



MOTILAL OSWAL
Financial Services

Motilal Oswal Financial Services Limited

Regd. Office : Motilal Oswal Tower, Rahimtullah Sayani Road,
Opposite Parel ST Depot, Prabhadevi, Mumbai - 400025.
Board: +91 22 3980 4200 Fax: +91 22 3312 4997
CIN: L67190MH2005PLC153397

14th August, 2017

To,
Department of Corporate Services,
BSE Limited,
P.J. Towers,
Dalal Street, Fort,
Mumbai-400001

To,
The National Stock Exchange of India Limited
Exchange Plaza,
Listing Department,
Plot no. C/1, G Block,
Bandra-Kurla Complex,
Bandra (E), Mumbai-400 051

Sub: Annual Report - Regulation 34

Ref: Stock Code: 532892/MOTILALOFS

Dear Sir/Madam,

Pursuant to Regulation 34 of SEBI Listing Regulations, 2015, please find the attached Annual Report of Motilal Oswal Financial Services Limited for the financial year 2016-17.

Thanking you,

Yours faithfully,

For Motilal Oswal Financial Services Limited

 **Murli Krishnan Iyer**
Company Secretary and Compliance Officer



30[★]

years
of
Wealth Creation



ANNUAL REPORT 2016 - 17

30[★] years of Wealth Creation

2017 marks the completion of 30 years for Motilal Oswal. What began as a 3-member sub-broking firm in 1987 has today grown into a 5000 plus team and one of India's leading financial services companies. Today our areas of operation include Private Wealth Management, Retail Broking and Distribution, Institutional Broking, Asset Management, Investment Banking, Private Equity, Commodity Broking, Currency Broking and Home Finance.

The past 30 years has also seen Motilal Oswal Financial Services pioneer successful business models, build rewarding relationships with clients, introduce innovative products and develop valuable partnerships across multiple stakeholders. Our high-quality service, value-driven offerings and strong business ethics have helped us become one of the most recognizable and respected brands in India. The guiding force behind our wealth creation journey of the past 30 years has been our 'Knowledge First' philosophy. This has been supported by research based value investing , a customer-first attitude, employee friendly HR practices, ethical and transparent business practices, respect for professionalism, implementation of cutting edge technology and customer centric marketing.

While we look back at our past 30 years with pride, it only acts as a motivator for even bigger and better achievements in future.



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MILESTONES

1987



Starts as a Sub Broking Outfit - Prudential Portfolio Services

MOSL acquires B.S.E. membership



1990

2005
asia money awards

Awarded Best Local Brokerage, Most Independent Research Brokerage and Best in Sales & Service

DP assets cross ₹ 1,000 crore

2005

Reach expands to over 100 business locations
Customer base crosses 10,000

FII Client base crosses 100

2003

2006

Enters into Investment Banking, Private Equity and Wealth Management businesses

aban

Investment Banking Business advises on one of the largest investment banking deals of 2006 and tops Bloomberg M&A league table for India



New Vernon Capital

Places 10.75% with 2 leading Private Equity Investors- Bessemer Venture and New Vernon Private Equity valuing the company @ ₹ 1200 Cr (post money)

Issues about 13% of equity to employees as ESOPs

Private Equity business launches its maiden fund of USD 125 million

2007



Features as a case study in Harvard Business School



Goes public. The IPO was oversubscribed 26.4 times

2009



Rated as No. 1 Broker at the ET Now-Starline Analyst Awards



Enters the Limca Book of Records for creating India's Largest Dealing Room



Reach expands to over 1,000 business locations
Customer base crosses 5,00,000

2010



Asset Management business hosts India's 1st Value Investing Forum



Asset Management launches its maiden mutual fund offering - India's first fundamentally enhanced ETF



Investment Banking Business won the "India M&A Investment Banker Award", and "Asia Pacific Cross-Border Deal of the Year" at the Asia-Pacific M&A Atlas Awards



Launched Motilal Oswal Foundation

Wins QualTech Prize for Improvement in the Services Category at QIMPRO



DP Assets cross ₹ 10,000 cr

1994



Gets N.S.E. membership

MOTILAL OSWAL

Enters Institutional Equities Business

1996



Starts Wealth Creation Study to identify the biggest, fastest and the most consistent wealth creating companies

2000



Promoters honoured with Rashtriya Samman Patra



Receives the Asiamoney Award for the Best Domestic Equity House

2008



DP Assets cross ₹ 5,000 cr
Group Profits cross ₹ 100 cr and
Group revenues cross ₹ 500 cr

Hits Billion Dollar Market Capitalisation



Awarded 'Best Franchiser in Financial Services' by Franchising World Magazine for the second time in succession



Mr. Oswal awarded the 'Excellent Business Achiever in Financial Services' Award by the Institute of Chartered Accountants of India

Awarded the NASSCOM-CNBC TV18 IT User Award



Mr Agrawal honored with an award for Special Contribution to Indian Capital Market at 'India's Best Market Analyst Awards



Wins 'Best Capital Markets & Related NBFC' Award at CNBC TV18 India Best Banks and Financial Institutions Awards



Asset Management Company (AMC) becomes India's 1st AMC to ring the NASDAQ Stock Market Opening Bell

2011

2012



Awarded 'Best Equity Broker' at Bloomberg UTV Financial Leadership Awards



Awarded the 'Retailer of the Year' (Banking & Financial Services) at the 'Award for Retail Excellence' organized by Asia Retail Congress



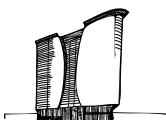
Adjuded 'Best Performing Equity Broker (National)' at the CNBC TV18 Financial Advisor Awards - two years in a row

Awarded the 'Best Public Relations in the Financial Services Sector' at the India PR & Corporate Communication Awards



MOST Shares Nasdaq 100 ETF bags the 'Most Innovative ETF - Asia Pacific 2011' at the 8th Annual Global ETF Awards 2012

MOFSL shifts into its own corporate headquarters spread over 2,70,000 square feet



Awarded Depository Participant of the Year at Money Today FPCIL Awards

2013

Motilal Oswal Investment Banking won 'M&A Boutique Firm of the Year' and 'Best Mid-Market Deal of the Year' awards at the M&A Atlas Awards in Mumbai



Adjuded 'Best Performing Equity Broker (National)' at the CNBC TV18 Financial Advisor Awards - three years in a row



Completed 25 years of Wealth Creation



Awarded 'Best Growth Capital Investor-2012' at the Awards for Private Equity Excellence 2013



Awarded Depository Participant of the Year at Money Today FPCIL Awards

2015

zee India's best market analyst awards.
Best IT Sector, Best FMCG Sector and Best Forex.



CNBC TV18 Financial Advisory Awards 2014 - 15; adjuded Best Performing National Financial Advisor (Wealth distribution category)



'Best Broking House - Institutional Segment' at Dun & Bradstreet Best Equity Broking Awards 2015 held in Mumbai.

'Best Broking House - Cash Segment' at Dun & Bradstreet Best Equity Broking Awards 2015 held in Mumbai.



AHFCL cumulatively disbursed over **Rs. 1000 Cr.** of loans to over **10000 families.**



"Financial Services Institution of the Year" at the ICT 4 Development Awards 2015 by ASSOCHAM INDIA!

Reach expands to over 1,500 business locations Customer base crosses 7,00,000

Group net worth crosses ₹ 1,000 crore



Bags two awards for 'Excellence in HR through Technology' & 'Managing Health at Work' at the 2nd Asia's Best Employer Brand Awards



Awarded 'Best Equity Broking House' at BSE - Dun & Bradstreet Equity Broking Awards



Maiden mutual fund offering bags the 'Most Innovative Fund of the Year' at the CNBC TV18-CRISIL Mutual Fund Awards

2014



Adjuded 'Best Performing Equity Broker (National)' at the CNBC TV18 Financial Advisor Awards - four years in a row

Motilal Oswal Financial Services Awarded for 'Best Local Broker for Trading and Execution' at the Trade Asia Awards 2014



AHFCL has been awarded "Fast 50 Brands 2016" by World Consulting Research Corporation



Institutional Equities bags 11 Awards at the 'Research Bytes Investor Communication Awards 2015'



Best Equity Broker-National & Grand Jury award for Best Institution for Financial Education & Inclusion by CNBC TV18 Financial Advisory Awards



Motilal Oswal Financial Services Limited got certified as "Great Place to Work" by GPTW - India

2016

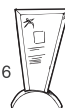
MOFSL won Banking Frontiers 'Finnoviti Award 2017' for Watch App



AHFCL bags 2 awards for "Innovative Product and Services" for MALA & "Innovative Marketing Practice" for Social Media Campaigns at the 7th National Conf. & Game Changer Summit.

MORE wins the "Best Real Estate Fund of the Year - Domestic" at the CNBC - AWAAZ Real Estate Awards 2016 -17

Commodity business won the "Commodity Broker of the Year 2016 - 17" at MCX Excellence Awards



Asset Management business has crossed the milestone of US \$ 2.5 Billion Equity Assets Under Management



Completed 30 years of Wealth Creation

2017

MESSAGE FROM THE CHAIRMAN



Mr. Motilal Oswal

Chairman, Managing Director &
Chief Executive Officer, MOFSL

Dear Shareholders,

It gives me great pleasure to share with you our performance of the last year. Two years ago, we initiated a strategic transformation of our business model into four engines of growth - capital market business, asset based business, housing finance business and fund based business. Financial Year 2017 (FY2017) saw us delivering the initial results of this strategic transformation. Each of our businesses are building scale across assets, sales and volumes as well as improving its market share. Our business model has been moving steadily towards annuity-type sources of earnings. Within our FY2017 consolidated revenue of ₹ 1,818.32 crores, 55.76% was contributed by annuity sources like housing finance, asset and wealth businesses. Similarly, within our FY2017 profit after tax (PAT) of ₹ 359.99 crores, 56.94% was contributed by housing finance, asset and wealth businesses. This strategy of diversification towards annuity-based sources is driving visibility of our future earnings. In line with our stated objective of achieving sustainable 20% return on equity (ROE) over the long term, our

reported ROE in FY2017 was 22.34%. All our businesses still offer significant headroom for growth. We have been investing in manpower, technology and processes, and are well placed to capture these ensuing growth opportunities.

In terms of business verticals, our asset based businesses (comprising of asset management, private equity and wealth management), saw solid traction in mobilization, as well as robust investment performance. In our capital markets businesses (comprising of retail broking, institutional broking and investment banking), our investments into our distribution and digital businesses in retail, blocks business in institution and equity capital market (ECM) business in investment banking showed results in FY2017. Our housing finance business, which focuses on affordable housing space, is scaling up in assets, liabilities and network. We expanded into six new states, in addition to earlier three. As much focus is placed on risk management, underwriting, collections and asset quality as on scale. In our fund based businesses (comprising of sponsor commitments to our mutual funds and private equity funds), most of the gains are still unrealized and yet to be booked in our Profit & Loss statement. Our long term track record in investment performance, as seen from the 14-year CAGR returns of our flagship Value PMS scheme, augurs well for this fund based business.

In terms of financial performance, our revenue of ₹ 1,818.32 crores in FY2017 was an all-time high for the Group. This uptick in topline was backed by strong growth across all our businesses, with housing finance up 159.91% year on year (YoY), asset and wealth management up 69.08% YoY and capital markets up 37.28% YoY. Our PAT of ₹ 359.99 crores in FY2017 was also a high for the Group. This uptick was led by improved profitability across all businesses, with housing finance up 102.80% YoY, asset and

wealth management up 236.95% YoY and capital markets up 177.71% YoY. We have made significant investments into manpower, brand, technology and processes in recent years. Some of the operating leverage from these investments became visible this year, as the PAT margin improved from 15% to 20% on a YoY basis. However, the full benefit of operating leverage is yet to unfold. While our ROE on the reported PAT was 22.34% in FY2017, it does not include impact of unrealized gains from investments in our mutual funds. Had this been included, our ROE would have been much higher.

In terms of business wins, we improved our equity market share in the high yield cash segment in our overall broking business. Asset under management (AUM) in our distribution business improved significantly this year. Given that only a small portion of our network has been tapped so far, the potential to increase cross selling still remains immense. Our online initiatives are evincing significant client interest, apart from expanding our reach and productivity at incrementally lower costs. Following continued efforts, blocks activity in institution broking has gained significant traction. We participated in ten ECM transactions in our investment banking business, which is the best ever performance in number of deals and value of transactions. In asset management, our position as a niche equity specialist based on our QGLP investing process has been well accepted across the distributor fraternity. We are also seeing initial interest in our offshore AMC product. In private equity, our first fund is in exit stage and has earned us healthy carry returns this year. This business has scaled up across both the growth capital and real estate funds. In wealth management, a strong brand image is helping attract quality relationship managers. We continue to see solid traction in mobilization and client count in this business. The housing finance business has been growing steadily.

We expanded into new six states, while also seeing continued traction in our existing three states.

At a macro level, the shift from physical savings to financial savings in India augurs well for our businesses. The government continues to drive the right initiatives in the affordable housing space. FII's made a comeback with strong net inflows, after a temporary exodus during the demonetization phase. Even domestic investors have shown continued interest through the equity mutual fund route. The revival of the IPO market should only bring more quality companies into the listed space. As these broader trends translated into business opportunities, our investments into critical areas give us the ability to capture these opportunities as they unfold further.

To sum up, the strategic realignment of our businesses, the reallocation of our capital and the resulting changes in the value drivers has enhanced the earnings power of our Group. Our four engines of growth make us optimistic of continued strong performance. I would like to express my gratitude to our Board of Directors for their support and guidance. I am also grateful to all our stakeholders who have reposed their trust in us and given us constant support.

With best wishes,



Sincerely,
Motilal Oswal
Chairman, Managing Director & CEO
Motilal Oswal Financial Services Ltd.

BOARD OF DIRECTORS



MOTILAL OSWAL
Chairman, Managing
Director & Chief Executive
Officer, MOFSL



RAAMDEO AGARWAL
Joint Managing Director,
MOFSL



NAVIN AGARWAL
Director, MOFSL



VIVEK PARANJPE
Independent Director
MOFSL



PRAVEEN TRIPATHI
Independent Director,
MOFSL



SHARDA AGARWAL
Independent Woman Director,
MOFSL

MURLI KRISHNAN IYER

Company Secretary and Compliance Officer

Bankers

- HDFC Bank • ICICI Bank • Indusind Bank • Axis Bank
- IDBI Bank • Kotak Mahindra Bank • Yes Bank

Auditors

M/s Haribhakti & Co. LLP, Chartered Accountants

Registrar and Share Transfer Agent

Link Intime India Private Limited
C - 101, 247 Park, L.B.S. Marg, Vikroli (West), Mumbai - 400083
E-mail: rnt.helpdesk@linkintime.co.in

Registered Office

Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai - 400025
E-mail: shareholders@motilaloswal.com
CIN: L67190MH2005PLC153397

Capital Market Businesses



AJAY KUMAR MENON
Managing Director & CEO, MOSL



RAJAT RAJGARHIA
CEO, Institutional Equities Business



GIRISH NADKARNI
CEO, Investment Banking Business

Asset & Wealth Management Businesses



AASHISH SOMAIYAA
Managing Director & CEO,
Asset Management Business



VISHAL TULSYAN
Managing Director & CEO,
Private Equity Business



VIJAY KUMAR GOEL
CEO, Private Wealth Management Business

Housing Finance Business



ANIL SACHIDANAND
Managing Director & CEO,
Home Finance Business



RAMNIK CHHABRA
Head, Marketing



SUDHIR DHAR
Head, HR & Administration



SHALIBHADRA SHAH
CFO, MOFSL
(Appointed w.e.f. 27th April, 2017)

Support



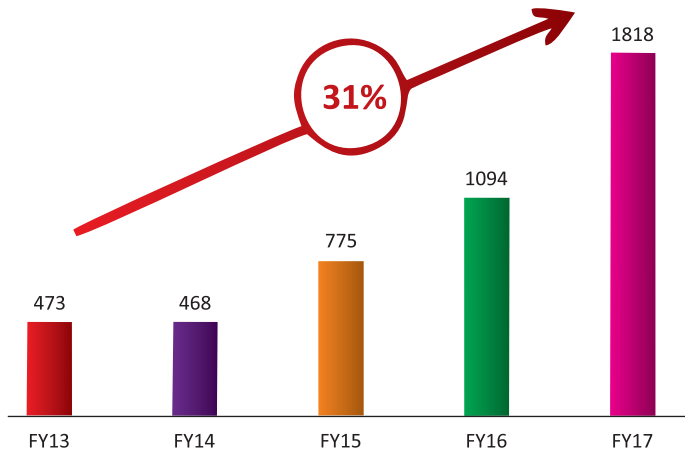
Anupam Agal
Head, Operations & Risk



Pankaj Purohit
Head, IT

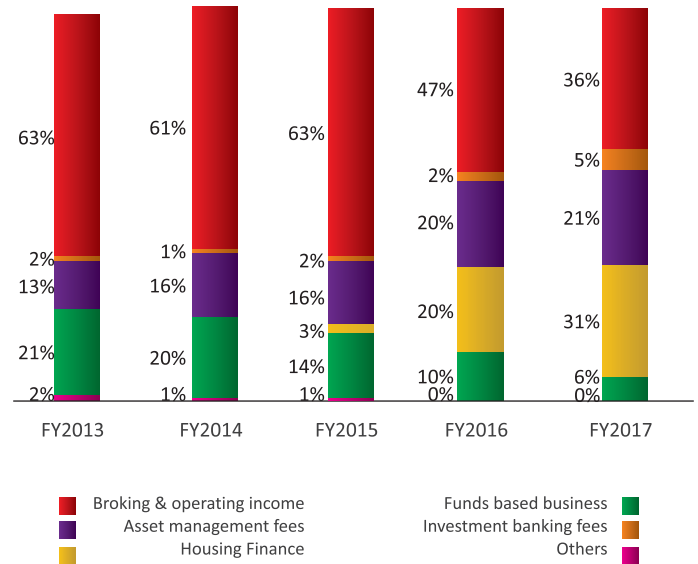
PERFORMANCE AT A GLANCE

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



*Prior figures have been regrouped wherever necessary

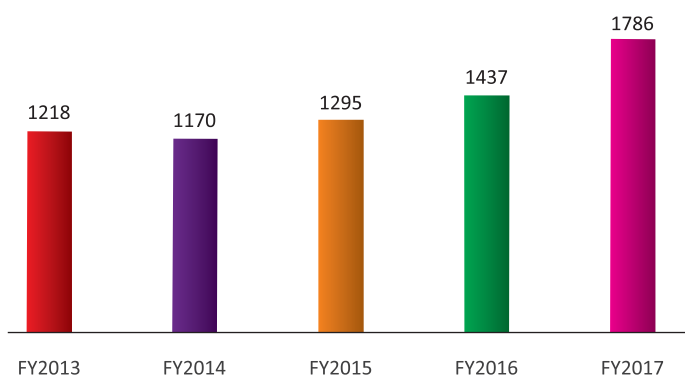
Revenue Composition %



*Prior figures have been regrouped wherever necessary

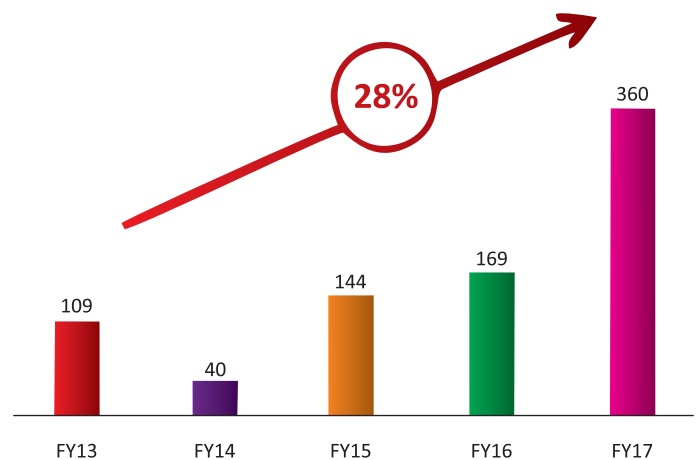
*Figures may not always sum to 100% due to rounding

Net Worth (₹ Crore)



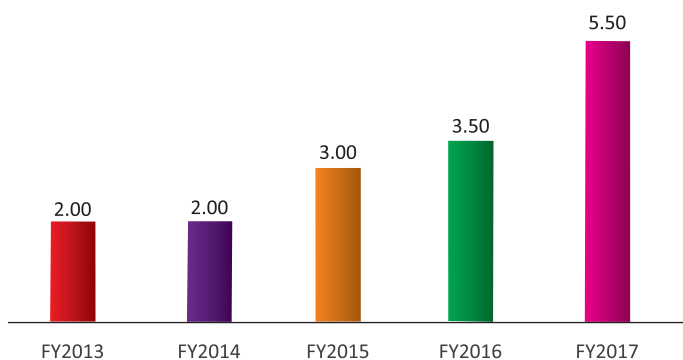
*Prior figures have been regrouped wherever necessary

PAT (₹ Crore); & 5-Year CAGR



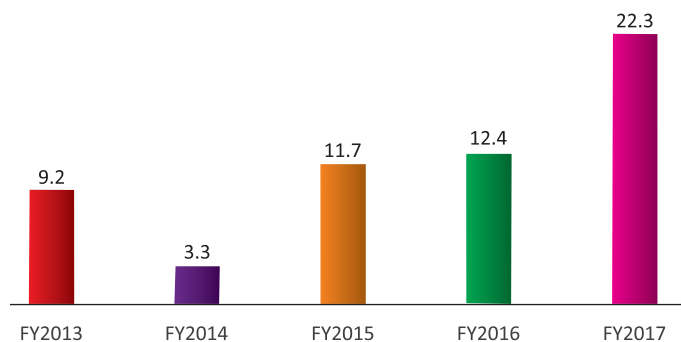
*Prior figures have been regrouped wherever necessary

