Motilal Oswal Asset Management (Mauritius) Pvt. Ltd**

*Director*

*Director*

# **Motilal Oswal Capital Limited**

**Annual Report 2016-2017**

# INDEPENDENT AUDITORS' REPORT

To the Members of **MOTILAL OSWAL CAPITAL LIMITED**

## Report on the Standalone Financial Statements

We have audited the accompanying financial statements of Motilal Oswal Capital Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the period ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the 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 and presentation of these 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 the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and fair presentation of the 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the 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 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 2017, its loss and its cash flows for the year ended on that date.

### Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, is not applicable to the company.
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 purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from the examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

- d. in our opinion the aforesaid standalone financial statements comply with the accounting standards notified 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- 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 Auditor) Rule 2014, in our opinion to the best of our information and according to the explanations given to us:
  - i. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
  - ii. There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund.
  - iii. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and it is in accordance with books of accounts maintained.

For **P B K & CO**

*Chartered Accountants*

Firm Registration No.: 122384W

**Premal H Gandhi**

*Partner*

Membership No. 111592

Place: Mumbai

Date: 26th April, 2017.

# BALANCE SHEET

## BALANCE SHEET AS AT 31ST MARCH, 2017

	Note No.	As at 31-Mar-2017 (In ₹)
<b>I. EQUITY AND LIABILITIES</b>		
<b>A. Share Holders' Funds :</b>		
Share Capital	1	1,000,000
Reserves and Surplus	2	(97,354)
<b>TOTAL (A)</b>		<b>902,646</b>
<b>B. Current Liabilities :</b>		
Other Current Liabilities	3	127,200
<b>TOTAL (B)</b>		<b>127,200</b>
<b>TOTAL (A+B)</b>		<b>1,029,846</b>
<b>II. ASSETS</b>		
<b>C. Current Assets:</b>		
Deferred Tax Assets	4	27,046
Cash and Bank Balances	5	999,885
Short-Term Loans and Advances	6	2,915
<b>TOTAL (C)</b>		<b>1,029,846</b>
<b>TOTAL (C)</b>		<b>1,029,846</b>
Significant Accounting Policies	9	
Notes forming part of Accounts	10-17	
Notes referred to above form an integral part of the financial statements		

As per our attached report of even date

**For P B K & Co.**

Chartered Accountants

Firm Registration No. 122384W

**Premal H. Gandhi**

Partner

M No: 111592

Place : Mumbai

Dated : 24th April, 2017

For and on behalf of the Board of Directors

**Motilal Oswal Capital Limited**

**Motilal Oswal**

Director

DIN NO : 00024503

Place : Mumbai

Dated : 24th April, 2017

**Aashish Somaiya**

Director

DIN NO : 06705119

# STATEMENT OF PROFIT AND LOSS

## PROFIT AND LOSS FOR THE PERIOD 19TH SEPTEMBER, 2016 TO 31ST MARCH, 2017

	Note No.	For the period ended 31-Mar-2017 (In ₹)
<b>REVENUE</b>		
Income from Operations		—
<b>TOTAL (A)</b>		<b>—</b>
<b>EXPENSES</b>		
Other Expenses	7	124,401
<b>TOTAL (B)</b>		<b>124,401</b>
<b>(Loss) before Taxation</b>	<b>(C) = (A)– (B)</b>	<b>(124,401)</b>
<b>Less: Provision for Taxation</b>		
For Current Year		
Deferred Tax		(27,046)
<b>(D)</b>		<b>(27,046)</b>
<b>Profit/(Loss) after Tax</b>	<b>(E) = (C)– (D)</b>	<b>(97,354)</b>
Basic Earnings per share after Extraordinary Items (Face Value of share ₹ 10 each)		(0.97)
Diluted Earnings per share after Extraordinary Items (Face Value of share ₹ 10 each)		(0.97)
Significant accounting policies	9	
Notes referred to above form an integral part of the financial statements		

As per our attached report of even date

**For P B K & Co.**

Chartered Accountants

Firm Registration No. 122384W

**Premal H. Gandhi**

Partner

M No: 111592

Place : Mumbai

Dated : 24th April, 2017

For and on behalf of the Board of Directors

**Motilal Oswal Capital Limited**

**Motilal Oswal**

Director

DIN NO : 00024503

Place : Mumbai

Dated : 24th April, 2017

**Aashish Somaiya**

Director

DIN NO : 06705119

# CASH FLOW STATEMENT

## CASH FLOW STATEMENT FOR THE PERIOD SEPTEMBER 19, 2016 TO MARCH 31, 2017

	For the period 19-Sep-2016 to 31-Mar-2017 (In ₹)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	
Profit before taxation	(124,401)
Adjustment for :	
Preliminary Expense	104,200
Adjustment for working capital changes :	
Increase/(Decrease) in other current liabilities	127,200
(Increase)/Decrease in short-term loans and advances	(2,915)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>104,085</b>
Taxes Paid (Net of Refunds)	—
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>104,085</b>
<b>B. CASH FLOW FROM FINANCING ACTIVITIES</b>	
Introduction of equity shares capital	1,000,000
Preliminary Expenses	(104,200)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>895,800</b>
<b>NET CASH FLOW FOR THE YEAR</b>	<b>999,885</b>
<b>Cash and bank balances comprise of</b>	
Cash on hand	—
Balance with scheduled bank - In Current Account	—
Fixed deposit with banks	—
<b>Total Cash and bank balance as at beginning of year</b>	<b>—</b>
Cash and bank balance as at end of period :	
Cash on hand	
Balance with scheduled bank - In Current Account	999,885
Fixed deposit with banks	
<b>Total Cash and bank balance as at end of year</b>	<b>999,885</b>