Rising Dividends

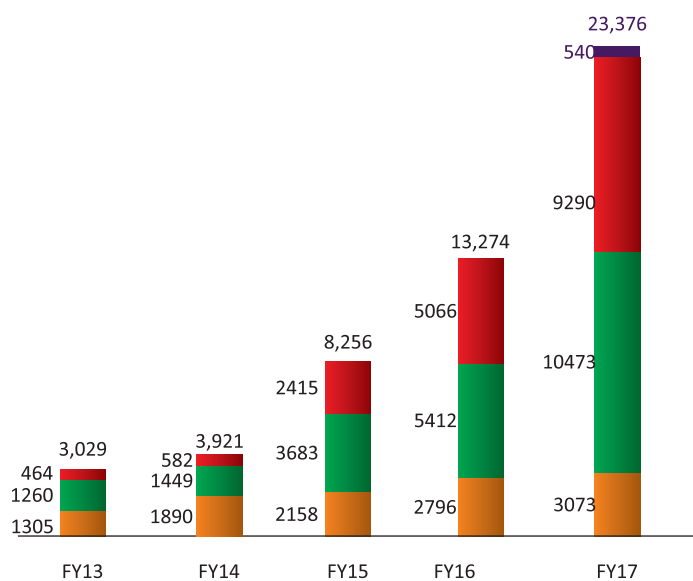


*Payout is calculated on Adjusted PAT for the respective years

Return on Equity (%)



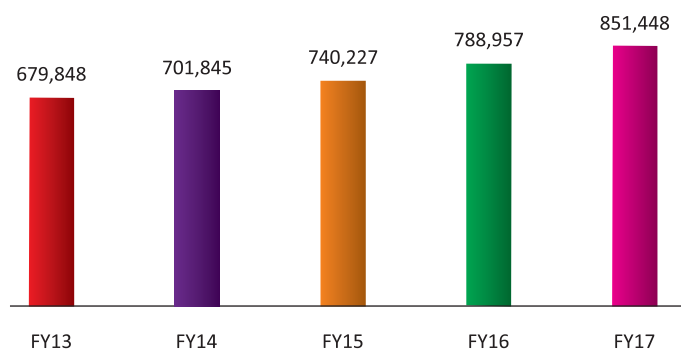
Assets under Management/Advice (₹ Crore)



*Prior figures have been regrouped wherever necessary

■ Mutual Funds (MOAMC)
 ■ PMS (MOAMC)
 ■ AIF (MOAMC)
 ■ Private Equity (MOPE)

Retail Broking & Distribution Clients



BUSINESS SNAPSHOT

Broking & Distribution

- Over 850,000 retail broking and distribution clients Added 62,000+ retail clients in FY2017 vs. 48,000+ in FY2016
- Distribution reach spread across 2200+ business locations and 588 cities; Depository assets at ₹ 44,962.52 crores, up 76% YoY
- Financial product distribution AUM was ₹ 4,392.98 crores, up 147% YoY; net sales was ₹ 1,594.21 crores, up 133% YoY
- Online comprised ~45% of retail volumes, up from ~36% in the previous year

Institutional Equities

- Consistently won high ranks in prestigious award forums like Asiamoney
- Blocks comprised a higher share in volumes and revenues
- Annual Global Investor Conference is one of the largest format-events in this segment; The 2016 event saw participation from 120+ companies and 750+ global investors

Investment Banking

- Topped the FY2017 India QIP league table ranking
- Completed 10 ECM transactions in the year - best ever performance in terms of number of deals and value of transactions
- Robust deal pipeline in M&A advisory

Asset Management

- AMC AUM was ₹ 20,302.76 crores, up 94% YoY; net sales was ₹ 5,719.85 crores, up 10% YoY
- Within this, mutual fund AUM was up 83% YoY to ₹ 9,289.82 crores; PMS AUM was up 94% YoY to ₹ 10,473.22 crores; AIF AUM was ₹ 539.72 crores
- High net yield of ~1% earned in this business
- Improved our equity AUM ranking from #18 in Mar 2014 to #9 in Mar 2017
- QGLP investing philosophy continued to deliver on performance this year
- Seeing initial interest in our offshore product

Private Equity

- PE AUA was ₹ 3,073.00 crores, across the two growth capital funds and three real estate funds
- Growth capital business has demonstrated profitability and real estate business has shown significant scalability
- India Business Excellence Fund I returned ~209% capital (in INR) from 6 full-exits and 2 partial exits in 2 companies till-date
- India Business Excellence Fund II raised AUM of ~₹ 954 crores, and has committed 100% across 11 companies so far
- India Realty Excellence Fund I has returned ~90% of capital to its investors following full/partial exits from 6 projects till date
- India Realty Excellence Fund II raised assets of ~₹ 489 crores committed across 12 deals, and has returned ~29% of capital so far
- India Realty Excellence Fund III has raised commitments of ~₹ 880 crores so far, of which ~50% is committed in 7 investments

Wealth Management

- Wealth management AUM was ₹ 10,100.00 crores, up 57% YoY; net sales was ₹ 1,776.40 crores, up 21% YoY
- Earned a high net yield of ~0.87% in this business, given the higher proportion of equity and real estate in the AUM mix
- Client families increased by 14% YoY

Housing Finance

- HFC loan book was ₹ 4,141.33 crores across ~46,000 families, as compared to ₹ 2,087.24 crores across ~21,000 families last year
- Disbursements were ₹ 2,403.51 crores, up 32% YoY
- Expanded into six new states this year, in addition to the three existing states; Branch network was 120, up from 51 last year
- Credit lines from 30 banks and 2 NBFC in FY2017, up from 29 in FY2016
- Asset quality remains under control, with GNPL of 0.6%
- Cumulative capital infusion from the sponsor was ₹ 500 crores; the debt-equity ratio was 6x
- Significant investments made into digital initiatives; expected to cover a large portion of our transactions from FY2018

*All data as of Mar 2017

5 YEARS PERFORMANCE HIGHLIGHTS

STANDALONE FINANCIAL PERFORMANCE OF MOTILAL OSWAL FINANCIAL SERVICES LIMITED

(₹ in Lacs)

Year Ended March 31	2017	2016	2015	2014	2013
Total Income	14,235.71	11,086.10	12,920.34	9,773.60	9,490.40
Total Expenditure	6,275.32	5,739.60	6,388.31	5,153.90	3,312.30
Profit before Exceptional Item and Tax	7,960.39	5,346.50	6,532.03	4,619.70	6,178.10
Exceptional Item	610.81	-	-	129.50	1,638.00
Profit Before Tax	8,571.20	5,346.50	6,532.03	4,490.20	4,540.10
Tax Expenses	(58.49)	671.90	482.99	559.40	665.30
Net Profit	8,629.69	4,674.60	6,049.04	3,930.80	3,874.80
Paid up Equity Capital	1,444.57	1,421.70	1,401.63	1,381.70	1,452.40
Net Worth	66,917.52	59,347.90	57,477.99	52,413.20	56,813.40
Book Value Per Share	46.32	41.74	41.01	37.93	39.12
Basic EPS	6.03	3.3	4.36	2.79	2.67
Diluted EPS	5.94	3.25	4.25	2.79	2.67

CONSOLIDATED FINANCIAL PERFORMANCE OF MOTILAL OSWAL FINANCIAL SERVICES LIMITED

(₹ in Lacs)

Year Ended March 31	2017	2016	2015	2014	2013
Total Income	180,871	108,064	77,273	46,812	47,288
Total Expenditure	136,434	85,611	57,713	35,306	32,914
Profit before Exceptional Item and Tax	44,437	22,454	19,559	11,506	14,374
Exceptional Item Income/(Expenses)	6,125	-	-	(5,559)	1,808
Profit Before Tax	50,562	22,454	19,559	5,948	16,182
Tax Expenses	14,109	6,122	5,233	1,792	5,184
Profit after Tax before Minority Interests	36,453	16,332	14,327	4,155	10,998
Minority Interests Profit	1,060	255	190	205	90
Share of Profit from associates	604	831	221	-	-
Profit after Tax & Minority Interests	35,997	16,908	14,358	3,950	10,909
Paid up Equity Capital	1,445	1,422	1,402	1,382	1,452
Net Worth	178,603	143,651	129,485	117,029	121,786
Book Value Per Share	124	101	92	85	84
Basic EPS	25.14	11.94	10.34	2.95	7.57
Diluted EPS	24.79	11.74	10.10	2.95	7.57



Financial Statements

BOARD'S REPORT

To the Members

Your Directors have pleasure in presenting their 12th Report together with the audited Financial Statements of your Company for the year ended 31st March, 2017.

Financial Highlights

The Financial Highlights for the year are as under:

Motilal Oswal Financial Services Limited (Standalone)

₹ in Lakhs

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Total Revenue	14,235.71	11,086.10
Profit before Interest, Depreciation, Taxation and exceptional items	12,292.08	9,101.23
Interest	(3,638.08)	(2,952.64)
Depreciation	(693.61)	(802.14)
Profit before Taxation and exceptional items	7,960.39	5,346.45
Add/(Less): Exceptional Items	610.81	—
Profit before taxation	8,571.20	5,346.45
Add/(Less) : Provision for Taxation		
Current Tax	(662.81)	(1,166.66)
Deferred Tax	(354.86)	494.85
Minimum Alternate Tax	790.46	—
Less : Tax for earlier year(s)	285.70	—
Tax Expenses	(58.49)	671.81
Profit after Taxation	8,629.69	4,674.64
Add: Balance brought forward from previous year	4,334.35	6,312.79
Profit Available for appropriation	8,629.69	4,674.64
Less: Appropriations		
Transfer to Statutory Reserve	(1,725.94)	(934.95)
Interim Dividend/ Proposed dividend	(3,588.13)	(4,987.17)
Dividend Distribution Tax	(730.45)	(1,012.76)
Credit of Dividend Distribution Tax	—	281.80
Balance of Profit carried forward	6,919.52	4,334.35

BOARD'S REPORT *(Contd..)*

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

Motilal Oswal Financial Services Limited – Consolidated

₹ in Lakhs

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Total Revenue	180,870.87	108,064.10
Profit before Interest, Depreciation, Taxation and exceptional items	91,946.86	43,324.46
Interest	44,225.82	17,376.61
Depreciation	3,283.83	3,494.28
Profit before Taxation and exceptional items	44,437.60	22,453.57
Add: Exceptional Items	6,125.03	–
Profit before taxation	50,562.23	22,453.57
Add/(Less) : Provision for Taxation		
Current Tax	(13,610.74)	(6,566.86)
Deferred Tax	(3,096.94)	581.23
Minimum Alternate Tax	1,458.24	(151.05)
Less: Tax for earlier year (s)	(1,140.63)	(15.00)
Tax Expenses	14,108.82	6,121.68
Profit after Taxation, before minority Interest	36,453.41	16,331.89
Minority interest in profits	(1,060.25)	(255.37)
Share of profit from Associates	603.87	831.08
Profit after Taxation and minority Interest	35,997.03	16,907.60
Balance brought forward from previous year	77,615.78	6,8117.69
Profit Available for appropriation	113,612.81	8,5025.30
Add/(Less): Appropriations		
Transfer to Statutory Reserve	(3,378.80)	(1,730.51)
Interim Dividend/ Proposed dividend	(3,588.13)	(4,974.83)
Dividend Distribution Tax	(730.45)	(730.96)
Capital Redemption Reserve	(840.00)	–
Prior Year dividend, dividend distribution and other adjustments	19.03	(12.31)
Prior Year Adjustments	–	40.54
Balance of Profit carried forward	105,094.46	77,617.22

State of Company's Affairs

Results: MOFSL Standalone

During the year under review, the standalone revenues for the year were ₹ 142.36 crores, increase of 28.41% as compared to ₹ 110.86 crores last year. Interest income declined 18.91% to ₹ 43.69 crores. Dividend income from subsidiary companies was ₹ 48.53 crores, as compared to ₹ 13.98 crores in the previous year. Profit on sale of investments was ₹ 30.21 crores, as compared to ₹ 27.81 crores last year. Rent income was ₹ 17.21 crores in FY2017, up 28.67%. Other operating income was ₹ 1.81 crores in FY2017, while other income was ₹ 90.07 lakhs.

Total expenses (before depreciation, interest and exceptional items) decreased during the year, from ₹ 19.84 crores a year back to ₹ 19.44 crores this year. Profit before depreciation, interest, exceptional item and taxation (EBITDA) increased by 35.06% this year, from ₹ 91.01 crores to ₹ 122.92 crores. Interest and finance charges increased from ₹ 29.53 crores to ₹ 36.38 crores.

Reported net profit increased by 84.60% to ₹ 86.30 crores. MOFSL Standalone's commitments to our own mutual fund products stood at ₹ 381.51 crores, as of March 2017. The unrealized gain on these investments is ₹ 195.56 crores as of March 2017. The same is not reflected in the profit and loss account for the year.

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

Consolidated Results

The consolidated revenues for the year were ₹ 1818.32 crores for the year under review, an increase of 66.25% as compared to the previous year.

- Broking revenues increased by 30.04% to ₹ 661.67 crores. Average daily volumes in the equity markets were ₹ 4.07 lakh crores in FY2017, up 35.27% from last year. Cash market volumes were up 22.52% YoY to ₹ 24,687.58 crores. Within cash, delivery was up 33.12% YoY to ₹ 8,075.90 crores. Also, cash volumes were 83.94% higher than the average seen between FY2012-14. Delivery volumes were 106.78% higher than the FY2012-14 average. Within derivatives, futures rose up 24.73% YoY to ₹ 62,623.52 crores. This year, options were up 38.68% YoY to ₹ 3.19 lakh crores, a reversal from last year when options were dipped in the overall market volumes. Amongst cash market participants, prop saw a decline of 2.43% YoY while retail was up 38.54% YoY. DII cash volumes increased 30.66% YoY, led by renewed interest in equity mutual funds from retail/HNI investors. The proportion of retail within cash volumes increased from 48.88% to 55.27% YoY while that of DII increased from 8.67% to 9.25% YoY. Our overall equity market share increased from 1.96% to 2.10% on a YoY basis. Due to our continued focus and investments into this business, we succeeded in capturing a larger chunk of the incremental volumes this year across both cash and derivatives. As of March 2017, our client base included more than 850,000 retail broking and distribution clients and 630 institutions. Our Pan-India distribution reach stood at 2,200+ business locations across 588 cities. Our depository assets was ₹ 44,962.52 crores, up 75.78% YoY, and distribution AUM was ₹ 4,392.98 crores, up 147.08% YoY.
- Investment banking fee saw a 254.20% growth over the previous year, to ₹ 85.52 crores. The IPO & QIP transactions gathered significant momentum this year. FY2017 saw the business clock it's all time high revenues since inception.
- Asset management fees also saw significant traction, increasing 67.59% to ₹ 375.11 crores, as compared to last year. Total assets under management/advice across mutual funds, PMS and private equity businesses was ₹ 23,375.76 crores, up 76.10% YoY. Within this, the mutual fund AUM was ₹ 9,289.82 crores, PMS AUM was ₹ 10,473.22 crores, AIF AUM was ₹ 539.72 crores and private equity AUA was ₹ 3,073.00 crores. The company saw increased mobilization into its open-end equity mutual fund products and PMS products. In the private equity business, the 3rd real estate fund – India Realty Excellence Fund III, achieved its first close.
- Housing finance related income increased by 159.91% to ₹ 570.53 crores as the business gained traction this year in terms of clients, network, banking lines and loan book. HFC loan book was ₹ 4,141.33 crores, as compared to ₹ 2,087.24 crores last year.
- Fund based income increased by 4.14% to ₹ 117.41 crores. In line with the long term strategy to grow Return on Equity sustainably, MOFSL made strategic allocation of capital to long term RoE enhancing opportunities like Aspire Home Finance and sponsor commitments to mutual fund and private equity funds of MOFSL group. The NBFC loan book, previously run from equity capital, is now being run as a spread business. The year also included profit earned on exits in the Private Equity fund in which MOFSL made sponsor commitments.
- Other income increased by 72.84% YoY to ₹ 8.07 crores.

Total expenses (before interest and depreciation) for the year at ₹ 889.23 crores registered a 37.36% jump over last year. People cost increased by 35.87% to ₹ 340.98 crores. This was largely owing to an increase in hiring in housing finance business. Operating expenses increased by 53.17% to ₹ 356.12 crores. Other costs were ₹ 192.13 crores, an increase of 17.19% over last year. The profit before depreciation, interest, exceptional items and taxation (EBITDA) increased by 108.17% to ₹ 929.09 crores.

Reported net profit for the year after minority interest stood at ₹ 359.99 crores, an increase of 112.91%.

BOARD'S REPORT (Contd..)

MOFSL group's commitments to our own mutual fund products stood at ₹ 642.95 crores, as of March, 2017. The unrealized gain on these investments is ₹ 333.91 crores, as of March 2017. The same is not reflected in the profit and loss account for the year. MOFSL group's commitments to our alternative investment products stood at ₹ 257.00 crores, as of March, 2017.

Future Outlook

To sum up, our strategy to diversify our business model towards more annuity sources of earnings is showing definite results. The annuity nature of earnings in the new businesses like asset based businesses and housing finance business has brought in visibility of our earnings. Our businesses built scale during FY2017, while maintaining operating parameters. Our brand is now being recognized across each of our businesses. We achieved a 20%+ ROE in FY2017, and are well on course to achieve this on a sustainable basis. The opportunity size in all our business segments is still huge, and our businesses are well placed to benefit from the growth potential they offer.

Credit Rating

During the year, CRISIL Limited reaffirmed the Credit Rating of "CRISIL A1+" to the Commercial Programme of ₹ 250 crores of the Company. ICRA Limited assigned the credit rating of [ICRA] AA" Rating with a stable outlook to the NCD Programme of ₹ 150 crores of the Company. ICRA Limited assigned the credit rating of [ICRA] AA" Rating with a stable outlook to the NCD Programme of ₹ 50 crores of Motilal Oswal Securities Limited (MOSL), a wholly owned subsidiary of the Company. CRISIL Limited also reaffirmed the Credit Rating of "CRISIL A1+" to the Commercial Programme of ₹ 700 crores of MOSL. The ratings indicate a very strong degree of safety regarding timely servicing of financial obligations. ICRA Limited assigned the credit rating of [ICRA]A1+ to the Commercial Paper Programme of ₹ 700 crores of Aspire Home Finance Corporation Limited (AHFCL), material step down subsidiary of the Company. ICRA Limited assigned the long term credit rating of [ICRA]AA- with a Stable Outlook and CRISIL Limited assigned "CRISIL A+/Stable" Rating to the NCD Programme of ₹ 500 crores of AHFCL.

Dividend and Reserves

The Company at the Meeting of its Board of Directors held on 30th January, 2017, had declared an interim dividend of ₹ 2.50 per Equity Share, out of the profits of the Company for the third quarter and nine months ended 31st December, 2016 on 14,35,25,725 Equity Shares of ₹ 1.00 each aggregating to ₹ 35,88,14,313/- .

As per the requirement of the Reserve Bank of India Guidelines, your Company has transferred a sum of ₹ 17.26 crores to the Statutory Reserves. Further, during the year under review, the Company has not transferred any amount to the General Reserves.

Share Capital

During the year under review, the Company allotted 22,83,401 equity shares under various employee stock option schemes of the Company.

Accordingly, the paid up share capital of the Company as on 31st March, 2017 is ₹ 14,44,57,476 (Rupees Fourteen Crores Forty Four Lakhs Fifty Seven Thousand and Four Seventy Six only).

The Company has redeemed 500 Series A Secured Redeemable Non-Convertible Debentures of ₹ 10 lakhs each amounting to ₹ 50 crores during the year 2016-2017.

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

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

Fixed Deposits

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

Subsidiaries

During the year under review, Motilal Oswal Investment Advisors Limited, subsidiary of the Company, became Public Limited Company on 31st March, 2017. Motilal Oswal Capital Limited was incorporated on 19th September, 2016 as Wholly Owned Subsidiary of Motilal Oswal Asset Management Company Limited.

Further, Motilal Oswal Securities Limited (MOSL), material wholly owned subsidiary of the Company has issued and allotted 500 Non Convertible Debentures (NCDs) of face value of ₹ 10 lakhs each aggregating to ₹ 50 crores, on private placement basis during the said financial year. The said debentures are listed on BSE Limited. Pursuant to the listing of said debentures, MOSL is now categorized as listed entity as per Listing Regulations, 2015.

Accordingly, as on March 31, 2017, the Company has the following subsidiary companies:

Sr. No.	Name of the subsidiaries
---------	--------------------------

- | | |
|-----|--|
| 1. | Motilal Oswal Securities Limited (MOSL) |
| 2. | Motilal Oswal Investment Advisors Limited |
| 3. | MOPE Investment Advisors Private Limited (MOPE) |
| 4. | Motilal Oswal Commodities Broker Private Limited |
| 5. | Motilal Oswal Insurance Brokers Private Limited |
| 6. | Motilal Oswal Capital Markets Private Limited (Subsidiary of MOSL) |
| 7. | Motilal Oswal Asset Management Company Limited (MOAMC) (Subsidiary of MOSL) |
| 8. | Motilal Oswal Trustee Company Limited (Subsidiary of MOSL) |
| 9. | Motilal Oswal Wealth Management Limited (Subsidiary of MOSL) |
| 10. | Motilal Oswal Securities International Private Limited (Subsidiary of MOSL) |
| 11. | Motilal Oswal Capital Markets (Hong Kong) Private Limited (Subsidiary of MOSL) |
| 12. | Motilal Oswal Capital Markets (Singapore) Pte. Limited. (Subsidiary of MOSL) |
| 13. | Aspire Home Finance Corporation Limited (Subsidiary of MOSL) |
| 14. | Motilal Oswal Real Estate Investment Advisors Private Limited (MORE)
(Subsidiary of MOPE Investment Advisors Private Limited) |
| 15. | Motilal Oswal Real Estate Investment Advisors II Private Limited (Subsidiary of MORE) |
| 16. | India Business Excellence Management Co. (Subsidiary of MOPE Investment Advisors Private Limited) |
| 17. | Motilal Oswal Asset Management (Mauritius) Private Limited (Subsidiary of MOAMC) |
| 18. | Motilal Oswal Capital Limited (Subsidiary of MOAMC) |

The policy for determining material subsidiaries as approved by the Board is displayed on the Company's website at www.motilaloswalgroup.com.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of financial statement of subsidiaries in Form AOC-1 is annexed to the Financial Statement in the Annual Report. Your Company will also make available copy of separate audited financial statement in respect of each of the subsidiary companies upon request by any Member of the Company interested in obtaining the same. In accordance with section 136 of the Companies Act, 2013, the separate audited financial statement in respect of each of the subsidiary companies is also available on the website of your Company at www.motilaloswalgroup.com. These documents will also be available for inspection till the date of AGM during the business hours at our registered office of the Company.

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

Directors and Key Managerial Personnel

Directors

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

Mr. Navin Agarwal retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for reappointment. The details of Mr. Navin Agarwal is stated in the notice of the Annual General Meeting of the Company.

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

In accordance to the provisions of Companies Act, 2013, Mr. Vivek Paranjpe, Mr. Praveen Tripathi and Ms. Sharda Agarwal were appointed as Independent Directors of Company for the period of 3 years for holding office as Independent Director from the conclusion of 9th Annual General Meeting (AGM) till the conclusion of ensuing 12th Annual General Meeting (AGM). Pursuant to recommendation of Nomination and Remuneration/Compensation Committee and based on the performance evaluation report, members of the Board recommended their reappointment in Board meeting dated 27th April, 2017, subject to approval of the members for the second term of three years for holding office as Independent Director of the Company from conclusion of forthcoming AGM till the conclusion of 15th AGM of the Company.

The Appropriate resolutions for the appointment/re-appointment of Directors as detailed in the notice of forthcoming AGM would be placed for your approval at the forthcoming AGM.

BOARD'S REPORT *(Contd..)*

Key Managerial Personnel

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

Mr. Shalibhadra Shah has been appointed as the Chief Financial Officer of the Company with effect from 27th April, 2017 in place of Mr. Sameer Vasudev Kamath who stepped down from the position of Chief Financial Officer with effect from 27th April, 2017. Further, in accordance to the provisions of Section 203 of the Companies Act, 2013, Mr. Shah has also been designated as Key Managerial Personnel of the Company.

Committees of the Board

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

Corporate Social Responsibility (CSR)

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

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

As the part of the initiatives under Corporate Social Responsibility, during the year under review, the Company has made contribution in area of education and drought relief. The details of contribution is stated in Annual Report on CSR activities as annexed herewith to this Report as "Annexure 3".

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

Further, Motilal Oswal Foundation has also executed the Memorandum of Understanding with Kalinga Institute of Social Sciences (KISS) for construction of residential school for tribal students.

Performance Evaluation

Pursuant to the provisions of section 134(3)(p) of the Companies Act, 2013 and Schedule IV of the Companies Act, 2013 and in accordance to Regulation 17(10), 25(4) of the Listing Regulations, 2015, the Board has carried out the annual performance evaluation of the Board as a whole, various Committees of the Board and of the Directors. The performance evaluation of the Independent Directors was carried out by the entire Board. The Directors expressed their satisfaction with the evaluation process. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report annexed to this Report.

A declaration to the effect that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 has also been received from Independent Directors of the Company.

The Board and the Nomination and Remuneration / Compensation Committee reviewed the performance of the individual Directors on the basis of the criteria such as Transparency, Performance, etc.

In a separate meeting of Independent Directors, performance of non-independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of the executive directors and nonexecutive directors. The same was discussed in the Board meeting that followed the meeting of independent directors, at which the performance of the Board, its committee and individual Directors was also discussed.

Corporate Governance

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

Management Discussion and Analysis

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

Vigil Mechanism / Whistle Blower Policy

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

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

The Vigil Mechanism/Whistle Blower Policy is uploaded on the Website of the Company at www.motilaloswalgroup.com.

Business Responsibility Report

In accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2015, the Company has prepared the Business Responsibility Report for initiatives taken by the Board from an environmental, Social and Governance perspective.

The Company has also constituted the Business Responsibility Committee to overview the Business Responsibility Report and frame and overview such policies as may be required from time to time.

The separate Business Responsibility Report is annexed to this Report and said Report is also uploaded on the website of the Company at www.motilaloswalgroup.com.

Dividend Distribution Policy

In pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2015, the Company has framed the Dividend Distribution Policy including the various parameters as stated in the regulations.

The dividend distribution policy is annexed to this report as "Annexure 9" and said Policy is also uploaded on the website of the Company at www.motilaloswalgroup.com.

Business Risk Management

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

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

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

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

Internal Financial Controls

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

Particulars of Loans, Guarantees or Investments

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

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

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

BOARD'S REPORT *(Contd..)*

Related Party Transactions

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

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

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

The policy on Materiality of Related Party Transactions as approved by the Board is uploaded on the Company's Website at www.motilaloswalgroup.com.

Statutory Auditors

Your Company has appointed M/s. Haribhakti & Co. LLP, Chartered Accountants, as Statutory Auditors for the period of three years at its Annual General Meeting held on 22nd August, 2014. However, it was mandatory for the Company to rotate the Statutory Auditors of the Company on completion of maximum term under Section 139 of Companies Act, 2013. Hence due to expiry of term of existing Auditor of the Company, in accordance to the provisions of Section 139 of Companies Act, 2013 the members of the Audit Committee and Board in its Meeting on 27th April, 2017, recommended the appointment of M/s. Walker Chandiok & Co. LLP (Auditing arm of Grant Thornton) as Statutory Auditor of the Company, for the period of five years to hold the office from the conclusion of 12th AGM till the conclusion of 17th AGM of the Company. Accordingly, the members will be required to approve the terms & conditions of appointment including remuneration in consultation with Auditors.

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

Secretarial Audit

In accordance with the provisions of Section 204 of the Companies Act, 2013 read with rules there under, the Company had appointed M/s. U. Hegde and Associates, Practicing Company Secretaries, for conducting the secretarial audit of the Company for the Financial Year 2016-17.

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

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

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

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

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

Directors' Responsibility Statement

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis;

- e. the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Extract of Annual Return

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

Number of Board Meetings

Four Board Meetings were held during the year under review. The details of such Board Meetings are stated in Corporate Governance Report forming part of this Annual Report.

Significant and Material Orders

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future during the year 31st March, 2017.

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

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

Nomination and Remuneration Policy

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

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

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

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

Transfer of Shares pertaining to Unclaimed / Unpaid Dividend to Investor Education and Protection Fund

Pursuant to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the shares of the shareholders in respect of whom the dividend is unpaid/unclaimed for seven consecutive years are required to be transferred to Investor Education and Protection Fund (IEPF) after giving an opportunity to shareholders to claim the said unpaid/unclaimed dividend.

Accordingly, Company issued the reminder letters to such shareholders to claim the dividend and also published the notice to such effect in the leading newspaper in English and regional language having wide circulation and accordingly informed them that in the event of failure to claim said dividend, the unpaid/unclaimed dividend alongwith shares pertaining to unpaid/unclaimed dividend would be transferred to IEPF.

Acknowledgments

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

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

Motilal Oswal
Chairman & Managing Director
(DIN: 00024503)

Mumbai, 27th April, 2017

ANNEXURE 1 TO THE BOARD'S REPORT

Information disclosed in compliance to Section 62 of the Companies Act, 2013 read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and SEBI (Share Based Employee Benefits) Regulations, 2014 as at 31st March, 2017:-

Sr. No.	Particulars	'Motilal Oswal Financial Services Limited– Employees' Stock Option Scheme (₹ 2) – III' (ESOS – III)	'Motilal Oswal Financial Services Limited– Employees' Stock Option Scheme (₹ 5) – IV' (ESOS – IV)	'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme (₹ 1) – V' (ESOS – V)		'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme (₹ 1) – VI' (ESOS – VI)		'Motilal Oswal Financial Services Limited– Employees' Stock Option Scheme (₹ 1) – VII' (ESOS – VII)	
a)	Options granted	12,61,500	2,00,000	50,88,325		74,10,100		32,17,750	
b)	The pricing formula	Price at which shares are issued to Private Equity Investor i.e. at the Rate of ₹ 518.90 per share.	Price arrived at with reference to the expected Issue Price i.e. at ₹ 775 per share.	The closing price of the Company's Equity Shares quoted on the BSE Limited immediately preceding the date of Grant of the Stock Options, which for this purpose shall be the date on which the Committee grant the Stock Options, discounted by such percentage as may be determined by the Committee in the best interest of the various stakeholders in the prevailing market conditions.		The closing price of the Company's Equity Shares, prior to the date of grant of the Options, on the Stock Exchanges where the highest trading volume is recorded, discounted /increased by such percentage as may be determined by the Committee.		The closing price of the Company's Equity Shares, prior to the date of grant of the Options, on the Stock Exchanges where the highest trading volume is recorded, discounted/increased by such percentage as may be determined by the Committee.	
c)	Options vested	1,015,975	10,000	2,307,650		6,629,061		1,043,100	
d)	Options exercised	6,43,175	5,000	15,15,910		45,63,331		3,10,410	
e)	Exercise Price of shares exercised during the year	–	–	Exercise Price	No. of Options	Exercise Price	No. of options	Exercise Price	No. of options
				109.90	1,25,000	85	1,212,150	290	18,000
				112.05	9,150	165	4,18,971	333.85	2,92,410
				165	10,000	172.85	59,960	Total	3,10,410
				166.56	1,20,000	Total	16,91,081		
				172.85	8,760				
				287.90	8,500				
				Total	2,81,410				
f)	The total number of shares arising as a result of exercise of option	12,86,350	25,000	15,15,910		45,63,331		3,10,410	
g)	Options lapsed (as at 31.03.17)	6,09,075	1,95,000	45,46,750		23,54,200		5,88,250	
h)	Variation of terms of options	N. A.	N. A.	The exercise period of the 13,98,500 stock options for ESOP Scheme V and 32,86,800 stock options for ESOP Scheme VI were extended from one year to three years by the Nomination and Remuneration /Compensation Committee of the Board. Due to the considerable fall in the share price of the Company, the ESOP exercise price of ₹ 208.70 per stock option had become unattractive to the option holders. Therefore, the Committee pursuant to provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, re-priced 90,000 options from ESOP Scheme V and 4,97,800 options from ESOP Scheme VI, to ₹ 165 per stock option from ₹ 208.70 per stock option. This was approved by the shareholders in the Annual General Meeting of the Company on 27th July, 2013.				N.A.	

ANNEXURE 1 TO THE BOARD'S REPORT

Sr. No.	Particulars	'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme (₹ 2) – III' (ESOS – III)	'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme (₹ 5) – IV' (ESOS – IV)	'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme (₹ 1) – V' (ESOS – V)	'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme (₹ 1) – VI' (ESOS – VI)	'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme (₹ 1) – VII' (ESOS – VII)
i)	Money realised by exercise of options	₹ 13,34,97,403	₹ 38,75,000	₹ 24,01,27,791.5	₹ 62,25,58,649	₹ 10,28,41,078.5
j)	Total number of options in force (as at 31.03.17)	9,250	Nil	994,090	426,669	2,189,590
k)	Employee-wise details of options granted to:					
	(i) Senior managerial personnel during that year	N.A.	N.A.	30,000	15,000	45,000
	(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	N. A.	N.A.	Nil	Nil	Nil
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	N. A.	N. A.	N. A.	Nil	Nil
l)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'	₹ 5.94/-				
m)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Nil	Nil	The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted under ESOS – V, ESOS – VI and ESOS – VII, the employee compensation cost would have been higher by ₹ 14,02,21,451/-, Profit after tax lower by ₹ 9,16,93,611/- and the basic earnings per share would have been lower by ₹ 0.63.		
n)	Weighted-average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	N. A.	N. A.	I. Option grant date: i. 30th January, 2017 for 88,075 options ii. Exercise price: ₹ 572.30 per option. iii. Fair Value: ₹ 219.69	I. Option grant date: i. 30th January, 2017 for 1,45,150 options ii. Exercise price: ₹ 572.75 per option iii. Fair Value: ₹ 219.86	I. Option Grant Date ii. 21st July, 2016 for 15,000 options ii. Exercise price: ₹ 420.45 per option. iii. Fair Value: ₹ 155.68

ANNEXURE 1 TO THE BOARD'S REPORT

Sr. No.	Particulars	'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme (₹ 2) – III' (ESOS – III)	'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme (₹ 5) – IV' (ESOS – IV)	'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme (₹ 1) – V' (ESOS – V)	'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme (₹ 1) – VI' (ESOS – VI)	'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme (₹ 1) – VII' (ESOS – VII)
						II. Option Grant Date i. 30th January, 2017 for 6,92,750 options ii. Exercise Price: ₹ 572.75 per option iii. Fair Value: ₹ 219.86
o)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:-			The fair value of the stock options granted on 30th January, 2017 has been calculated using Black Scholes Options Pricing Formula and the significant assumptions made in this regard are as follows:	The fair value of the stock options granted on 30th January, 2017 has been calculated using Black Scholes Options Pricing Formula and the significant assumptions made in this regard are as follows:	The fair value of the stock options granted on 21st July, 2016 and 30th January, 2017 has been calculated using Black Scholes Options Pricing Formula and the significant assumptions made in this regard are as follows:
	(i) risk-free interest rate,	N. A.	N. A.	6.05% - 7.80%	6.05% - 7.80%	6.97% - 8.40%
	(ii) Expected life,	N. A.	N. A.	4.01 Years	5.11 Years	i. 3.00 Years ii. 4.01 Years
	(iii) expected volatility,	N. A.	N. A.	40%	40%	40%
	(iv) expected dividends, and	N. A.	N. A.	1%	1%	1%
	(v) the price of the underlying share in market at the time of option grant.	The Company was an unlisted company at the time of grant. However, the Options were granted at the price at which Shares were issued to Private Equity Investor i.e. ₹ 518.90 per share.	The Company was an unlisted company at the time of grant. However, the Options were granted at the price which was determined with reference to the expected Issue Price.	₹ 574.90	₹ 574.90	i. ₹ 419.85 ii. ₹ 574.90

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

Motilal Oswal
Chairman & Managing Director
(DIN: 00024503)

Place: Mumbai
 Date: 27th April, 2017

ANNEXURE 2 TO THE BOARD'S REPORT

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

₹ in Lakhs

Sr. No.	Name of the Subsidiary	Turnover			Profit / Loss before tax			Profit / Loss after Tax		
		Current Period	Previous Period	Growth %	Current Period	Previous Period	Growth %	Current Period	Previous Period	Growth %
(A)	INDIAN SUBSIDIARIES									
1	Motilal Oswal Securities Limited	71,966.22	54,960.16	31%	14,289.37	7,939.90	80%	10,880.59	6,054.57	80%
2	Motilal Oswal Investment Advisors Limited	8,723.38	2,489.57	250%	5,543.59	187.40	2858%	3,719.75	78.87	4616%
3	MOPE Investment Advisors Private Limited	8,016.83	2,492.01	222%	6,224.38	976.77	537%	5,045.80	592.31	752%
4	Motilal Oswal Commodities Broker Private Limited	1,756.11	1,110.53	58%	343.52	(137.65)	-350%	195.54	(100.52)	-295%
5	Motilal Oswal Insurance Brokers Private Limited	90.44	284.69	-68%	(11.55)	180.18	-106%	(40.56)	123.64	-133%
6	Motilal Oswal Capital Markets Private Limited	418.49	360.00	16%	207.59	156.32	33%	144.73	107.53	35%
7	Motilal Oswal Asset Management Company Limited	34,134.53	18,518.41	84%	7,588.71	3,539.44	114%	4,975.54	2,643.13	88%
8	Motilal Oswal Trustee Company Limited	9.86	12.22	-19%	4.81	8.76	-45%	3.45	6.06	-43%
9	Motilal Oswal Wealth Management Limited	7,204.53	4,440.08	62%	2,053.03	1,094.39	88%	1,322.76	714.69	85%
10	Motilal Oswal Securities International Private Limited	189.07	199.41	-5%	(7.41)	26.23	-128%	(16.40)	18.12	-191%
11	Aspire Home Finance Corporation Limited	57,078.47	21,946.63	160%	12,566.94	6,132.18	105%	8,208.93	3,999.94	105%
12	Motilal Oswal Real Estate Investment Advisors Private Limited	0.19	0.14	35%	(24.32)	(28.01)	-13%	(24.34)	(28.01)	-13%
13	Motilal Oswal Real Estate Investment Advisors II Private Limited	1,811.19	1,563.87	16%	339.78	(33.41)	-1117%	225.73	(25.96)	-970%
14	Motilal Oswal Capital Limited (Incorporated on 19.09.2016)	–	–	NA	(1.24)	–	NA	(0.97)	–	NA
(B)	COMPANIES INCORPORATED OUTSIDE INDIA									
1	Motilal Oswal Capital Markets (Hong Kong) Private Limited	0.00	0.00	-34%	(87.69)	(86.34)	2%	(87.69)	(86.34)	2%
2	Motilal Oswal Capital Markets (Singapore) Private Limited	180.69	139.75	29%	23.57	18.23	29%	25.62	16.39	56%
3	Motilal Oswal Asset Management (Mauritius) Private Limited	5.19	–	100%	(66.98)	(36.15)	85%	(66.98)	(36.15)	85%
4	Indian Business Excellence Management Company	1,121.00	1,777.86	-37%	5,505.36	514.84	969%	5,484.93	499.28	999%

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

Motilal Oswal
Chairman & Managing Director
(DIN : 00024503)

Place : Mumbai
Date : 27th April, 2017

ANNEXURE 3 TO THE BOARD'S REPORT

ANNUAL REPORT ON CSR ACTIVITIES

- A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:
The Company recognizes the responsibilities towards society and strongly intends to contribute towards development of knowledge based economy. Recognizing the responsibilities towards society, the Company intend to carry out initiatives for supporting education. The Company's endeavour is to provide liberal arts education at low cost, providing education to children from different background etc. Weblink to CSR Policy - <http://www.motilaloswalgroup.com>
- The Composition of the CSR Committee:
The Committee comprises of three Directors: Mr. Motilal Oswal - Managing Director and Chief Executive Officer (Chairman), Mr. Praveen Tripathi - Independent Director (Member) and Mr. Raamdeo Agarawal - Joint Managing Director (Member).
- Average net profit of the company for last three financial years: ₹ 29,14,75,298
- Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 58,29,506
- Details of CSR spent during the financial year:
 - Total amount to be spent for the financial year: ₹ 58,29,506
 - Amount unspent, if any: —
 - Amount actually spent: ₹ 58,42,000
 - Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs Subheads: 1. Local area or other 2. Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) project or programs wise	Amount spent on the projects or programs Subheads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount Spent : Direct or through implementing agency*
1	Shree Ram Welfare Society	School Renovation	Mumbai	₹ 5,00,000	Direct Expenditure of ₹ 5,00,000	₹ 5,00,000	Through M/s. Motilal Oswal Foundation
2	Dilasa Sanstha	Drought Relief Project	Yavatmal	₹ 33,00,000	Direct Expenditure of ₹ 33,00,000	₹ 33,00,000	Through M/s. Motilal Oswal Foundation
3	Isha Education	Education for under privileged Rural Children	Coimbatore	₹ 6,00,000	Direct Expenditure of ₹ 6,00,000	₹ 6,00,000	Direct
4	Kalinga Institute of Social Sciences	Education	Orissa	₹ 14,42,000	Direct Expenditure of ₹ 14,42,000	₹ 14,42,000	Through M/s. Motilal Oswal Foundation
	TOTAL			₹ 58,42,000			

*Details of implementing agency:

M/s. Motilal Oswal Foundation is registered under section 25 of the Companies Act, 1956 incorporated on 24th June, 2011 having registered office at Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel S T Depot, Prabhadevi, Mumbai-400 025. Motilal Oswal Foundation is a non-profit organisation to support social initiatives of the group and is promoted by Mr. Motilal Oswal, Mr. Raamdeo Agarawal and Passionate Investment Management Private Limited, the group holding company. The Foundation is headed by Mrs. Suneeta Agrawal. Education, healthcare and rural and urban development are the key focus areas of Motilal Oswal Foundation.

- In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

Not Applicable

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

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

Place: Mumbai
Date: 27th April, 2017

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

ANNEXURE 4 TO THE BOARD'S REPORT

Form No. AOC-2

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

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

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

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

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

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

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

Place: Mumbai
Date: 27th April, 2017.

Motilal Oswal
Chairman & Managing Director
(DIN: 00024503)

ANNEXURE 5 TO THE BOARD'S REPORT

Secretarial Audit Report

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

For the Financial Year Ended March 31, 2017.

To,

The Members,

MOTILAL OSWAL FINANCIAL SERVICES LIMITED

CIN- L67190MH2005PLC153397

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

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2017 has generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s Motilal Oswal Financial Services Limited ("the Company") for the financial year ended on March 31, 2017 according to the provisions of:

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

ANNEXURE 5 TO THE BOARD'S REPORT

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015.

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

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. Further there were no changes in the composition of the Board of Directors that took place during the period under review.

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

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

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

I further report that during the audit period there were no specific events / action reported having major bearing on company's operations.

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

Umashankar K Hegde
(Proprietor)

COP No- 11161 # M.No- A22133

Place: Mumbai

Date: April 26, 2017.

ANNEXURE 6 TO THE BOARD'S REPORT

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

- (i) Ratio of the remuneration of each Executive Director to the median remuneration of the Employees of the Company for the financial year 2016-17, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and other Executive Director and Company Secretary during the Financial year 2016-17.

Sr. No	Name of Director/KMP	Designation	Ratio of Remuneration of each Director to median remuneration of Employees	Percentage Increase in Remuneration
1.	Mr. Motilal Oswal	Managing Director and Chief Executive Officer	2:1	Nil
2.	Mr. Raamdeo Agarawal	Joint Managing Director	2:1	15*
3.	Mr. Vivek Paranjpe	Independent Director	0.38:1@	Nil@
4.	Mr. Praveen Tripathi	Independent Director		
5.	Ms. Sharda Agarwal	Independent Director		
6.	Mr. Sameer Kamath	Chief Financial Officer (Till 26.04.2017)	N.A.	186.19%**
7.	Mr. Murli Krishnan Iyer#	Company Secretary and Compliance Officer	N.A.	N.A.