Note : The above cash flow statement has been prepared under the Indirect method as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

As per our attached report of even date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

M No: 111592

Place : Mumbai

Dated : 24th April, 2017

For and on behalf of the Board of Directors

**Motilal Oswal Capital Limited**

**Motilal Oswal**

*Director*

DIN NO : 00024503

Place : Mumbai

Dated : 24th April, 2017

**Aashish Somaiya**

*Director*

DIN NO : 06705119

# NOTES TO FINANCIAL STATEMENT

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD 19TH SEPTEMBER, 2016 TO 31ST MARCH, 2017

### NOTE 1 : SHARE CAPITAL

	As at 31-Mar-2017 (In ₹)
<b>Authorised</b>	
1,00,000 Equity Shares of ₹ 10 each	1,000,000
<b>Issued, Subscribed &amp; Paid Up</b>	
1,00,000 Equity Shares of ₹ 10 each fully paid up	1,000,000
<b>TOTAL</b>	<b>1,000,000</b>

The Company has one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holder of the equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all the preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

#### 1.1 Reconciliation of number of shares outstanding

	As at 31-Mar-2017 (No. of Shares)
Number of share at Beginning of the Year	
Add : Share issued during the year	100,000
<b>Number of Share at the end of the year</b>	<b>100,000</b>

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

Name of Shareholder	As at 31-Mar-2017	
	No. of Shares held	% of Holding
Motilal Oswal Asset Management Company Limited	99,994	99.99

### NOTE 2 : RESERVES AND SURPLUS

	As at 31-Mar-2017 (In ₹)
Opening Balance	—
Net Loss For the Current Year	(97,354)
<b>Closing Balance</b>	<b>(97,354)</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 3 : OTHER CURRENT LIABILITIES

	As at 31-Mar-2017 (In ₹)
For expenses	98,200
Withholding and Other Taxes Payable	8,000
Other Payables	21,000
<b>TOTAL</b>	<b>127,200</b>

## NOTE 4 : DEFERRED TAX ASSETS

	As at 31-Mar-2017 (In ₹)
<b>Deferred Tax Assets</b>	
On Preliminary Expenses	27,046
<b>TOTAL</b>	<b>27,046</b>

## NOTE 5 : CASH AND BANK BALANCES

	As at 31-Mar-2017 (In ₹)
Balance with banks	
In Current Accounts	999,885
<b>TOTAL</b>	<b>999,885</b>

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:

Particulars	Other denomination notes	Total
NIL	NIL	NIL

## NOTE 6 : SHORT TERM LOANS & ADVANCES

	As at 31-Mar-2017 (In ₹)
Service Tax Credit Receivable	2,915
<b>TOTAL</b>	<b>2,915</b>

# NOTES TO FINANCIAL STATEMENT

## NOTE 7 : OTHER EXPENSES

	For the period ended 31-Mar-2017 (In ₹)
Remuneration to Auditors	20,100
Legal & Professional Charges	–
Rent	–
Rates and Taxes	–
Preliminary Expense	104,200
Bank Charges	101
<b>TOTAL</b>	<b>124,401</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### NOTE 8 : BACKGROUND

Motilal Oswal Capital Limited (MOCL / the Company) was incorporated on September 19, 2016. The principal shareholder of the Company as at March 31, 2017 is Motilal Oswal Asset Management Company Limited (MOAMC).

The Company provides Investment Advisory to offshore clients only. The Company is registered on September 19, 2016 having registration No. U65100MH2016PLC285990.

### NOTE 9 : SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

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 and the provisions of the Companies Act, 2013.

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. Based on the nature of business the company has ascertained its operating cycle as twelve months for the purpose of current and non - current classification of assets and liabilities.

#### (b) Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying 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 financial statements. Any revisions to such estimates are recognized prospectively in the current and future periods.

#### (c) Investments

Transactions for purchase and sale of investments are recognized as at the trade date.

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 a provision is made to recognize any diminution in value, other than temporary, determined separately for each investment.

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

# NOTES TO FINANCIAL STATEMENT

## **(d) Revenue Recognition**

Revenue is recognized when there is reasonable certainty of its ultimate realization/collection

## **(e) Taxes on income**

Income-tax expense comprises of 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**

Current tax is determined as the amount payable in respect of taxable income for the year. While computing the taxable income, due credit is taken for allowances and exemption in accordance with Indian Income Tax Act, 1961. In case of matters under appeal due to disallowance or otherwise, full provision is made when the said liabilities are accepted by the Company.