* The percentage increase in remuneration is due to 15% increase in perquisite value payable to Mr. Raamdeo Agarawal as compared to previous financial year

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

Mr. Murli Iyer was appointed as Company Secretary on 5th October, 2015 and hence it is not feasible to calculate the % increase in managerial remuneration

@ Sitting fees is not forming part of remuneration in aforesaid calculation

Note:-

- (i) The Non-Executive Directors of the Company are entitled for sitting fee and commission as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration paid to Non-Executive Directors during the year under review are provided in the Annexure 7 to the Board Report and Corporate Governance Report.
- (ii) The percentage increase in the median remuneration of employees for the financial year under review was 32.20%.
- (iii) The Company has 18 permanent employees on the rolls of Company as on 31st March, 2017;
- (iv) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**
 The average increase in salaries of non-managerial employees is 97.06%. The increase in remuneration percentage is due to high perquisite value due to exercise of employee stock options.
 There are no exceptional circumstances for the increase in managerial remuneration.
- (v) It is hereby affirmed that the remuneration paid during the year is as per the Nomination and Remuneration Policy of the Company.

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

Motilal Oswal
Chairman & Managing Director
(DIN: 00024503)

Place : Mumbai
 Date : 27th April, 2017

ANNEXURE 7 TO THE BOARD'S REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2017

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

I. Registration and Other Details:

i) CIN	L67190MH2005PLC153397
ii) Registration Date	18th May, 2005
iii) Name of the Company	Motilal Oswal Financial Services Limited
iv) Category / Sub-Category of the Company	Public Limited Company
v) Address of the Registered office and contact details	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025. Tel. No. 022 3980 4200
vi) Whether listed company Yes / No	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent	Link Intime India Pvt Ltd, C-101, 1st Floor, 247 Park, Lal Bahadur Shahstri Marg, Vikhroli (West), Mumbai-400083.

II. Principal Business Activities of the Company

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Interest Income	6492	30.69
2	Investment Income	6492	55.31

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No	Name of the Company	Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Passionate Investment Management Private Limited (PIMPL)	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U67120MH1995PTC092014	Holding	53.16	2(46)
2	Motilal Oswal Securities Limited (MOSL)	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U65990MH1994PLC079418	Subsidiary	100	2(87)
3	Motilal Oswal Investment Advisors Limited (MOIAL)	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U67190MH2006PLC160583	Subsidiary	100	2(87)
4	MOPE Investment Advisors Private Limited (MOPE)	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U67110MH2006PTC161128	Subsidiary	85	2(87)

ANNEXURE 7 TO THE BOARD'S REPORT

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

ANNEXURE 7 TO THE BOARD'S REPORT

Sr. No	Name of the Company	Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
15	Motilal Oswal Real Estate Investment Advisors Private Limited (MORE)	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U74999MH2013PTC248200	Subsidiary	76.5	2(87)
16	Motilal Oswal Real Estate Investment Advisors II Private Limited (MORE II)	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U67190MH2014PTC253958	Subsidiary	68.85	2(87)
17	India Business Excellence Management Company	IFS Court, Bank Street, Twenty Eight Cyber City, Ebene 72201, Mauritius.	65644C1/GBL	Subsidiary	85	2(87)
18	Motilal Oswal Asset Management (Mauritius) Private Limited	4th Floor, Raffles Tower, 19 Cybercity, Ebene, Mauritius	127396C1/GBL	Subsidiary	100	2(87)
19	Motilal Oswal Capital Limited	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.	U65100MH2016PLC285990	Subsidiary	100	2(87)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (1.4.2016)				No. of Shares held at the end of the year (31.3.2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	25,581,306	–	25,581,306	17.99	25,569,306	–	25,569,306	17.70	(0.29)
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	76,793,394	–	76,793,394	54.01	76,794,394	–	76,794,394	53.16	(0.85)
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1)	102,374,700	–	102,374,700	72.01	102,363,700	–	102,363,700	70.86	(1.15)
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (2)	–	–	–	–	–	–	–	–	–
Total shareholding of Promoters	102,374,700	–	102,374,700	72.01	102,363,700	–	102,363,700	70.86	(1.15)
(A) = (A)(1) + (A)(2)									

ANNEXURE 7 TO THE BOARD'S REPORT

Category of Shareholders	No. of Shares held at the beginning of the year (1.4.2016)				No. of Shares held at the end of the year (31.3.2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									–
a) Mutual Funds	3,278,135	–	3,278,135	2.31	2,179,624	–	2,179,624	1.51	(0.80)
b) Banks / FI	15,384	–	15,384	0.01	40,424	–	40,424	0.03	0.02
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)									
Foreign Portfolio Investor	18,078,199	–	18,078,199	–	18,032,258	–	18,032,258	12.48	12.48
Sub-total (B)(1)	21,371,718	–	21,371,718	15.03	20,252,306	–	20,252,306	14.02	(1.01)
2. Non-Institutions									–
a) Bodies Corp.	922,377	–	922,377	0.65	1,547,080	–	1,547,080	1.07	0.42
i) Indian									
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	4,390,943	52,010	4,442,953	3.13	5,931,842	53,110	5,984,952	4.14	1.02
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	4,502,998	–	4,502,998	3.21	5,308,416	–	5,308,416	3.67	0.46
c) Others -Trust				–	1,500	–	1,500	0.00	0.00
i) Clearing Members	44,814	–	44,814	0.03	210,381	–	210,381	0.15	0.11
ii) Non Resident Indian - (On repatriation basis)	518,053	–	518,053	0.36	680,095	–	680,095	0.47	0.11
iii) Non Resident Indian - (On Non-repatriation basis)	60,322	–	60,322	0.04	101,930	–	101,930	0.07	0.03
iv) Directors	7,804,010	–	7,804,010	5.49	7,804,010	–	7,804,010	5.40	(0.09)
v) Hindu Undivided Family	132,130	–	132,130	0.09	203,106	–	203,106	0.14	0.05
Sub-total (B)(2):	18,375,647	52,010	18,427,657	13.15	21,788,360	53,110	21,841,470	15.36	2.22
Total Public Shareholding (B)=(B)(1)+ (B)(2)	39,747,365	52,010	39,799,375	27.99	42,040,666	53,110	42,093,776	29.14	1.15
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
GRAND TOTAL A+B+C	142,122,065	52,010	142,174,075	100.00	144,404,366	53,110	144,457,476	101.61	1.61

ANNEXURE 7 TO THE BOARD'S REPORT

(ii) Shareholding of Promoters and Promoters Group

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (1.04.2016)			Shareholding at the end of the year (31.3.2017)			
		No. of shares	% of total shares of the company	% of shares Pledged / encumbered to total shares	No. of shares	% of the total shares of the company	% of the shares pledged / encumbered to total shares	% change in shareholding during the year
	Promoters							
1	Passionate Investment Management Private Limited	76,792,394	54.01	–	76,792,394	53.16	–	(0.85)
2	Mr. Motilal Oswal	12,110,476	8.52	–	12,110,476	8.38	–	(0.13)
3	Mr. Raamdeo Agarawal	11,728,100	8.25	–	11,727,100	8.12	–	(0.13)
	Promoters Group							
4	Raamdeo Agarawal HUF	650,000	0.46	–	650,000	0.45	–	(0.01)
5	Mrs. Suneeta Raamdeo Agarawal	295,400	0.21	–	295,400	0.20	–	(0.01)
6	Mrs. Vimla Motilal Oswal	125,240	0.09	–	125,240	0.09	–	(0.00)
7	Dr. Karoon Ramgopal Agarawal	100,000	0.07	–	100,000	0.07	–	(0.00)
8	Mr. Vinay R. Agrawal	100,000	0.07	–	100,000	0.07	–	(0.00)
9	Mr. Sukhdeo Ramgopal Agarawal	80,200	0.06	–	80,200	0.06	–	(0.00)
10	Mr. Satish R. Agrawal	79,000	0.06	–	79,000	0.05	–	(0.00)
11	Mr. Rajendra G. Oswal	65,000	0.05	–	55,000	0.04	–	(0.01)
12	Mr. Govinddeo R. Agarawal	55,770	0.04	–	55,770	0.04	–	(0.00)
13	Mrs. Suman Agrawal	100,000	0.07	–	100,000	0.07	–	(0.00)
14	Mrs. Vimladevi Salecha	11,000	0.01	–	11,000	0.01	–	(0.00)
15	Mrs. Anita Anandmurthy Agrawal	80,000	0.06	–	80,000	0.06	–	(0.00)
16	Mr. Motilal Gopilal Oswal (Holding on behalf of VISU Associates)	1,000	0.00	–	–	–	–	(0.00)
17	OSAG Enterprises LLP	1,000	0.00	–	2,000	0.00	–	0.00
18	Motilal Oswal HUF	120	0.00	–	120	0.00	–	(0.00)
	Total	102,374,700	72.01	–	102,363,700	70.86	–	(1.15)

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

Sr. No.	Shareholder's Name	Shareholding		Date*	Increase / Decrease in Share-holding	Reason	Cumulative Shareholding during the year (1.4.2016 to 31.3.2017)	
		No. of Shares at the beginning of the year / end of the year (1.4.2016 / 31.3.2017)	% of total shares of the company				No. of shares	% of total shares of the company
	Promoters							
1	Passionate Investment Management Private Limited	76,792,394	54.01	At the Beginning of the Year	Nil	Nil Movement during the year	76,792,394	53.16**
		76,792,394	53.16	At the End of the Year				
2	Mr. Motilal Oswal	12,110,476	8.52	At the Beginning of the Year	Nil	Nil Movement during the year	12,110,476	8.38**
		12,110,476	8.38	At the End of the Year				
3	Mr. Raamdeo Agarawal	11,728,100	8.32	At the Beginning of the Year				
				05.12.2016	-1,000	Transfer	11,727,100	8.12**
		11,727,100	8.12	At the End of the Year				
	Promoters' Group							
4	Raamdeo Agarawal HUF	650,000	0.46	At the Beginning of the Year	Nil	Nil Movement during the year	650,000	0.45
		650,000	0.45	At the End of the Year				

ANNEXURE 7 TO THE BOARD'S REPORT

Sr. No.	Shareholder's Name	Shareholding		Date*	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (1.4.2016 to 31.3.2017)	
		No. of Shares at the beginning of the year / end of the year (1.4.2016 / 31.3.2017)	% of total shares of the company				No. of shares	% of total shares of the company
5	Mrs. Suneeta Raamdeo Agarawal	295,400	0.21	At the Beginning of the Year	Nil	Nil Movement during the year	295,400	0.20
		295,400	0.20	At the End of the Year				
6	Mrs. Vimla Motilal Oswal	125,240	0.09	At the Beginning of the Year	Nil	Nil Movement during the year	125,240	0.09
		125,240	0.09	At the End of the Year				
7	Dr. Karoon Ramgopal Agarawal	100,000	0.07	At the Beginning of the Year	Nil	Nil Movement during the year	100,000	0.07
		100,000	0.07	At the End of the Year				
8	Mr. Vinay R. Agrawal	100,000	0.07	At the Beginning of the Year	Nil	Nil Movement during the year	100,000	0.07
		100,000	0.07	At the End of the Year				
9	Mr. Sukhdeo Ramgopal Agarawal	80,200	0.06	At the Beginning of the Year	Nil	Nil Movement during the year	80,200	0.06
		80,200	0.06	At the End of the Year				
10	Mr. Satish R. Agrawal	79000	0.06	At the Beginning of the Year	Nil	Nil Movement during the year	79,000	0.05
		79000	0.05	At the End of the Year				
11	Mr. Rajendra G. Oswal	65,000	0.05	At the Beginning of the Year				
				25.08.2016	-10,000		55,000	0.04
		55,000	0.04	At the End of the Year				
12	Mr. Govinddeo R. Agarawal	55,770	0.04	At the Beginning of the Year	Nil	Nil Movement during the year		
		55,770	0.04	At the End of the Year			55,770	0.04
13	Mrs. Suman Agrawal	100,000	0.07	At the Beginning of the Year	Nil	Nil Movement during the year	1,00,000	0.07
		1,00,000	0.07	At the End of the Year				
14	Mrs. Vimladevi Salecha	11,000	0.01	At the Beginning of the Year	Nil	Nil Movement during the year	11,000	0.01
		11,000	0.01	At the End of the Year				
15	Mrs. Anita Anandmurthy Agrawal	80,000	0.06	At the Beginning of the Year	Nil	Nil Movement during the year	80,000	0.06
		80,000	0.06	At the End of the Year				
16	Mr. Motilal Gopilal Oswal (Holding on behalf of VISU Associates)	1,000	0.00	At the Beginning of the Year				
				09.03.2017	-1,000		-	-
		-	-	At the End of the Year				
17	OSAG Enterprises LLP	1,000	0.00	At the Beginning of the Year				
				09.03.2017	1,000		2,000	0.00
		2,000	0.00	At the End of the Year				
18	Motilal Oswal HUF	120	0.00	At the Beginning of the Year	Nil	Nil Movement during the year	120	0.00
		120	0.00	At the End of the Year				

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

** The decrease in percentage is due to allotment of 22,83,401 shares to Employees under various Employee Stock Option Schemes

ANNEXURE 7 TO THE BOARD'S REPORT

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

Sr. No.	For Each of the Top 10 Shareholders*	Shareholding		Date**	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (1.4.2016 to 31.3.2017)	
		No. of shares at the beginning of the year/ end of the year	% of total shares of the company				No. of shares	% of total shares of the company
1	Franklin Templeton Investment Funds	4,368,624	3.87	At the Beginning of the Year				
				29.07.16	-13,505	Transfer	4,355,119	3.86
				16.09.16	-22,020	Transfer	4,333,099	3.20
				30.09.16	-1,016	Transfer	4,332,083	3.20
				07.10.16	-4,088	Transfer	4,327,995	3.20
				17.02.17	-15,369	Transfer	4,312,626	3.00
				03.03.17	-13,820	Transfer	4,298,806	2.99
		4,298,806	2.99	At the End of the Year				
2	JP Morgan Indian Investment Company (Mauritius) Limited	2,612,896	1.84	At the Beginning of the Year				
				29.07.2016	-104,320	Transfer	2,508,576	1.76
				05.08.2016	-20,680	Transfer	2,487,896	1.74
				26.08.2016	-11,178	Transfer	2,476,718	1.73
				16.09.2016	-118,822	Transfer	2,357,896	1.64
				21.10.2016	-70,000	Transfer	2,287,896	1.59
				02.12.2016	-200,000	Transfer	2,087,896	1.45
		2,087,896	1.45	At the End of the Year				
3	TIMF Holdings	0	0	At the Beginning of the Year				
				20.05.2016	501,794	Transfer	501,794	0.35
				16.09.2016	-152,897	Transfer	348,897	0.24
				23.09.2016	-25,399	Transfer	323,498	0.23
				30.09.2016	-13,624	Transfer	309,874	0.22
				21.10.2016	37,500	Transfer	347,374	0.24
				11.11.2016	68,729	Transfer	416,103	0.29
				02.12.2016	755,000	Transfer	1,171,103	0.82
				23.12.2016	696,919	Transfer	1,868,022	1.30
		1,868,022	1.30	At the End of the Year				
4	Rajat Rajgarhia	1,408,988	0.75	At the Beginning of the Year				
				13.05.2016	-100,000	Transfer	1,308,988	0.92
				27.05.2016	260,000	ESOP Allotment	1,568,988	1.1
				05.08.2016	-37,166	Transfer	1,531,822	1.07
				26.08.2016	230,000	ESOP Allotment	1,761,822	1.22
				24.03.2017	-25,000	Transfer	1,736,822	1.2
				31.03.2017	130,000	ESOP Allotment	1,866,822	1.29
		1,866,822	1.29	At the End of the Year				
5	Armor Qualified, LP	1,933,138	1.36	At the Beginning of the Year				
				08.04.2016	36,240	Transfer	1,969,378	1.39
				22.04.2016	38,420	Transfer	2,007,798	1.41
				06.05.2016	9,133	Transfer	2,016,931	1.41
				08.07.2016	185,114	Transfer	2,202,045	1.54
				22.07.2016	-145,896	Transfer	2,056,149	1.44

ANNEXURE 7 TO THE BOARD'S REPORT

Sr. No.	For Each of the Top 10 Shareholders*	Shareholding		Date**	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (1.4.2016 to 31.3.2017)	
		No. of shares at the beginning of the year/ end of the year	% of total shares of the company				No. of shares	% of total shares of the company
				29.07.2016	-94,854	Transfer	1,961,295	1.37
				12.08.2016	-8,566	Transfer	1,952,729	1.37
				26.08.2016	-27,915	Transfer	1,924,814	1.34
				16.09.2016	-4,847	Transfer	1,919,967	1.34
				18.11.2016	-10,073	Transfer	1,909,894	1.33
				23.12.2016	-10,360	Transfer	1,899,534	1.32
				03.02.2017	-15,681	Transfer	1,883,853	1.31
				10.02.2017	-152,692	Transfer	1,731,161	1.21
				17.02.2017	-149,580	Transfer	1,581,581	1.10
				24.02.2017	-92,610	Transfer	1,488,971	1.04
				03.03.2017	-19,876	Transfer	1,469,095	1.02
				10.03.2017	-88,709	Transfer	1,380,386	0.96
				17.03.2017	-121,551	Transfer	1,258,835	0.88
				24.03.2017	-62,050	Transfer	1,196,785	0.83
				31.03.2017	-40,735	Transfer	1,156,050	0.80
		1,156,050	0.80	At the End of the Year				
6	EM Resurgent Fund	1,334,687	0.94	At the Beginning of the Year				
				25.11.2016	-194,000	Transfer	1,140,687	0.79
		1,140,687	0.79	At the End of the Year				
7	Morgan Stanley Investment Management, Inc A/C Morgan Stanley India Investment Fund	1,362,724	0.97	At the Beginning of the Year				
				02.12.2016	-321,707	Transfer	1,041,017	0.73
		1,041,017	0.73	At the End of the Year				
8	Mirae Asset Emerging Blue Chip Fund	0	0	At the Beginning of the Year				
				22.07.2016	283,635	Transfer	283,635	0.20
				29.07.2016	347,000	Transfer	630,635	0.44
				12.08.2016	20,000	Transfer	650,635	0.46
				16.09.2016	139,256	Transfer	789,891	0.55
				23.09.2016	3,305	Transfer	793,196	0.55
				07.10.2016	66,000	Transfer	859,196	0.60
				17.02.2017	16,757	Transfer	875,953	0.61
				03.03.2017	135,000	Transfer	1,010,953	0.70
		1,010,953	0.7	At the End of the Year				
9	Armor Capital Partners, LP	1,644,895	1.16	At the Beginning of the Year				
				08.07.2016	-146,786	Transfer	1,498,109	1.05
				22.07.2016	-98,723	Transfer	1,399,386	0.98
				29.07.2016	-64,528	Transfer	1,334,858	0.93
				05.08.2016	-4,886	Transfer	1,329,972	0.93
				12.08.2016	-5,972	Transfer	1,324,000	0.93
				26.08.2016	-18,849	Transfer	1,305,151	0.91
				16.09.2016	-5,150	Transfer	1,300,001	0.91

ANNEXURE 7 TO THE BOARD'S REPORT

Sr. No.	For Each of the Top 10 Shareholders*	Shareholding		Date**	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (1.4.2016 to 31.3.2017)	
		No. of shares at the beginning of the year/ end of the year	% of total shares of the company				No. of shares	% of total shares of the company
				18.11.2016	-17,182	Transfer	1,282,819	0.89
				03.02.2017	-12,382	Transfer	1,270,437	0.89
				10.02.2017	-106,347	Transfer	1,164,090	0.81
				17.02.2017	-100,732	Transfer	1,063,358	0.74
				24.02.2017	-62,289	Transfer	1,001,069	0.7
				03.03.2017	-16,040	Transfer	985,029	0.69
				10.03.2017	-61,397	Transfer	923,632	0.64
				17.03.2017	-81,312	Transfer	842,320	0.59
				24.03.2017	-41,548	Transfer	800,772	0.56
				31.03.2017	-27,388	Transfer	773,384	0.53
		773,384	0.53	At the End of the Year				
10	Morgan Stanley Mauritius Company Limited	0	0	At the Beginning of the Year				
				4.11.2016	5,303	Transfer	5,303	0
				09.12.2016	5,829	Transfer	11,132	0.01
				16.12.2016	15,648	Transfer	26,780	0.02
				23.12.2016	17,344	Transfer	44,124	0.03
				27.01.2017	-5,303	Transfer	38,821	0.03
				03.02.2017	37,387	Transfer	76,208	0.05
				10.02.2017	13,000	Transfer	89,208	0.06
				17.02.2017	22,270	Transfer	111,478	0.08
				24.02.2017	177,516	Transfer	288,994	0.2
				10.03.2017	113,665	Transfer	402,659	0.28
				17.03.2017	187,237	Transfer	589,896	0.41
				24.03.2017	142,439	Transfer	732,335	0.51
				31.03.2017	6,234	Transfer	738,569	0.51
		738,569	0.51	At the End of the Year				

* The Top ten shareholders as on 31st March, 2017 has been considered for the above disclosure

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

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding		Date*	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year/ end of the year	% of total shares of the company				No. of shares	% of total shares of the company
1	Mr. Motilal Oswal (Chairman and Managing Director)	12,110,476	8.52	At the Beginning of the Year	Nil	NIL Movement during the year	12,110,476	8.38**
		12,110,476	8.52	At the End of the Year				
2	Mr. Raamdeo Agarawal (Joint Managing Director)	11,728,100	8.25	At the Beginning of the Year				
				05.12.2016	-1,000	Transfer	11,727,100	8.11**
		11,727,100	8.11	At the End of the Year				

ANNEXURE 7 TO THE BOARD'S REPORT

Sr. No.	Name	Shareholding		Date*	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year/ end of the year	% of total shares of the company				No. of shares	% of total shares of the company
3	Mr. Navin Agarawal (Non-Executive Director)	7,804,010	5.49	At the Beginning of the Year	Nil	NIL Movement during the year	7,804,010	5.4**
		7,804,010	5.40	At the End of the Year				
4	Mr. Vivek Paranjpe (Independent Director)	0	0	At the Beginning of the Year	Nil	NIL Holding / Movement during the year	0	0
		0	0	At the End of the Year				
5	Mr. Praveen Tripathi (Independent Director)	0	0	At the Beginning of the Year	Nil	NIL Holding / Movement during the year	0	0
		0	0	At the End of the Year				
6	Mrs. Sharda Agarwal (Independent Director)	0	0	At the Beginning of the Year	Nil	NIL Holding / Movement during the year	0	0
		0	0	At the End of the Year				
7	Mr. Sameer Kamath (Chief Financial Officer)	103,552	0.07	At the Beginning of the Year				
				03.05.2016	-16,626	Transfer	86,926	0.06
				20.05.2016	10,150	ESOP Allotment	97,076	0.07
				20.06.2016	11,850	ESOP Allotment	108,926	0.08
				25.07.2016	-15,900	Transfer	93,026	0.08
				22.08.2016	53,000	ESOP Allotment	146,026	0.10
				30.12.2016	-1,000	Transfer	145,026	0.10
				17.02.2017	-1,500	Transfer	143,526	0.09
				09.03.2017	-1,500	Transfer	142,026	0.09
				16.03.2017	-10,000	Transfer	132,026	0.09
				22.03.2017	-750	Transfer	131,276	0.09
				27.03.2017	100,000	ESOP Allotment	231,276	0.16
		231,276	0.16	At the End of the Year				
8	Mr. Murli Krishnan Iyer (Company Secretary and Compliance Officer)	5,000	0.00	At the Beginning of the Year				
				19.05.2016	1,600	ESOP Allotment	6,600	0.00
				01.08.2016	-1,000	Transfer	5,600	0.00
				22.08.2016	3,000	ESOP Allotment	8,600	0.01
		8,600	0.01	At the End of the Year				

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

** The decrease in percentage is due to allotment of 22,83,401 equity shares to employees under various Employee Stock Option Schemes.

V. Indebtedness

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

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
Principal Amount	2,504,287,526	976,328,000	–	3,480,615,526
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	60,461,810	–	–	60,461,810
TOTAL (i+ii+iii)	2,564,749,336	976,328,000		3,541,077,336

ANNEXURE 7 TO THE BOARD'S REPORT

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
• Addition	(4,131,538,530)	(6,669,486,500)	–	(10,801,025,030)
• Reduction	4,535,826,156	5669945250		10205771406
Net Change	404,287,626	(999,541,250)		(595,253,624)
Indebtedness at the end of the financial year				
i) Principal Amount	2,160,461,710	1,975,869,250	–	4,136,330,960
ii) Interest due but not paid	8,852,055	–	–	8,852,055
iii) Interest accrued but not due	–	40,511,821	–	40,511,821
TOTAL (i+ii+iii)	2,169,313,765	2,016,381,071	–	4,185,694,836

VI. Remuneration of Directors and Key Managerial Personnel

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Motilal Oswal, CEO, Chairman and Managing Director	Raamdeo Agarwal, Joint Managing Director	
1	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24,000,000	24,000,000	48,000,000
(b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	3,000	*3,605,000	3,608,000
(c)	Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission as % of profit	–	–	–
5	Others, please specify	–	–	–
	TOTAL (A)	24,003,000	27,605,000	51,608,000
	Ceiling as per the Act	Within the overall limit of 10% of the Net Profits of the Company		

*The perquisite value include the rent free accommodation provided to Mr. Raamdeo Agarwal

B. Remuneration to other directors:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Vivek Paranjpe	Praveen Tripathi	Sharda Agarwal	Navin Agarwal	
1.	Independent Directors					
	• Fee for attending board / committee meetings	110,000	170,000	100,000	–	380,000
	• Commission	400,000	400,000	400,000	–	1,200,000
	• Others, please specify	–	–	–	–	–
	TOTAL (1)	510,000	570,000	500,000	–	1,580,000
2.	Other Non-Executive Directors					
	• Fee for attending board / committee meetings					
	• Others, please specify	–	–	–	–	–
	• Commission					
	TOTAL (2)	–	–	–	–	–
	TOTAL (B) = (1+2)	510,000	570,000	500,000	–	1,580,000
	Overall Ceiling as per the Act	Within overall limit of 1% of Net Profits of the Company				
	Total Managerial Remuneration (A+B)	53,188,000				

ANNEXURE 7 TO THE BOARD'S REPORT

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
			Murli Krishnan Iyer	Sameer Kamath (Ceased to be CFO w.e.f. 27.04.2017)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	1,329,849	10,451,852	11,781,701
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	–	617,405	70,622,172	71,239,577
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	–	–	–	–
2	Stock Option*	–	Cost included in 1(b) above		
3	Sweat Equity	–	–	–	–
4	Commission as % of profit others, specify...	–	–	–	–
5	Others, please specify	–	–	–	–
	TOTAL	–	1,947,254	81,074,024	83,021,278

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

VII. Penalties / Punishment/ Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

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

Place : Mumbai
Date : 27th April, 2017

Motilal Oswal
Chairman and Managing Director
(DIN : 00024503)

ANNEXURE 8 TO THE BOARD'S REPORT

Nomination and Remuneration Policy

I. Introduction

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

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

II. Objective

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

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

III. Definitions

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

ANNEXURE 8 TO THE BOARD'S REPORT

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

VI. Role of the Committee

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

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

VII. Membership of the Committee

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

VIII. Chairman

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

IX. Frequency of Meetings

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

XIV. Minutes of Committee Meeting

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

X. Committee Members' Interests

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

ANNEXURE 8 TO THE BOARD'S REPORT

XI. Voting

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

XII. Appointment and removal of Director, KMP and Senior Management

● Appointment criteria and qualifications:

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

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

● Term / Tenure:

1. Managing Director / Whole-time Director / Manager (Managerial Person):

- The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment shall be made in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

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

● Evaluation:

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

● Removal:

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

● Retirement:

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

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

● General:

1. The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.

ANNEXURE 8 TO THE BOARD'S REPORT

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

● Remuneration to Managerial Person, KMP and Senior Management:

1. Fixed pay:

Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force. The break-up of the pay scale and quantum of perquisites including employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. Variable Pay:

The Company may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable shall be based on performance against pre-determined financial and non-financial metrics.

3. Provision for excess remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

4. Provisions for excess remuneration:

If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

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

● Remuneration to Non-Executive / Independent Director:

1. Remuneration / Commission:

The remuneration/commission, if any, shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.

2. Sitting Fees:

The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. Limit of Remuneration / Commission:

Remuneration / Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

XV. Guiding Principles

The Policy ensures that

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.

ANNEXURE 8 TO THE BOARD'S REPORT

- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

XVI. Deviations From This Policy

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

XVII. Review and Amendment

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

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

Place: Mumbai
Date: 27th April, 2017.

Motilal Oswal
Chairman & Managing Director
(DIN: 00024503)

ANNEXURE 9 TO THE BOARD'S REPORT

Dividend Distribution Policy

Introduction

The Securities and Exchange Board of India ("SEBI") has notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") which shall be applicable to all listed entity with effect from December 01, 2015.

Subsequently, SEBI has issued the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 containing the additional Regulation 43A consisting of provisions for formulation of Dividend Distribution Policy which shall be applicable to top five hundred listed entities based on market capitalization as on March 31 of every financial year.

Accordingly, in compliance to the provision of aforesaid Regulation, the Board of Directors of the Company at its meeting held on 26th October, 2016 has approved the Dividend Distribution Policy effective from 26th October, 2016.

1. Need for the Policy

Predictability of returns is a very important factor driving shareholder value creation. Motilal Oswal Financial Services Limited has always believed in shareholder value creation and this policy is one of the means of achieving the objective of shareholder value maximisation.

2. Scope

- 2.1 This policy is aimed at giving a general guidance to the equity shareholders ("Shareholder") of the Company on the dividend including interim dividend pay-out by the Company in various performance scenarios.
- 2.2 This policy is in no way intended to minimise or prejudice the rights of the Board of Directors ("Board") and/or the Shareholders' to declare dividends at the rate at which they in their absolute discretion deem necessary in the interest of the Company and its Shareholders.

3. Policy Statement

- 3.1 The Shareholders' may refer to the various circumstances, parameters and factors as referred to in Clause 3.2, Clause 0 and Clause 3.4 respectively for the guidance on the likelihood of declaration of dividend by the Board and the Company. The Board of the Company shall be guided by all of the factors and parameters as referred to aforementioned clauses for proposing quantum and rate of dividend declaration.

3.2 Circumstances under which the Shareholders of the Company;

3.2.1 May expect dividend

The Shareholders may expect dividend in all financial years where the Company has both on a standalone and consolidated basis earned a net profit after tax ("Profit"). The Company will strive to pay steadily rising dividend every year in lieu of increase in profits. The dividend pay-out will be calibrated in the range up to 25% to 35% of the consolidated net profits of the Company and subject to the financial parameters referred to in Clause 3.3 and internal and external factors referred to in Clause 3.4.

3.2.2 May not expect dividend

In circumstances where the financial position of the Company is such that the Company has no profits or retained earnings available for distribution as dividend, it will be prudent for the Shareholders to not expect any dividend declaration.

3.3 Financial parameters that shall be considered while declaring dividend:

- a) Profit in absolute terms – The profits earned by the Company is the major factor of consideration in case of payment of dividend.
- b) Growth Rate – The growth rate is the percentage change in profit during the specific time period.
- c) Outstanding Capital Commitments – The Company set aside the certain amount for meeting the outstanding capital commitments of the Company.
- d) Availability of surplus funds for:
 - (i) Additional investments in Subsidiaries of the Company – The Company make Non Current investments in Subsidiaries of the Company on regular basis
 - (ii) Working capital requirements – The funds are also utilised for meeting the working capital requirements of the Company

ANNEXURE 9 TO THE BOARD'S REPORT

(iii) Capital expenditure requirement

(iv) The Company also makes investment in various products of its group companies

3.4 Internal and external factors that shall be considered for declaration of dividend:

3.4.1 Past Dividend History – The dividend paid by the Company in past is major factor considered for payment of dividend

3.4.2 Impact of dividend declaration on share price of the Company – The dividend declaration also impact the share price of the Company since it encourages investors to purchase shares of the Company.

3.4.3 Sector performance and industry trend – The Company also consider the area of economy in which businesses share the same or a related service i.e. trend followed in the financial services industry

3.4.4 Taxation and other regulatory concern – The taxation and other regulatory aspects are also considered

3.4.5 Markets Risks - The market risk exposure impacting the Company is measured for declaration of dividend

3.4.6 Stipulations/Covenants of loan agreements

3.4.7 Any other relevant factors that the Board may deem fit to consider before declaring Dividend

3.5 Policy as to how the retained earnings shall be utilized Retained earnings shall unless transferred to any reserves (other than general reserves) be available for disposal by the Board as they deem fit in their absolute discretion in the interest of all Shareholders and may be utilized for distribution of dividends in accordance with past dividend distribution trend of the Company after considering the factors and parameters as referred to in Clause 0 and Clause 3.4.

3.6 Parameters that shall be adopted with regard to various classes of shares

3.6.1 Non-cumulative Preference Shares: The Company shall declare dividend to noncumulative preference shareholders in accordance with the terms of the issue of such preference shares. In case if the terms of such preference shares provide an option to the Company to not declare any dividend in case of a year in which the Company has earned profit then the Board shall be guided by the same parameters and factors for equity shareholders as provided in Clause 0 to Clause 3.4 in determining whether dividend should be declared and the quantum and rate of dividend declaration.

3.6.2 Cumulative Preference Shares: The Company shall declare dividend to cumulative preference shareholders in accordance with the terms of the issue of such preference shares. In case if the terms of such preference shares provide an option to the Company to not declare any dividend in case of a year in which the Company has earned profit then the Board shall be guided by the same parameter and factors for equity shareholders as provided in Clause 0 to Clause 3.4 in determining whether dividend should be declared and the quantum and rate of dividend declaration. In case of cumulative preference shares apart from the above the Board shall also consider and have regard to the negative impact on the equity shareholders in case of the preference shareholders being entitled to voting rights due to non-payment of dividend.

3.6.3 Shares with differential rights or other shares: The Board of Directors shall decide on a case to case basis for any other category of shares, whether all or any of the factors and parameters as specified in Clause 0 to Clause 3.4 should be made applicable for such other class of shares in order to determine the quantum and rate of dividend declaration.

4. Amendment in Policy

To the extent any change/amendment is required in terms of any applicable law, the Managing Director/Chief Financial Officer/ Company Secretary of the Company shall be severally authorised to review and amend the Policy, to give effect to any such changes/ amendments. Such amended Policy shall be periodically placed before the Board for noting and necessary ratification immediately after such changes.

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

Place: Mumbai
Date: 27th April, 2017.

Motilal Oswal
Chairman & Managing Director
(DIN: 00024503)

MANAGEMENT DISCUSSION AND ANALYSIS

Economic agenda remains in the forefront for India's government

The year FY2017 saw the BJP-led NDA government take the bold step of demonetization, pulling out a large portion of India's currency out of circulation to curb black money and corruption. While the economic growth slowed down temporarily during the December quarter, the overall pace of growth since the last three years remains robust, around the ~7% mark. The Central Statistics Office (CSO) estimates India's GDP growth at 7.1% for FY2017, largely aided by the strong consumption. The government pushed some reform initiatives to improve business climate and promote growth, the prominent ones being the Goods and Services Tax (GST) and FDI liberalization in certain sectors. However, the manufacturing sector is yet to see an uptick, with the Manufacturing PMI Index of Nikkei and HIS Markit largely flat during the year. Nevertheless, the index did recover from the slump witnessed during the demonetization period. On the political front, the BJP won the crucial state elections in Uttar Pradesh, India's most populous state, as well as the state elections in Assam, Manipur and Goa. This should augur well for its reform agenda, as and when the composition in the Rajya Sabha is revised. The Indian rupee strengthened by 2% in FY2017 to close at ₹ 64.84 to the USD, after falling 6% in the previous year FY2016.

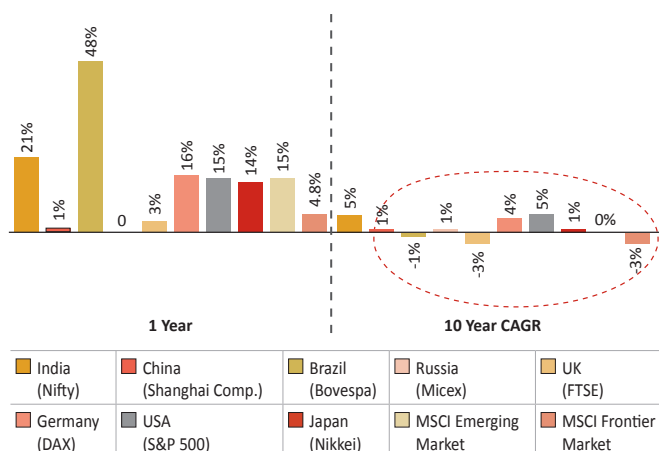
The Equity Markets in FY2017

The large-cap benchmark, Nifty 50, rose 18.55% YoY in FY2017 to close at 9174 points, after declining 8.86% YoY in FY2016. The multi-cap benchmark, Nifty 500, rose 23.91% for the year to close at 7995 points. The indices delivered positive returns during each quarter of the year except in Q3FY2017, when it was impacted by the demonetization news. However, the economy has since shown signs of recovery. Following net outflows by FIIs from Indian equities during FY2016, the year FY2017 saw strong net inflows. However, it was still lower than the levels seen during FY2013 and FY2015. DII saw net inflows for the 2nd consecutive year, although this year was subdued as compared to FY2016. The DII flows were largely led by the renewed interest in equity mutual funds by Indian households, who are increasingly viewing it as a long-term savings vehicle delivering higher inflation-adjusted returns as compared to fixed income products. The period following demonetization only reaffirmed the shift in household savings from physical assets to financial assets, which augurs well for firms like us. NSE market capitalization stood at ₹ 119.78 lakh crores as of March 2017, up 28.66% for the year. The long-term performance of India's market capitalization remains strong, with its 10-Year CAGR at 13.53%.

India's Nifty outperformed most Emerging Markets in US\$ terms, both in the long-term (10-Year CAGR) and Medium Term (1-Year returns). It also outperformed the Frontier Market index

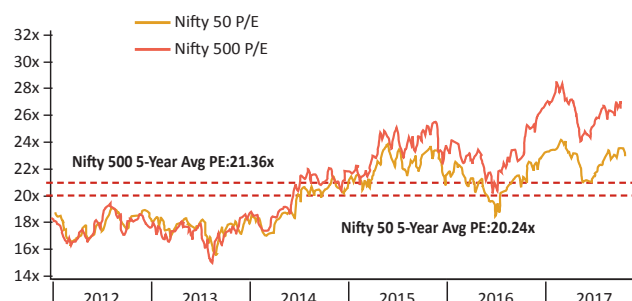
P/E of both Nifty and Nifty 500 rose till Q2FY2017, then saw a trend-reversal till Q3FY2017 to converge towards their 5-Year averages, and followed by a subsequent uptick in Q4FY2017

**Benchmark Indices Performance as of March 2017
(in US Dollar Terms)**



Source: Bloomberg

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

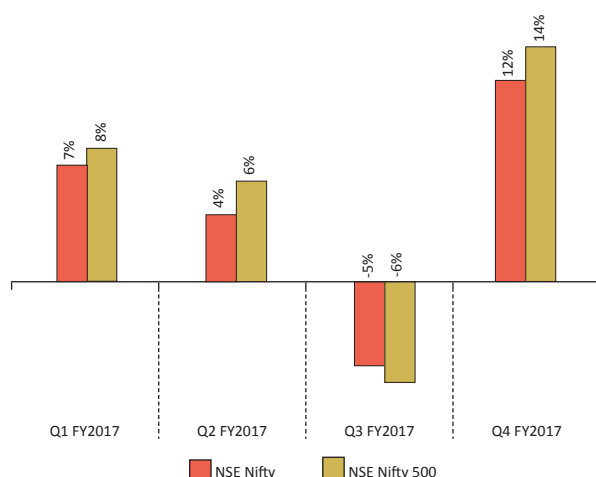


Source: NSE

MANAGEMENT DISCUSSION AND ANALYSIS (Contd..)

Both Nifty and Nifty 500 indices delivered positive returns during each quarter of the year, except in Q3FY2017

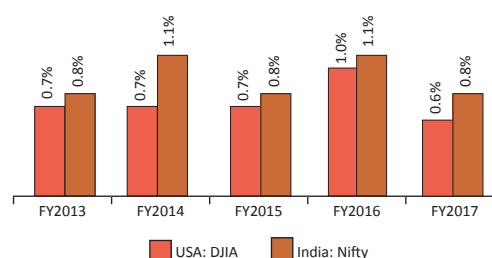
Quarter-wise Returns of NSE Indices across Market-Cap categories



Source: NSE

FY2017 was less volatile both in India and USA, as the standard deviations of Nifty and DJIA were lower in FY2017 vs. FY2016

Volatility (Standard Deviation) of benchmark indices



Source: NSE, Yahoo Finance

Business Streams and Outlook:

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

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

There is a defined set of procedures for evaluating the creditworthiness of customers that extends from initial evaluation to loan approval. Funds are advanced after due process of evaluation and upon providing the necessary documentation. MOFSL's objective is to ensure appraisal and disbursement within the shortest possible time, without compromising on asset quality. During the year, Crisil Limited reaffirmed the Credit Rating of "CRISIL A1+" the Commercial Paper Programme of ₹ 250 crores of the Company. ICRA Limited assigned the credit rating of "[ICRA] AA" Rating with a stable outlook to the NCD Programme of ₹ 150 crores of the company. Crisil Limited also reaffirmed the Credit Rating of "CRISIL A1+" to the Commercial Paper Programme of ₹ 700 crores of Motilal Oswal Securities Limited, a subsidiary of the Company. ICRA Limited assigned the credit rating of "[ICRA] AA" Rating with a stable outlook to the NCD Programme of ₹ 50 crores of Motilal Oswal Securities Limited. ICRA Limited assigned the credit rating of "[ICRA]A1+" to the Commercial Paper Programme of ₹ 700 crores of Aspire Home Finance Corporation Limited (AHFCL), material step down subsidiary of the Company. ICRA Limited assigned the long term credit rating of "[ICRA]AA-" with a Stable Outlook and CRISIL Limited assigned "CRISIL A+/Stable" Rating to the NCD Programme of ₹ 500 crores of Aspire Home Finance Corporation Limited (AHFCL). The ratings indicate a strong degree of safety regarding timely servicing of financial obligations. Besides the financing business directly carried out through MOFSL, we offer a range of products and services such as Broking and Distribution, Institutional Equities, Wealth Management, Investment Banking, Private Equity, Asset Management and Housing Finance through various subsidiaries:

Sr. No.	Name of the Company	Business	MOFSL's Shareholding
1	Motilal Oswal Securities Limited (MOSL)	Stock Broking (Institutional & Retail)	100.00%
2	Motilal Oswal Investment Advisors Limited (MOIAL)	Investment Banking	100.00%
3	MOPE Investment Advisors Private Limited (MOPE)	Private Equity Management and Advisory	85.00%
4	Motilal Oswal Asset Management Company Limited (MOAMC) (a subsidiary of MOSL)	Mutual Funds, PMS, Offshore Funds	100.00%*
5	Motilal Oswal Commodities Broker Private Limited (MOCBPL)	Commodities Broking	100.00%

MANAGEMENT DISCUSSION AND ANALYSIS (Contd..)