### **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**

Deferred tax is recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. 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 an unabsorbed depreciation or a 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 reasonably / virtually certain (as the case may be) to be realized.

## **(f) Earnings per share**

Basic earning per share is computed by dividing net profit or loss for the period by the weighted average number of equity shares outstanding during the period.

Diluted earning per share is computed by dividing the net profit or loss for the period by the weighted average number of shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

## **(g) Contingencies and provisions**

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.

# NOTES TO FINANCIAL STATEMENT

## NOTE 10 : TAXES ON INCOME

### Current Tax

Provision for the current tax is made on the basis of taxable income for the year.

## NOTE 11 :

There is no amount outstanding for more than thirty days to any Small Scale Industrial Undertaking as at the Balance Sheet date. There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than forty five days as at the Balance Sheet date. The Micro, Small and Medium Enterprises have been identified on the basis of the information provided by the vendors to the Company.

## NOTE 12 : AUDITORS' REMUNERATION

### Particulars

Audit fees

**TOTAL**

**19-Sep-2016 to  
31-Mar-2017  
(In ₹)**

20,100

**20,100**

## NOTE 13 : SEGMENT INFORMATION

The Company's principal activity is to acts as a Trustee for the schemes of Motilal Oswal Mutual Fund. In the opinion of the management separate segments under Accounting Standard 17 on "Segment Reporting", issued by the Institute of Chartered Accountants of India are not required to be reported as the Company is engaged only in one business segment.

## NOTE 14 : EARNINGS PER SHARE

Basic earning per share is computed by dividing net profit or loss for the period by the weighted average number of equity shares outstanding during the period.

The numerator and denominators used to calculate basic and diluted earnings per share are as under:

### Particulars

Profit attributable to equity shareholders (Rupees)

Weighted average number of equity shares outstanding during the year

Nominal value per share (Rupees)

**Earnings per share (Basic and diluted) (Rupees)**

**19-Sep-2016 to  
31-Mar-2017  
(In ₹)**

(97,354)

100,000

10

**(0.97)**

# NOTES TO FINANCIAL STATEMENT

## NOTE 15 : RELATED PARTY DISCLOSURE

Names of Related Parties:-

### (i) Relationships during the year

**Holding Company:**

Motilal Oswal Asset Management Company Limited

**Holding Company of Motilal Oswal Asset Management Company Limited:**

Motilal Oswal Securities Limited

**Holding Company of Motilal Oswal Securities Limited:**

Motilal Oswal Financial Services Limited

**Ultimate Holding Company:**

Passionate Investment Management Private Limited

**Fellow subsidiaries:**

Motilal Oswal Capital Markets Private Limited

Motilal Oswal Insurance Brokers Private Limited

Motilal Oswal Commodities Broker Private Limited

Motilal Oswal Investment Advisors Limited (Formerly known as Motilal Oswal Investment Advisors Private Limited)

MOPE Investment Advisors Private Limited

Motilal Oswal Real Estate Investment Advisors Private Limited

Motilal Oswal Real Estate Investment Advisors II Private Limited

India Business Excellence Management Company

Motilal Oswal Wealth Management Limited

Motilal Oswal Capital Markets (Hongkong) Private Limited

Motilal Oswal Capital Markets Singapore Pte. Limited

Motilal Oswal Securities International Private Limited

Aspire Home Finance Corporation Limited

Motilal Oswal Asset Management (Mauritius) Private Limited

Nagori Agro & Cattle Feeds Private Limited

**Key management personnel**

Motilal Oswal - Director

Aashish Somaiya - Director

### (ii) Transactions with related parties for the period ended March 31, 2017 :

Transaction	Name of the related Party	Holding Company / Subsidiary company (A)
		September 19, 2016 to March 31, 2017 (In ₹)
MOAMC Expense Reimbursement	Motilal Oswal Asset management Company Limited	(98,200)
Subscription/Purchase of Equity Shares	Motilal Oswal Asset management Company Limited	(1,000,000)

# NOTES TO FINANCIAL STATEMENT

## NOTE 16 :

On 18th November, 2016 the Holding company Motilal Oswal Asset Management Company Limited has invested ₹ 10,00,000/- in the share capital of the Company.

## NOTE 17 :

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.

As per our attached report of even date

### For P B K & Co.

*Chartered Accountants*

Firm Registration No. 122384W

### Premal H. Gandhi

*Partner*

M No: 111592

Place : Mumbai

Dated : 24th April, 2017

For and on behalf of the Board of Directors

### Motilal Oswal Capital Limited

### Motilal Oswal

*Director*

DIN NO : 00024503

Place : Mumbai

Dated : 24th April, 2017

### Aashish Somaiya

*Director*

DIN NO : 06705119



Solid Research. Solid Advice

**SUBSIDIARY COMPANIES  
ANNUAL REPORT 2016-17**

[www.motilaloswalgroup.com](http://www.motilaloswalgroup.com)