Sr. No.	Name of the Company	Business	MOFSL's Shareholding
6	Motilal Oswal Insurance Brokers Private Limited (MOIBPL)	Insurance Brokers	100.00%
7	Motilal Oswal Capital Markets Private Limited (MOCMPL) (a subsidiary of MOSL)	Training for Investment	100.00%*
8	Motilal Oswal Wealth Management Ltd (MOWML)	Wealth Management	100.00%*
9	Motilal Oswal Trustee Company Limited (MOTC) (subsidiary of MOSL)	Trustee to Mutual Fund	100.00%*
10	Motilal Oswal Securities International Private Limited (MOSIPL)	US broker-dealer license from FINRA	100.00%*
11	Motilal Oswal Capital Markets (Hong Kong) Private Limited (MOCMPL(HK))	Type 4 license in Hong Kong - Advice on Indian equities to Professional Investors in Hong Kong	100.00%*
12	Motilal Oswal Capital Markets (Singapore) Pte Limited (MOCMPL(SP))	Exempt Financial Advisor Status in Singapore Advice on Indian equities to Accredited Investors	100.00%*
13	Aspire Home Finance Corporation Limited (AHFCL) (a subsidiary of MOSL)	Housing Finance	15.09%# and 81.57%*
14	Motilal Oswal Real Estate Investment Advisors Private Limited (MOREIAPL) (a subsidiary of MOPE)	Real Estate Investment Advisory Services	85.00%**
15	Motilal Oswal Real Estate Investment Advisors II Private Limited (MOREIAIPL) (a subsidiary of MOREIAPL)	Real Estate Investment Advisory Services	76.50%***
16	India Business Excellence Management Company (a subsidiary of MOPE)	Private Equity Management and Advisory	85.00%**
17	Motilal Oswal Asset Management (Mauritius) Private Limited (subsidiary of MOAMC)	Offshore Funds	100.00%****
18	Motilal Oswal Capital Limited (Subsidiary of MOAMC)	Advisory for offshore clients	100.00%

* through MOSL; ** through MOPE; *** through MOREIAPL; **** through MOAMC; # through MOFSL

Business Streams

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

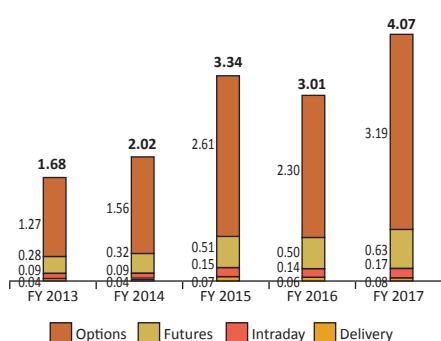
MANAGEMENT DISCUSSION AND ANALYSIS (Contd..)

Broking Business

Industry Facts

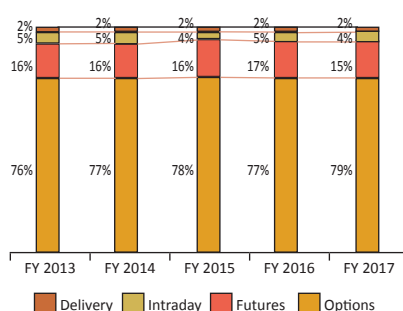
Equity market average daily traded volumes (ADTO) were ₹ 4.07 lakh crores in FY2017, up 35.27% YoY from 3.01 lakh crores in FY2016. Cash market ADTO was ₹ 24,687.58 crores in FY2017, up 22.52% from 20,150.08 crores in FY2016. Within cash, delivery increased 33.12% YoY to ₹ 8,075.90 crores. Cash volumes were 83.94% higher than the average seen between FY2012-14 and delivery volumes were 106.78% higher than the FY2012-14 average. Within derivatives, futures volume rose 24.73% YoY to ₹ 62,623.52 crores while options rose 38.68% YoY to ₹ 3.19 lakh crores. Amongst cash market participants, retail was up 38.54% YoY and institution was up 13.63% YoY, while prop was down 2.43% YoY. Within institution, DII cash volumes increased 30.66% YoY led by renewed interest in equity mutual funds from retail/HNI investors. The proportion of retail within cash volumes increased from 48.88% to 59.34% YoY while that of DII increased from 8.36% to 9.69% YoY. With primary market seeing higher IPO activity since the last two years and IPOs typically being a point of entry for new investors into direct equities, the incremental demat accounts created during FY2017 and FY2016 has been much higher than the previous years. As primary market issues pick up further, the incremental accounts should also pick up at a commensurate pace.

Average Daily Volumes (₹ Lakh Crores)



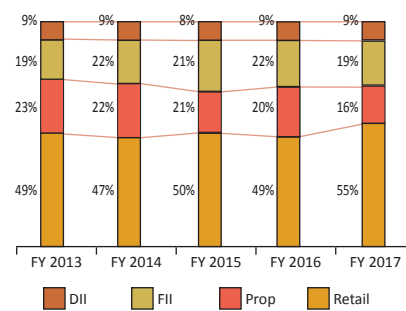
Source: BSE, NSE

Segment-wise Overall ADTO Proportions



Source: BSE, NSE

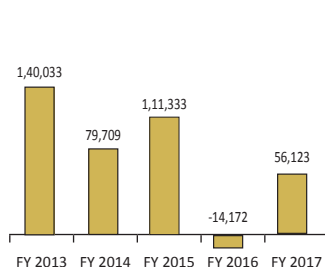
Participant-wise Cash ADTO Proportions



Source: BSE, NSE

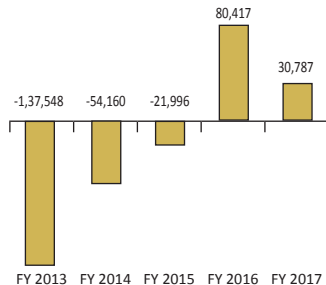
While FIIs saw net outflows from Indian equities during FY2016, FY2017 saw strong net inflows. However, this was still lower than the levels seen during FY2013 and FY2015. Factors like implementation of the Goods and Services Tax, relative economic growth and correction in the US dollar index lured foreign investors towards India. DIIs saw net inflows for the 2nd consecutive year, largely led by the renewed interest in equity mutual funds. Consolidation of NSE cash market volumes amongst the Top-25 brokers increased in FY2016 when the market rallied. Top-25 brokers comprised 45.95% of cash volumes in FY2014, which increased to 47.82% till FY2015, and to 50.50% in FY2016.

FII net inflows into equities (₹ Crores)



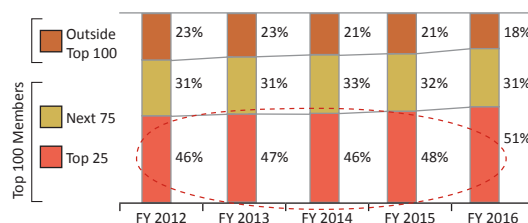
Source: SEBI, CDSL

DII net inflows into equities (₹ Crores)



Source: BSE, NSE

% Cash Turnover by top 'X' Members in NSE



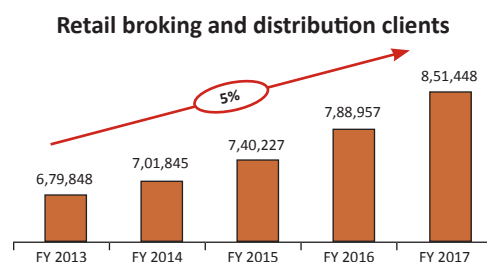
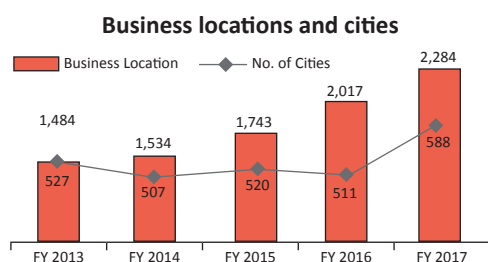
Source: NSE

Our Broking Business

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (Contd..)



As of March 2017, Motilal Oswal Securities Ltd (MOSL) had more than 850,000 retail broking and distribution clients, with over 811,000 having depository accounts. Pan-India distribution network increased from 1,700+ outlets in March 2015 to 2,200+ in March 2017. Retail client addition was stronger this year, at 62,000+ in FY2017 vs. 38,000+ in FY2015. The focus was on building scale and competitiveness through high-quality advisory, digital initiatives, assets-based product distribution, system-driven trading products and network expansion. Our advisor count was up 13.18% YoY, following continued investments into dedicated advisory desks for mass-retail and affluent clientele. Our investments into our advisory, sales and leadership teams and the online channel and technology offerings means that the capacity is in place to handle the increased business volumes as investor interest pick up further.

We have given significant impetus to financial product distribution, in a bid to increase annuity based revenues. Financial product distribution AUM was ₹ 4,392.98 crores as of March 2017, up 147.08% YoY with net sales of ₹ 1,594.21 crores in FY2017, up 132.70% YoY. Our outlets are being leveraged to deepen product penetration through cross selling of various financial products. With only ~20% of the network currently tapped across branches and franchisees, the potential headroom for growth in cross-selling remains significant. Our digital business has gained traction, with ~45% of retail volume traded online in FY2017, up from ~36% in the previous year. The new mobile app saw ~128,000 downloads in FY17. The contribution of the mobile app to total online volume crossed ~24% in FY2017, up from ~10% in the previous quarter. The commodity business saw active interest as precious metals rallied and base metals bounced. Currency and interest rate futures business also saw traction. We won the “Best Equity Broker-National” award for the 5th time at the CNBC TV18 Financial Advisory Awards, along with the Grand Jury award for “Best Institution for Financial Education & Inclusion”.

Institutional Broking: The company offers institutional broking in cash and derivatives to domestic and foreign institutions. As of March 2017, we were empanelled with 630 institutions, up from 594 last year. We continued to strengthen our competitive positioning through research offerings, corporate access outreach and sales and trading capabilities. Blocks comprised a higher share in our institutional volumes. We introduced new differentiated research products, which evinced increased client interest. During the year, we ramped up corporate access outreach via mini-conferences, roadshows and management meets. The Annual Global Investor Conference (AGIC) remains one of the biggest format events in the industry. The 2016 event saw participation from 120+ companies and 750+ global investors, resulting in 4000+ meetings. The quality of our services was recognized at prestigious industry forums. At the AsiaMoney Awards 2016, we were ranked 2nd in Events/Conferences and 3rd in improved brokerage house.



Investment Banking

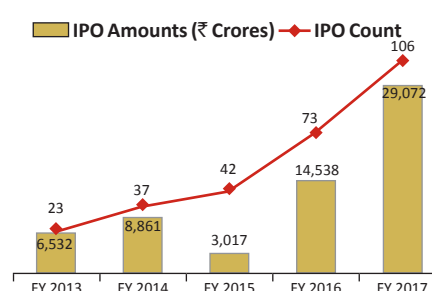
Industry Facts

The number of IPOs in India increased from 73 in FY2016 to 106 in FY2017. The amount of funds raised through IPOs in FY2017 was ₹ 29,071.56 crores, up from ₹ 14,537.59 crores in the previous year. Big-ticket IPOs in FY2017 were from the BFSI sector, including ICICI Prudential Life Insurance, PNB Housing Finance, RBL Bank and Bombay Stock Exchange, apart from retailer Avenue Supermart and gas company Mahanagar Gas. The number of QIPs increased from 19 in FY2016 to 22 in FY2017. However, the amount of funds

MANAGEMENT DISCUSSION AND ANALYSIS (Contd..)

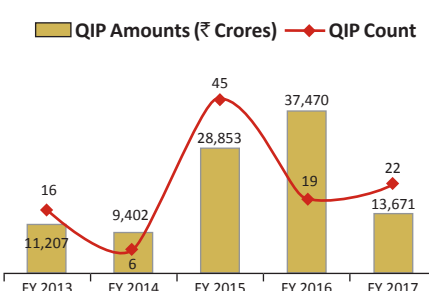
raised through QIPs in FY2017 was ₹ 13,670.96 crores, down from ₹ 37,470.23 crores in the previous year. FY2017 saw only two large-ticket QIPs, i.e. of Yes Bank and Hindalco Industries, who raised ₹ ~4,900 crores and ₹ ~3,300 crores respectively. M&A activity in India were muted in FY2017. The deal value in FY2017 was ₹ 2.89 lakh crores, much lower than the ₹ 4.53 lakh crores in FY2016. The number of M&A deals was marginally lower at 963 in FY2017, as compared to 996 in FY2016. Prominent M&A deals this year included Rosneft-Essar Oil, HDFC Standard Life-Max Life Insurance, Reliance Communication-Aircel and Ultratech Cement-Jaiprakash Associates.

Fund Raising - IPO Markets (₹ Crores)



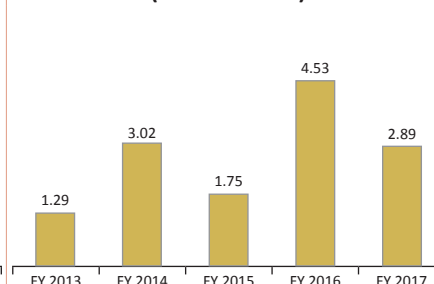
Source: News articles

Fund Raising - QIP Markets (₹ Crores)



Source: NSE, BSE

Mergers and Acquisition Deal Value (₹ Lakh Crores)



Source: Bloomberg

Our Investment Banking Business

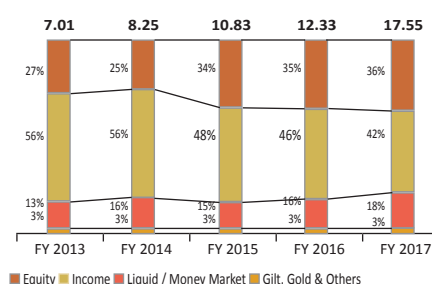
FY2017 was a landmark year for our investment banking business, with all time high revenues clocked since inception. We topped the FY2017 India QIP league table ranking and completed 10 ECM transactions in the year - our best ever performance in terms of number of deals and value of transactions. We successfully concluded a cross-border M&A transaction. The deal pipeline remains robust.

Asset Management

Industry Facts

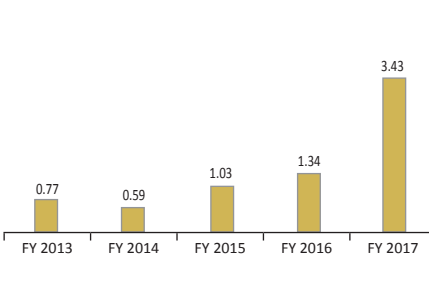
Overall mutual fund AUM in the industry reached high of ₹ 17.55 lakh crores in FY2017, up 42.33% YoY. Equity mutual fund AUM increased by 40.67% YoY during FY2017 to ₹ 5.44 lakh crores. The growth was largely owing to increased participation from retail/HNI investors, apart from the underlying market performance itself. Net sales of equity funds were ₹ 70,367 crores in FY2017 and have been above ₹ 70,000 crores since the last three consecutive years. The proportion of equity fund AUM within the overall AUM mix grew from 25.19% in FY2014 to 34.52% in FY2016 and further to 35.81% in FY2017. Between March 2016 and Dec 2016, the growth in HNI and retail equity folios was 27.41% and 10.11%, respectively (HNIs is defined as individuals who invest ₹ 5 lakhs and above). In absolute terms, the incremental folios created in HNI and retail equity was 4.94 lakhs and 45.88 lakhs, respectively. However, while there has been an increase in the folio count by both HNI and retail customers, the AUM held per folio has dropped slightly. This indicates further scope to increase the AUM from the existing clients through upselling. In equity funds specifically, retail and HNI investor hold 49.81% and 34.32% of equity AUM respectively.

MF AUM across all asset classes (₹ Lakh Crores)



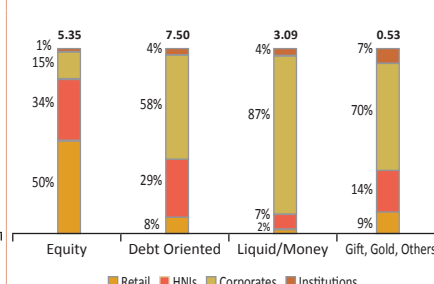
Source: AMFI

MF Net Sales across all asset classes (₹ Lakh Crores)



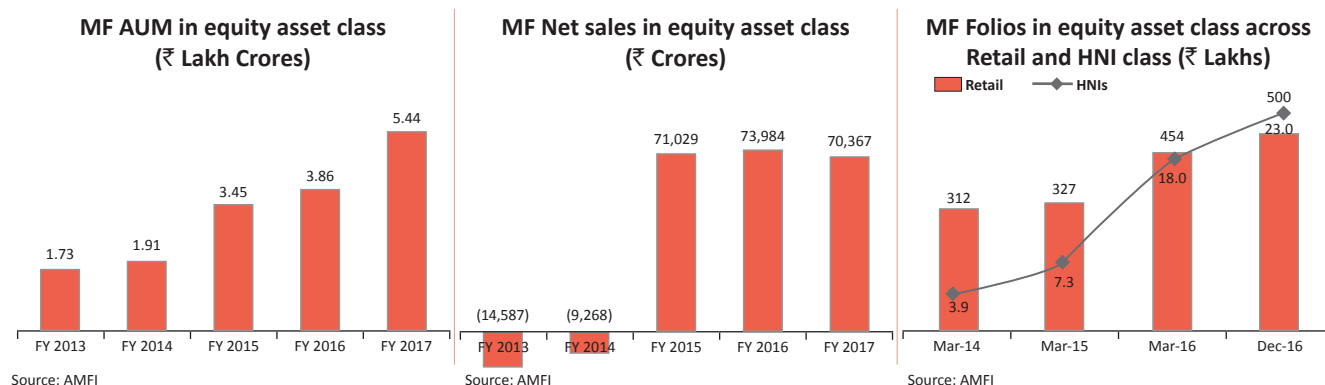
Source: AMFI

MF AUM across investor categories as of Dec 2016 (₹ Lakh Crores)



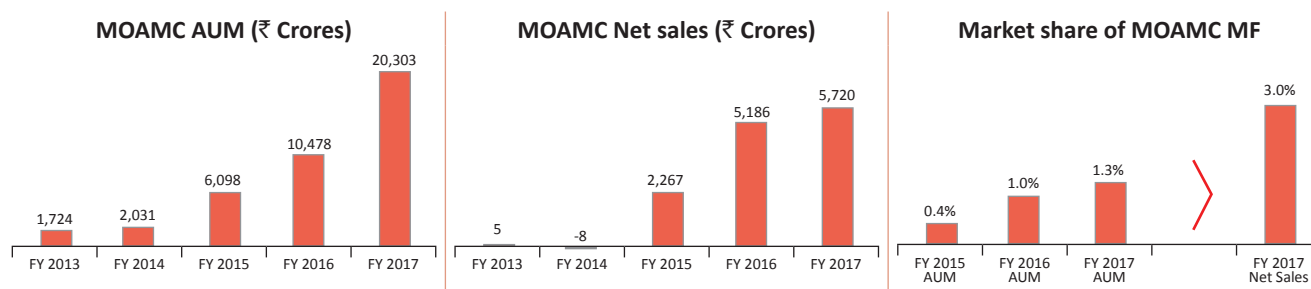
Source: AMFI

MANAGEMENT DISCUSSION AND ANALYSIS (Contd..)



Our Asset Management Business

Motilal Oswal Asset Management (MOAMC) operates PMS and mutual fund in the public equities space. Our public market equity AUM was ₹ 20,302.76 crores as of March 2017, up 93.76% YoY. Within this, the mutual fund AUM was up 83.36% YoY to ₹ 9,289.82 crores, PMS AUM was up 93.53% YoY to ₹ 10,473.22 crores and AIF AUM was ₹ 539.72 crores. AMC Net Sales were ₹ 5,719.85 crores in FY2017, up 10.29% YoY. The net sales in the context of the closing AUM provides visibility of continued strong growth in AUM. Our net yield in this business was ~ 1% in FY2017. As of March 2017, 14% of the AUM across PMS and AIF was performance-based, within which AIF was entirely performance-based. The firm aims to push more performance-linked AUM in both PMS and AIF, as it should help push net yield further north. Our QGLP philosophy continued to deliver on performance this year. Our rank in Equity AUM improved to 9 from 14 two years ago. Our ~1.3% market share in Equity MF AUM should converge towards our ~3% market share in Equity MF Net Sales as we scale up further. Our three mutual funds have completed their 3-year performance track record, which should enhance further participation from distributors. Significant investments in manpower (up 48% from March 2015) and advertising/marketing have been upfronted, which should help build operating leverage in the future. While our advertising and marketing spends were up 104.88% YoY to ₹ 18.18 crores in FY2017, this should help boost brand-recall in the long term. Financial savings to total savings in India rose from ~31% in FY2012 to ~41% in FY2016, and the domestic market should continue to benefit from this shift of savings from physical assets to financial assets. Offshore segment is 2X of institutional held market capitalization in India. While our business has built a strong positioning across the domestic institution segment, it is now in process of tapping global pools of capital with offshore initiatives. We are seeing initial interest in our offshore product.



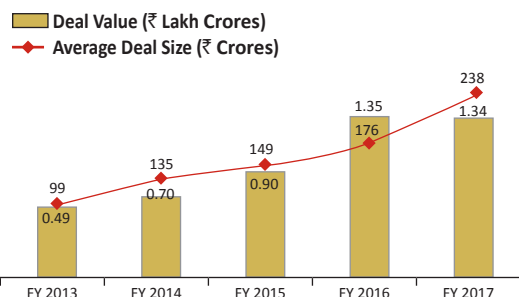
Private Equity

Industry Facts

Private equity deal value at ₹ 1.34 lakh crores in FY2017 remained largely flat on a YoY basis. The average deal value picked up from ₹ 175.73 crores in FY2016 to ₹ 237.87 crores in FY2017. This year saw large-value transactions in the IT sector like Flipkart, One97, Mphasis and GlobalLogic. Apart from IT, BFSI, Healthcare, Energy and Manufacturing also dominated the deal values this year. The share of telecom in the overall deal value picked up this year, following the transactions of Reliance Infratel and Bharti Infratel. Conversely, the share of energy sector dropped, since the previous year had included large-sized deals of Senjion, ReNew and Greenko. In terms of exits for private equity through IPOs, the number of IPOs in FY2017 was slightly lower as compared to the FY2016. However, overall issuance increased due to the large IPOs of Equitas, ICICI Prudential life insurance, PNB Housing Finance, Bombay Stock Exchange and RBL Bank. In terms of exits for private equity through M&As, the number of deals in FY2017 was flattish as compared to FY2016, although it is still much higher than the average number of deals per year seen from FY2011 to FY2015.

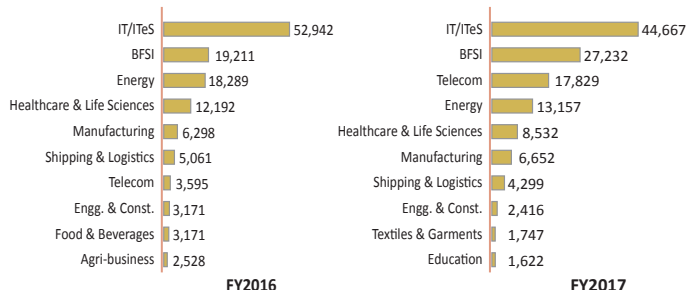
MANAGEMENT DISCUSSION AND ANALYSIS (Contd..)

Private Equity Industry Deal Values



Source: Venture Intelligence

Top-10 Sectors with Maximum Deal Value (₹ Crores)



Source: Venture Intelligence

Our Private Equity Business

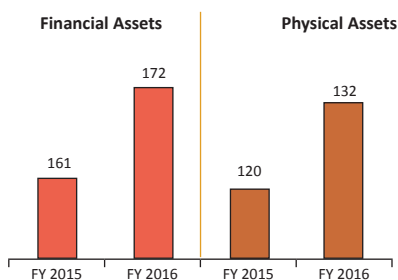
MOPE Investment Advisors manages two growth capital funds and three real estate funds. The growth funds focus on themes that may benefit from structural changes like domestic consumption, domestic savings, infrastructure, etc. The India Business Excellence Fund I (IBEF I) is a growth capital fund which has ₹ 550 crores invested across 13 companies. It has returned ~209% capital (in INR terms) from 6 full-exits and 2 partial exits in 2 companies till-date. It is likely to deliver a gross multiple of ~3.5X. This means over half of the estimated profits are yet to be booked. India Business Excellence Fund II (IBEF II) is the second growth capital fund, which raised AUM of ₹ 954 crores from investors in India and overseas. This fund includes marquee institutional investors like IFC Washington, Squadron Capital and Axiom. It has committed 100% across 11 companies. The third growth fund (IBEF III) will start raising funds in FY2018, with the target which is a multiple of the first growth fund. The India Realty Excellence Fund I (IREF I) is a real estate fund with an AUA of ₹ 200 crores, and has made investments across 7 deals. Following full/partial exits from 6 projects till date, it has returned ~90.45% of capital to its investors. India Realty Excellence Fund II (IREF II), the second real estate fund, had raised assets of ₹ 489 crores, of which it has committed 100% across established developers in 12 deals. Following full exits from 2 projects till date, the fund has returned ~29.4% of capital to its investors. India Realty Excellence Fund III (IREF III) is the third real estate fund with an AUM target of ₹ 1000 crores. It has raised commitments of ₹ 880 crores so far, of which ~50% is committed in 7 investments. Motilal Oswal Real Estate Investment Advisors won the “Best Real Estate Fund of the Year - Domestic” at the CNBC - AWAAZ Real Estate Awards 2016 -17.

Wealth Management

Industry Facts

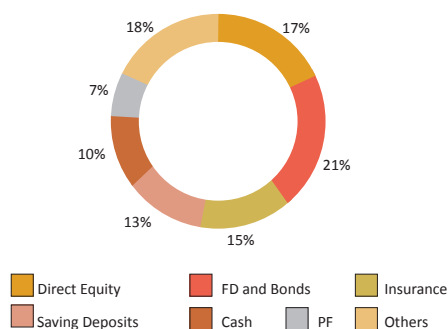
As per the Karvy Private Wealth Report 2016, the total wealth held by individuals in India grew by 8.50% YoY to ₹ 304.29 lakh crores in FY2016. Within this, physical assets comprised ₹ 132.27 lakh crores and financial assets comprised ₹ 172.03 lakh crores. During FY2016, individual wealth in financial assets grew by 7.14% YoY, led by insurance and provident fund. In FY2016, ~48% of the new money was invested in financial assets as compared to ~35-40% in the previous years. Direct equity comprised a 17.23% share in financial assets in FY2016, while fixed deposits comprised 21.40%. However, the composition of equities in overall assets is still very less in India, as compared to the world.

Growth in individual wealth held in financial and physical assets (₹ Lakh Crores)



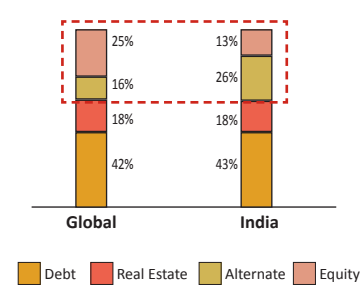
Source: Karvy Private Wealth Report 2016

Individual wealth in various financial assets in 2016 (%)



Source: Karvy Private Wealth Report 2016

Proportion of allocation of individual assets - India vs Global



Source: Karvy Private Wealth Report 2016

MANAGEMENT DISCUSSION AND ANALYSIS (Contd..)

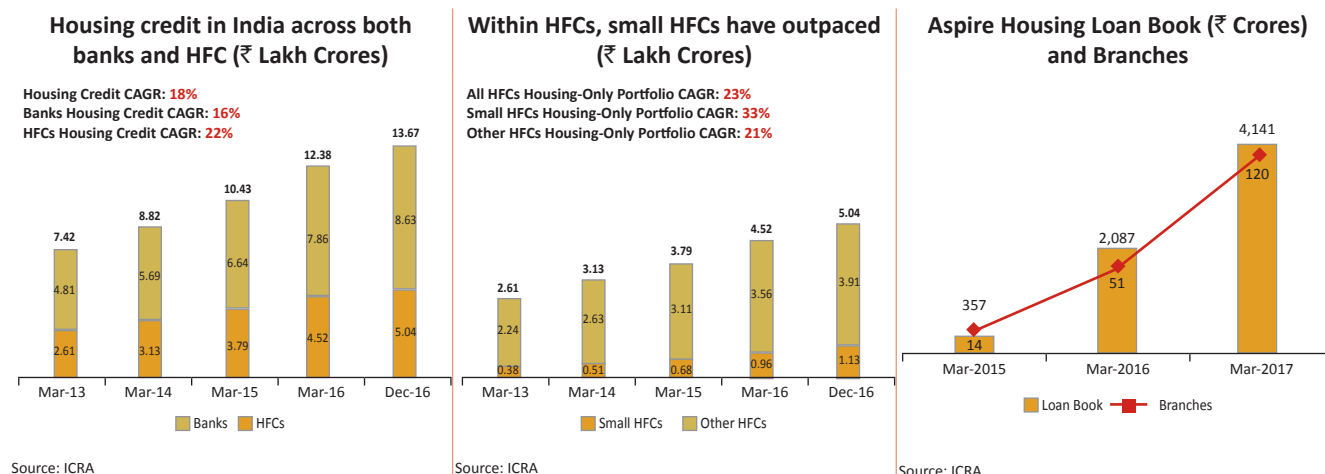
Our Wealth Management Business

This business saw significant traction in assets under management this year. Wealth AUM picked up from ₹ 6,443 crores to ~₹ 10,100 crores during FY2017, up 56.76% YoY. Net sales in FY2017 were ₹ 1,776.40 crores, up 20.76% YoY from ₹ 1,471 crores in FY2016. The quality of our product and advisory team was demonstrated, as only half of the incremental AUM was contributed by net sales, while the other was due to product performance. The number of client families increased by 13.62% YoY. This traction was largely a result of continued ramp up of the Relationship Manager (RM) base and in our advisory capabilities. A strong brand image has helped us to attract quality RM talent. We added lower-cost junior RMs to assist the senior RMs to expand their books, while getting mentored to take a bigger role in the future. The inclination to invest in financial assets remains high in the country.

Housing Finance

Industry Facts

As per an ICRA report, the total outstanding housing credit in India stood at ₹ 13.67 lakh crores as of Dec 2016, within which HFC housing credit comprised ₹ 5.04 lakh crores and bank housing credit was ₹ 8.63 lakh crores. HFCs accounted for 36.86% of total housing credit as of Dec 2016, up from 36.35% in March 15 and 28.89% back in March 2010. Conversely, the proportion of banks within total housing credit dipped from 71.11% in March 2010 to 63.13% in Dec 2016. Between March 2014 and Dec 2016, HFCs housing credit grew by 18.89% CAGR as compared to 16.33% in the case of banks. The government's PMAY CLSS is a demand-side boost to this sector. Initiatives like tax-relief for developers on unsold stocks and reclassification of housing unit size from 30-60 sq. m. built-up area to 30-60 sq.m. carpet area for subsidy qualification are critical supply-side boosts to this sector.



Our Housing Finance Business

Aspire Home Finance is focused on pure-retail affordable housing loans. During FY2017, we disbursed ₹ 2,403.51 crores, up 32.14% YoY. The HFC loan book stood at ₹ 4,141.33 crores across ~46,000 families as of March 2017, as compared with ₹ 2,087.24 crores across ~21,000 families as of March 2016. In FY2017, we expanded in six new states, in addition to the exiting three states. The average ticket-size of loan was ₹ 9.03 lakhs in FY2017, slightly lower than the ₹ 10 lakhs in FY2016, as we entered more Tier II/III towns this year. The investments we made into expanding the branch network (up 84 to 120 YoY) and hiring people (~500 to ~1,050 YoY) should push further traction in volumes, going forward. Focus on strong risk assessment, underwriting, collection efficiency and file-audit practices should help maintain asset quality. Asset quality remains under control, with GNPL at 0.6% as of March 2017. The debt equity ratio was 6X as of March 2017. The liability profile is diversified, with ~58% of the borrowings from the capital markets in the form of NCDs. Aspire had credit lines from 30 banks and 2 NBFC as of March 2017, up from 29 last year. The cumulative capital infusion from the sponsor was ₹ 500 crores and net worth was ₹ 600 crores, as of March 2017. For FY2017, RoA was 2.63%, RoE was 16.72% and NIM was 4.04%. We have invested significantly into digital initiatives to reduce operational costs and turnaround-times, and improve customer convenience. These include our new applications for sales, credit, clients and vendors. We expect a significant portion of our transactions to be covered by digital tools in the coming year.

Fund based activities focusing on enhancing Return on Equity

In line with the long term strategy to grow RoE sustainably to 20%+, MOFSL had made strategic allocation of capital to long term RoE enhancing opportunities like Aspire Home Finance and sponsor commitments to our mutual fund and private equity funds. As of March 2017, our investments in Motilal Oswal's mutual fund products stood at ₹ 642.95 crores (at cost) and ₹ ~257 crores into private equity funds. Unrealized gain on these mutual fund investments was ₹ 333.91 crores. These mutual fund investments are

yet to be reported in the P/L account for the year. While the reported ROE was 22.34% for the year, it would have been much higher at 31.23% had these gains been included. The 1st growth fund returned ₹ ~26.65 crores to MOFSL as sponsor's portfolio gain in FY2017, and FY2018 is expected to see a similar amount. This process should start flowing even in the other private equity funds, as and when they reach their exit-stage. The NBFC loan book stood at ₹ 237.69 crores. The LAS lending business, earlier done from equity capital is now being run as a spread business. The LAS loan book was ₹ 237.69 crores as of March 2017, as compared to ₹ 258.13 crores last year.

Opportunities and Threats

Opportunities

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

Threats

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

Strengths

• Strong Brand Name

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

• Experienced Top Management

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

• Integrated Financial Services Provider

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

• Independent and Insightful Research

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

• One of Largest Distribution Network – 2,200+ outlets across 588 cities

MOFSL's financial products and services are distributed through a pan-India network. The business has grown from a single location to a nationwide network spread across 2,200+ business locations operated by business associates or directly through own branches in 588 cities. This extensive network provides opportunities to cross sell products and services, particularly as the company diversifies into new business streams. In addition to the geographical spread, MOFSL also offers an online channel to service customers.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd..)

- **Established Leadership in Franchisee Business**

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

- **Strong Risk Management**

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

- **State of Art Infrastructure**

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

- **Financial Prudence**

MOFSL's operating margins continue to remain stable despite the fluctuations in market volumes and revenues. This is a result of creating a robust business model that can withstand the cyclical fluctuations in business volumes and simultaneously capture the opportunities provided by the structural growth of India. During the year, CRISIL Limited reaffirmed the Credit Rating of "CRISIL A1+" the Commercial Paper Programme of ₹ 250 crores of the Company. ICRA Limited assigned the credit rating of "[ICRA]AA" Rating with a stable outlook to the NCD Programme of ₹ 150 crores of the company. CRISIL Limited also reaffirmed the Credit Rating of "CRISIL A1+" to the Commercial Paper Programme of ₹ 700 crores of Motilal Oswal Securities Limited, a subsidiary of the Company. ICRA Limited assigned the credit rating of "[ICRA] AA" Rating with a stable outlook to the NCD Programme of ₹ 50 crores of Motilal Oswal Securities Limited. The ratings indicate a very strong degree of safety regarding timely servicing of financial obligations. ICRA Limited assigned the credit rating of "[ICRA]A1+" to the Commercial Paper Programme of ₹ 700 crores of Aspire Home Finance Corporation Limited (AHFCL), material step down subsidiary of the Company. ICRA Limited assigned the long term credit rating of "[ICRA]AA-" with a Stable Outlook and CRISIL Limited assigned "CRISIL A+/Stable" Rating to the NCD Programme of ₹ 500 crores of Aspire Home Finance Corporation Limited (AHFCL).

Risks and Concerns

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

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

Internal Control Systems and their Adequacy

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

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

Financial Performance

Standalone Financials

During the year under review, the standalone revenues for the year were ₹ 142.36 crores, increase of 28.41% as compared to ₹ 110.86 crores last year. Interest income declined by 18.91% to ₹ 43.69 crores due to decrease in average loan book. Profit on sale of investments was ₹ 30.21 crores, as compared to ₹ 27.81 crores last year. Rent income was ₹ 17.21 crores in FY2017, up 28.67% due to increase in leased area as well as rate. Other operating income was ₹ 1.81 crores in FY2017, while other income was ₹ 90.07 lakhs.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd..)

Total expenses (before depreciation, interest and exceptional items) marginally decreased during the year, from ₹ 19.84 crores in FY2016 to ₹ 19.44 crores in FY2017. Profit before depreciation, interest, exceptional item and taxation (EBITDA) increased by 35.06% this year, from ₹ 91.01 crores in FY2016 to ₹ 122.92 crores in FY2017. Interest and finance charges increased from ₹ 29.53 in FY2016 crores to ₹ 36.38 crores in FY2017 due to increase in average borrowings which is incrementally deployed in interest yielding investments.

Reported net profit increased by 84.60% to ₹ 86.30 crores in FY2017. MOFSL Standalone's commitments to its own mutual fund products stood at ₹ 381.51 crores, as of March 2017. The unrealized gain on these investments is ₹ 195.56 crores as of March 2017. The same is not reflected in the profit and loss account for the year. Dividend income from subsidiary companies was ₹ 48.53 crores in FY2017 as compared to ₹ 13.98 crores in FY2016. Exceptional Items for the year ended March 2017 was ₹ 6.11 crores. This comprises of write-off on account of doubtful non-performing assets of ₹ 27.88 crores and share in profit on sale of investments made in private equity funds of ₹ 33.99 crores.

Long-term investments increased from ₹ 489.72 crores to ₹ 578.41 crores on a YoY basis. Long term loans and advances increased from 4.39 crores in FY2016 to 15.99 crores in FY2017 mainly due to increase in MAT credit. Current assets mainly comprise of current investments, cash and bank balances, and other current assets. Short-term investments were ₹ 80.00 crores as of March 2017. As of March 2017, the cash and bank balances were ₹ 6.63 crores. Current liabilities were ₹ 375.74 crores as of March 2017, up from ₹ 317.74 crores as of March 2016 mainly due to increase in short term borrowings and other current liabilities. Short term borrowings increased from 248.17 crores in FY2016 to 257.59 crores in FY2017 mainly due to increase in commercial paper. Other current liabilities increased from 58.99 crores in FY2016 to 115.62 crores in FY2017 mainly due to increase in maturities of long term borrowings. Total provisions were ₹ 2.77 crores as of March 2017.

Consolidated Financials

The consolidated revenues for the year were ₹ 1,818.32 crores for the year under review, an increase of 66.25% as compared to the previous year. Broking revenues increased by 30.04% to ₹ 661.67 crores, backed by traction in the broking volumes and distribution assets. This segment also includes Wealth Management whose revenues grew in line with traction in AUM. Investment banking fee at ₹ 85.52 crores saw a 254.20% growth over the previous year. The investment banking business clocked its all time high revenues this year since its inception, backed by 10 ECM transactions across IPO and QIPs. Asset management fees saw significant traction, increasing 67.59% as compared to last year to ₹ 375.11 crores, backed by traction in mobilization in MF, PMS and AIF product and market performance. In the private equity business, the 3rd real estate fund achieved its first close. Housing finance related income increased by 159.91% to ₹ 570.53 crores as the business gained traction this year in terms of clients, network, banking lines and loan book. Fund based income increased by 4.14% to ₹ 117.41 crores. In line with the long term strategy to grow Return on Equity sustainably, MOFSL has made strategic allocation of capital to long term RoE enhancing opportunities like Aspire Home Finance and sponsor commitments to existing mutual fund and private equity funds of MOFSL group. Other income increased by 72.84% YoY to ₹ 8.07 crores.

Total expenses (before interest and depreciation) for the year at ₹ 889.23 crores registered a 37.36% jump over last year. People cost increased by 35.87% to ₹ 340.98 crores. This was largely owing to an increase in hiring in housing finance business and retail broking business. Operating expenses increased by 53.17% to ₹ 356.12 crores mainly due to increase in sharing with franchisee in retail business and distribution expense in AMC business in line with increase in topline revenue. Other costs were ₹ 192.13 crores, an increase of 17.19% over last year mainly due to increase in Legal and professional charges and rent expenses in Housing finance business and Advertisement expense in AMC business. The profit before depreciation, interest, exceptional items and taxation (EBITDA) increased by 108.17% to ₹ 929.09 crores.

Reported net profit for the year after minority interest stood at ₹ 359.99 crores, an increase of 112.91%. MOFSL group's commitments to its own mutual fund products stood at ₹ 642.95 crores, as of March 2017. The unrealized gain on these investments is ₹ 333.91 crores as of March 2017. The same is not reflected in the profit and loss account for the year. MOFSL group's commitments to our alternative investment products stood at ₹ 257 crores, as of March 2017. Exceptional Items in FY2017 was ₹ 61.25 crores. This comprises write-off on account of doubtful non-performing assets of ₹ 27.88 crores and share in profit on sale of investments made in alternate investment products of ₹ 89.13 crores.

Long-term investments increased from ₹ 1,055.51 crores to ₹ 1,356.38 crores on a YoY basis. Current assets mainly comprise of sundry debtors, stock in trade, cash and bank balances, and other current assets. Short-term investments increased from ₹ 175.55 crores to ₹ 444.83 crores on a YoY basis. As of March 2017, the cash and bank balances were ₹ 460.91 crores, up from ₹ 286.67 crores as of March 2016. Debtors and other current assets stands at ₹ 709.90 crores and ₹ 381.95 respectively as of March 2017. Current liabilities mainly consist of margin monies and customer balances to facilitate trading on customer's behalf, amounts payable to customers on whose behalf we undertake trades and amounts payable to exchanges. Current liabilities were ₹ 2,847.67 crores as of March 2017, up from ₹ 1,911.98 crores as of March 2016 (including short-term borrowings and short-term provisions). Total provisions were ₹ 137.46 crores as of March 2017.

CORPORATE GOVERNANCE

Corporate Governance Report

[As per regulation 34(3) read along with Schedule V(C) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulation, 2015 ("Listing Regulations, 2015")]

The Director's present the Company's report on Corporate Governance for the year ended 31st March, 2017.

Corporate Governance Philosophy

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

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

Board of Directors

As on 31st March 2017, the Board consists of six members, out of which two members hold Executive positions and four Members hold Non-Executive positions. Out of the four Non-Executive Directors, three are Independent Directors. The Company has an Executive Chairman, and thus, 50% (Fifty Percent) of the total number of Directors are Independent. As required pursuant to the provisions of Section 149 of the Companies Act, 2013 and Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred to as "the Listing Regulations, 2015"), Ms. Sharda Agarwal has been appointed as Independent Women Director on the Board of the Company. The Management of the Company is headed by Mr. Motilal Oswal, Chairman & Managing Director, who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long-term objectives of enhancing stakeholders' values are met.

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

In terms of provisions of the Companies Act, 2013 read with Rules issued there under and Regulations 17 and 19 of the Listing Regulations, 2015, the Board of Directors, on recommendation of the Nomination and Remuneration / Compensation Committee, have evaluated the effectiveness of the Board. Accordingly, the performance evaluation of the Board, each Director and the Committees was carried out for the financial year ended 31st March, 2017. The evaluation of the Directors was based on various aspects which, inter alia, included the level of participation in the Board Meetings, understanding of their roles and responsibilities, business of the Company along with the environment and effectiveness of their contribution.

Shares held by the Non-Executive Directors

Details of the Equity Shares of the Company held by the Non-Executive Directors as on 31st March, 2017 is given herein below:-

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

Board Meetings held during the year

The Board meets at regular intervals to discuss and decide on Company's business policy and strategy apart from other normal business. During the financial year 2016-17, the Board of Directors met four times i.e. on 30th April, 2016, 21st July, 2016, 26th October, 2016, and 30th January, 2017. The maximum gap between any two meetings was not more than one hundred and twenty days. All Meetings were well attended.

Directors' Attendance Record and Directorships Held

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

Details of composition, category of Directors, number of Board Meetings held and their attendance at the Board Meetings held during the year & Annual General Meeting (AGM) held on 21st July, 2016, Directorships and Committee Memberships are given below:-

Name of the Directors	Category	Number of Board meetings		Attendance at the Previous AGM	Number of Directorships and Committee Membership / Chairmanship as on 31st March, 2017		
		Held during the year	Attended		Directorship (*)	Committee Membership (**)	Committee Chairmanship (**)
Mr. Motilal Oswal (DIN:00024503)	Promoter, Chairman & Managing Director	4	4	Present	8	3	—
Mr. Raamdeo Agarwal (DIN:00024533)	Promoter, Joint Managing Director	4	3	Present	6	3	—
Mr. Navin Agarwal (DIN: 00024561)	Non-Executive - Non-Independent	4	3	Present	4	—	—
Mr. Vivek Paranjpe (DIN: 03378566)	Non-Executive - Independent Director	4	3	Present	1	—	—
Mr. Praveen Tripathi (DIN: 03154381)	Non-Executive - Independent Director	4	4	Present	4	2	2
Ms. Sharda Agarwal (DIN: 00022814)	Non-Executive - Independent Director	4	3	Present	3	2	1

* Excluding Directorship in Motilal Oswal Financial Services Limited and Section 8 Companies.

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

Information supplied to the Board

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

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

Committees of the Board

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

- Audit Committee;
- Stakeholders Relationship Committee;
- Nomination and Remuneration/Compensation Committee;

- iv) Corporate Social Responsibility Committee;
- v) Risk Management Committee;
- vi) Asset Liability Management Committee
- vii) ESOP Committee
- viii) Debenture Committee
- ix) Finance Committee
- x) Business Responsibility Committee

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

i. Audit Committee

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

The Committee is governed by a charter, containing the terms of reference therein defined by the Board of Directors of the Company, in accordance with the Listing Regulations, 2015 and Companies Act, 2013.

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

Mr. Murli Krishnan Iyer, Company Secretary of the Company, act as the Secretary of the Audit Committee.

The terms of reference of the Committee are as follows:

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

CORPORATE GOVERNANCE (Contd..)

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

The Audit Committee met four times during the year on 30th April, 2016, 21st July, 2016, 26th October, 2016 and 30th January, 2017. The time gap between any two meetings was not more than one hundred and twenty days. The details of the Composition of the Committee, number of meetings held and the attendance of the Directors are given herein below:-

Name of the members and Designation	Category	Status	No. of meetings	
			Held	Attended
Mr. Praveen Tripathi (Chairman) (DIN: 03154381)	Non-Executive - Independent Director	Chairman	4	4
Mr. Vivek Paranjpe (Member) (DIN: 03378566)	Non-Executive - Independent Director	Member	4	3
Mr. Raamdeo Agarwal (Member) (DIN:00024533)	Joint Managing Director	Member	4	4
Mrs. Sharda Agarwal (Member) (DIN: 00022814)	Non-Executive - Independent Director	Member	4	4

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

ii. Nomination and Remuneration / Compensation Committee

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

The terms of reference of the Committee are as follows:

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

CORPORATE GOVERNANCE (Contd..)

The Committee met three times during the year under review on 30th April, 2016, 21st July, 2016 and 30th January, 2017. The details of the Composition of the Committee, number of meetings held and the attendance of the Directors thereat is given herein below:-

Name of the members and Designation	Category	Status	No. of meetings	
			Held during the year	Attended
Mr. Vivek Paranjpe (Chairman) (DIN: 03378566)	Non-Executive - Independent Director	Chairman	3	2
Mr. Praveen Tripathi (Member) (DIN: 03154381)	Non-Executive - Independent Director	Member	3	3
Mr. Navin Agarwal (Member) (DIN: 00024561)	Non-executive - Non-Independent Director	Member	3	3

Nomination and Remuneration Policy

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

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

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

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

Remuneration to Directors

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

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

Remuneration paid to Non-Executive Directors

The Non-executive Directors are paid a sitting fee of ₹ 20,000 for every Meeting of the Board and ₹ 10,000 for every meeting of the Committees of the Board attended by them. The shareholders of the Company at the Annual General Meeting held on 28th July, 2012 approved the payment of Commission up to an amount not exceeding 1% of the Net Profits of the Company computed in accordance with the provisions of section 198, 309 and other applicable provisions of the erstwhile Companies Act, 1956 to Independent Directors of the Company for period of five years with effect from 1st April, 2012. The Nomination and Remuneration / Compensation Committee at its Meeting held on 27th April, 2017 approved the payment of Commission of ₹ 4 lakhs to each Independent Director of the Company for the financial year 2016-17. Mr. Navin Agarwal, Non-Executive Non-Independent Director of the Company is not drawing any sitting fees for attending the Board Meetings and various Committee Meetings.

CORPORATE GOVERNANCE (Contd..)

Details of the sitting fees & commission paid to the Non-Executive Directors during the year ended 31st March, 2017 is given herein below:-

Name of the Directors	Category	Sitting Fees (₹)	Commission (₹)
Mr. Vivek Paranjpe (Chairman) (DIN: 03378566)	Non-Executive - Independent Director	1,10,000	4,00,000
Mr. Navin Agarwal (Member) (DIN: 00024561)	Non-Executive Director - Non-Independent Director	Nil	Nil
Mrs. Sharda Agarwal	Non-Executive - Independent Director	1,00,000	4,00,000
Mr. Praveen Tripathi (Member) (DIN: 03154381)	Non-Executive - Independent Director	1,70,000	4,00,000

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

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

Mr. Motilal Oswal, Chairman & Managing Director received a remuneration of ₹ 2,40,03,000 (Two Crores Forty Lakhs Three Thousand only) from the Company during the financial year ended 31st March, 2017.

Mr. Raamdeo Agarwal – Joint Managing Director received a remuneration of ₹ 2,76,05,000 (Two Crores Seventy Six Lakhs Five Thousand only) from the Company during the financial year ended 31st March, 2017.

The aforesaid Managerial remuneration does not include Provision for Gratuity and Insurance Premiums for medical and life.

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

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

iii. Stakeholders Relationship Committee

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

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

Mr. Murli Krishnan Iyer, Company Secretary acts as the Secretary to the Committee and he is also the Compliance Officer of the Company.

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

Details of queries and grievances received and attended by the Company during the financial year 2016 - 17 are given herein below:-

Sr. No.	Nature of Complaint	Pending as on 1st April, 2016	Received during the year	Disposed off during the year	Pending as on 31st March, 2017
i.	SEBI / Stock Exchange Complaints	–	–	–	–
ii.	Non-receipt of Dividend warrant / Interest	–	–	–	–
iii.	Non-receipt of Share Certificate	–	–	–	–
iv.	Non-receipt of Annual Report	–	1	1	–
v.	Others	–	–	–	–
	Total	–	1	1	–

All complaints have been redressed to the satisfaction of the shareholders and none of them were pending as on 31st March, 2017.

CORPORATE GOVERNANCE (Contd..)

iv. Corporate Social Responsibility Committee (CSR Committee)

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

Sr. No.	Name of the Member & Chairperson	Category
i)	Mr. Motilal Oswal (Chairman) (DIN: 00024503)	Chairman and Managing Director
ii)	Mr. Raamdeo Agarawal (Member) (DIN: 00024533)	Joint Managing Director
iii)	Mr. Praveen Tripathi (Member) (DIN: 03154381)	Non-Executive - Independent Director

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

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

The Committee met twice during the year under review on 30th April, 2016 and 26th October, 2016 and all the members were present at the Meeting.

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

v. Asset Liability Management Committee (ALCO Committee)

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

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

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

The Committee comprises of the following members:

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

vi. Risk Management Committee

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

CORPORATE GOVERNANCE (Contd..)

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

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

The terms of reference of the Committee are as follows:

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

vii. ESOP Committee

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

The ESOP Committee comprises of the following members:

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

viii. Debenture Committee

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

The Committee comprises of the following members:

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

CORPORATE GOVERNANCE (Contd..)

ix. Finance Committee

The Board has constituted a Finance Committee pursuant to the power of delegation granted to the Board in accordance with the provisions of Section 179 of Companies Act, 2013. The Committee is authorized to make investment in Share Capital of Body Corporates, Inter Corporate Deposits, units of debts and liquid funds etc., provide loans to any body corporate / person or give guarantee or provide security in connection to loan and also borrow monies from banks for meeting working capital requirements, within the overall limit approved by the Board.

The Committee comprises of the following members:

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

x. Business Responsibility Committee

Pursuant to Listing Regulations, 2015, the Company is required to include Business Responsibility Report in the Annual Report of the Company. Accordingly, the Business Responsibility Committee was constituted to overview the Business Responsibility Report and frame and overview such policies as may be required from time to time.

The Committee comprises of the following members:

Sr. No.	Name of the Member & Chairperson	Category
i)	Mr. Motilal Oswal (Chairman) (DIN: 00024503)	Chairman and Managing Director
ii)	Mr. Sudhir Dhar (Member) (DIN: 06911441)	HR & Admin Head

Policy on Prevention of Sexual Harassment of Women at Workplace

The Company values the dignity of individuals and strives to provide a safe and respectable work environment to all its employees. The Company is committed to provide an environment, which is free of discrimination, intimidation and abuse. The Company believes that it is the responsibility of the organisation to protect the integrity and dignity of its women employees and also to avoid conflicts and disruptions in the work environment due to such cases. The Company has put in place a 'Policy against Sexual Harassment' as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act"). As per the policy, any women employee may report her complaint to the Redressal Committee formed for this purpose. We affirm that adequate access was provided to any complainant who wish to register a complaint under the policy. There were no complaints received by the Company during the FY 2016-17.

Familiarization Programme for Independent Directors

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

Management

Management Discussion and Analysis

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

Shareholders

Re-appointment of Directors

Details of Director(s) retiring or being re-appointed are given in notice of Annual General Meeting.

CORPORATE GOVERNANCE (Contd..)

General Body Meetings

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

No. and Year	Date	Venue	Time	Special Resolutions passed
9th AGM, 2014	22nd August, 2014	Motilal Oswal Tower, Junction of Gokhale Road & Sayani Road, behind Parel ST Bus Depot, Elphinstone Road (West), Prabhadevi, Mumbai – 400 025.	4.00 p.m.	i) To offer or invite subscription to Secured/Unsecured Redeemable Non Convertible Debentures (NCD's) on private placement basis upto ₹ 1,000 crores. ii) Issue of Stock Options to Employees of the Company under 'Motilal Oswal Financial Services Limited- Employees' Stock Option Scheme VII'. iii) Issue of Stock Options to the Employees' of the present and future subsidiaries of the Company under 'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme –VII'. iv) Adoption of new Articles of Association in place of existing Articles of Association.
10th AGM, 2015	8th August, 2015	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai – 400 025.	2.30 p.m.	i) To offer or invite subscription to Secured / Unsecured Redeemable Non Convertible Debentures (NCD's) on private placement basis upto ₹ 1,000 crores to be listed on Stock Exchanges. ii) Approval to Material Subsidiary, Motilal Oswal Securities Limited for Selling, Leasing and Disposing of its Assets in excess of twenty percent of its total assets, in any financial year
11th AGM, 2016	21st July, 2016	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai – 400 025.	10.30 a.m.	i) To offer or invite subscription to Secured / Unsecured Redeemable Non Convertible Debentures (NCD's) on private placement basis upto ₹ 1,000 crores to be listed on Stock Exchanges. ii) Approval to Material Subsidiary, Aspire Home Finance Corporation Limited for Selling, Leasing and Disposing of its Assets in excess of twenty percent of its total assets, in any financial year

The Company had not passed any resolution for obtaining approval of members through postal ballot in the financial year 2016-17.

Means of Communication with Shareholders

The Company publishes quarterly, half-yearly and annual results generally either in Free Press Journal, Financial Express, Business Standard and Navshakti newspapers. The Company's results and official news releases are displayed on the Company's website <http://www.motilaloswalgroup.com>. Presentations made to the Institutional Investors and analysts are also put-up on the website.

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

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

SEBI Complaints Redress System (SCORES)

Securities and Exchange Board of India (SEBI) administers a centralised web based complaints redress system (SCORES). It enables investors to lodge and follow up complaints and track the status of redressal online on the website www.scores.gov.in. It also enables the market intermediaries and listed companies to receive the complaints from investors against them, redress such complaints and

CORPORATE GOVERNANCE (Contd..)

report redressal. All the activities starting from lodging of a complaint till its disposal are carried online in an automated environment and the status of every complaint can be viewed online at any time. The Company has registered itself on SCORES and endeavours to resolve all investor complaints received through SCORES.

General Information for Members and Debenture holders

(i) Details of the 12th Annual General Meeting of the Company

Date	27th July, 2017
Time	4.30 p.m.
Venue	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400 025.

(ii) Financial year of the Company

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

Tentative Calendar for the financial year ending 31st March, 2018: -

Financial reporting for the	Tentative dates of the Board Meeting
First quarter ending 30th June, 2017	Second fortnight of July, 2017
Half year ending 30th September, 2017	Second fortnight of October, 2017
Third quarter ending 31st December, 2017	Second fortnight of January, 2018
Year ending 31st March, 2018	Second fortnight of April, 2018

- Annual General Meeting for the year ended 31st March, 2018 is likely to be held in the second fortnight of July, 2018.

(iii) Interim Dividend Payment

The Company vide the approval of the Board of Directors at its meeting held on 30th January, 2017 had declared and paid an Interim Dividend of ₹ 2.5/- per equity share during the year ended 31st March, 2017.

(iv) Listing on Stock Exchanges

The Company's Equity Shares are listed on BSE Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 and National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Mumbai 400051. The requisite Annual listing fees for 2017-18 have been paid in full to BSE and NSE.

1000 Secured Redeemable Non-Convertible Debentures of the Company are listed on NSE, Exchange Plaza, Bandra-Kurla Complex, Mumbai 400051.

(v) Stock Code / ISIN No.

Equity	BSE	532892
	NSE	MOTILALOFS
Debt	NSE	Series B - MOFS17
		Series C - MOFS17A

Demat International Security Identification Number (ISIN):

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

Details of Debenture Trustee:

Milestone Trusteeship Services Limited
602, Hallmark Business Plaza, Sant Dnyaneshwar Marg,
Opp. Guru Nanak Hospital
Bandra (E), Mumbai-400 051
Website: www.milestonetrustee.in

CORPORATE GOVERNANCE (Contd..)

(vi) Market Price Data

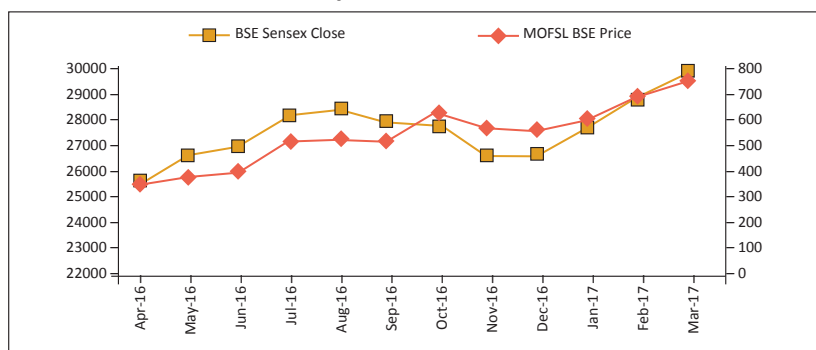
High, Low and Close Price during each month in the last financial year at BSE and NSE:-

Month	BSE			NSE		
	High	Low	Close	High	Low	Close
April- 16	301.00	274.00	296.90	303.00	272.50	297.25
May- 16	334.80	274.00	328.85	335.00	271.00	331.00
June-16	350.00	300.00	345.25	351.90	293.95	349.25
July-16	503.80	350.00	478.80	504.35	350.00	475.65
August-16	533.00	466.65	485.10	535.00	466.00	487.30
September-16	533.00	465.00	473.90	533.80	460.00	473.50
October-16	640.00	475.00	590.60	640.00	471.50	591.60
November-16	595.75	439.10	533.90	597.00	437.00	537.20
December-16	569.80	485.50	522.20	571.80	488.75	520.65
January-17	594.35	512.00	562.75	595.00	511.55	560.40
February-17	671.40	553.00	660.00	672.00	554.20	660.60
March-17	749.75	645.35	728.05	774.00	645.00	726.40

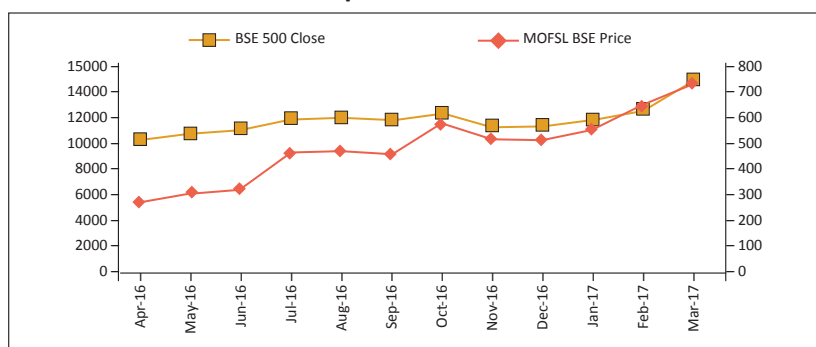
Performance in comparison to broad-based indices such as BSE Sensex, S&P CNX Nifty etc.:

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

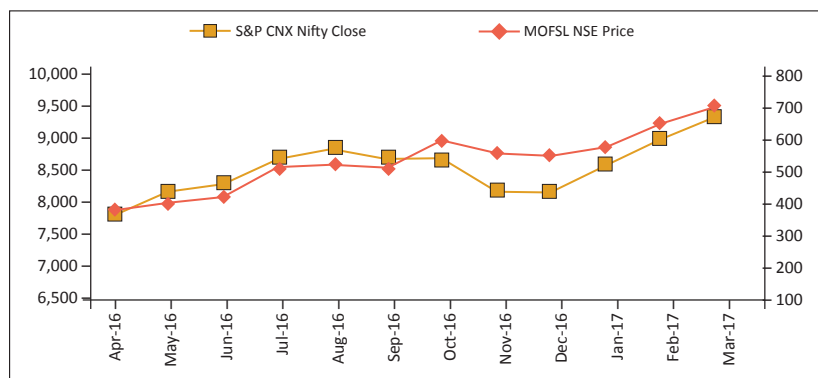
MOFSL Share performance versus BSE Sensex



MOFSL Share performance versus BSE – 500



MOFSL Share performance versus S&P CNX Nifty



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

Link Intime India Pvt. Limited

Unit: Motilal Oswal Financial Services Limited
C-101, 1st Floor, 247 Park, Lal Bahadur Shastri marg,
Vikhroli (West), Mumbai-400083.

Tel: +91 22 49186000

Fax: +91 22 49186060

Email: rnt.helpdesk@linkintime.co.in

Website: www.linkintime.co.in

(viii) Share Transfer System

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

(ix) Distribution of Shareholding

Distribution of the shareholding of the equity shares of the Company by size and by ownership class as on 31st March, 2017.

Shareholding pattern by size as on 31st March, 2017: -

Number of shares held	Number of shareholders	Total No. of shares held in the category	% of shareholding
1 - 500	13,235	11,31,117	0.78
501 - 1,000	560	4,38,202	0.30
1,001 - 2,000	303	4,55,514	0.31
2,001 - 3,000	156	3,98,268	0.27
3,001 - 4,000	71	2,50,865	0.17
4,001 - 5,000	52	2,43,537	0.16
5,001 - 10,000	125	9,70,773	0.67
10,001 & Above	227	14,05,69,200	97.30
TOTAL	14,729	14,44,57,476	100.00

CORPORATE GOVERNANCE (Contd..)

Shareholding pattern by ownership class as on 31st March, 2017 :-

Sr. No.	Description	Number of Shares (as at 31st March, 2017)	% to capital
(i)	Promoters & promoter group	10,23,63,700	70.86
(ii)	Mutual Funds / Financial Institutions / Banks / Foreign Institutional Investors	2,02,52,306	14.02
(iii)	NRIs / OCBs	7,82,025	0.54
(iv)	Bodies Corporate	15,47,080	1.07
(v)	Public	1,12,93,368	7.82
(vi)	Directors	78,04,010	5.40
(vii)	Others	4,14,987	0.29
	TOTAL	14,44,57,476	100.00

(x) Dematerialisation of Shares

As on 31st March, 2017, 99.96% of the total equity share capital was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. The market lot is one share as the trading in equity shares of the Company is permitted only in dematerialised form. Other than the capital, which is, locked for the specified periods, the stock is liquid.

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

As on 31st March, 2017, the Company did not have any outstanding GDRs / ADRs / Warrants or any Convertible instruments (excluding ESOPs).

(xii) Plant Locations:

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

(xiii) Address for Correspondence

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

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

Motilal Oswal Financial Services Limited

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

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

Disclosures

- There have been no materially significant Related Party transactions, pecuniary transactions or relationships between the Company and Directors, Management, Subsidiaries or Related parties except those disclosed in the Board's Report and financial statements for the year ended 31st March, 2017. Further, the details of the Related Party Transactions are presented in the Notes to Accounts.
- The Company has complied with all the requirements of regulatory authorities. No penalties / strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital market during last three years.

iii) **Whistle Blower Policy / Vigil Mechanism**

Pursuant to the provisions of Regulation 22 of the Listing Regulations, 2015 and section 177 of the Companies Act, 2013, the Company established a Vigil Mechanism / Whistle Blower Policy for Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

This mechanism provides for adequate safeguards against victimization of director(s) / employee(s) who avail the mechanism and makes provision for direct access to the Chairman of the Audit Committee. The policy has been uploaded on the website of the Company at <http://www.motilaloswalgroup.com>.

We affirm that no director/employee of the Company was denied access to the Audit Committee.

iv) The Company has complied with all the mandatory requirements of the Listing Regulations, 2015.

v) The Company sends half yearly financial results to the shareholders of the Company.

vi) The Company has complied with the following non-mandatory requirements as prescribed in Regulation 27 Schedule II Part E of the Listing Regulations, 2015: -

a) The Company is in the regime of unmodified financial statements.

b) The internal auditor of the Company reports directly to the Audit Committee.

vii) **Subsidiary Companies**

According to the Regulation 16(1)(c) of the Listing Regulations, 2015 a "Material subsidiary" shall mean a subsidiary, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. The Company has two Material subsidiaries namely Motilal Oswal Securities Limited (MOSL) and Aspire Home Finance Corporation Limited (AHFCL), as on 31st March, 2017. The debentures of MOSL and AHFCL are listed on BSE Limited.

As required under the Listing Regulations, 2015, the Company has formulated policy for determining material subsidiaries which has been uploaded on the Company's website at <http://www.motilaloswalgroup.com>.

viii) **Related Party Transactions**

Details of all material transactions with related parties are disclosed quarterly in the compliance report on corporate governance.

As required under Regulation 23 of the Listing Regulations, 2015, the Company has formulated a Policy on Materiality and dealing with Related Party Transactions which has been uploaded on the Company's website at <http://www.motilaloswalgroup.com>

ix) **CEO / CFO Certification**

As required under Regulation 17 of the Listing Regulations, 2015, Mr. Motilal Oswal, Managing Director and Chief Executive Officer and Mr. Shalibhadra Shah, Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the financial year ended 31st March, 2017.

x) **Code of Conduct**

The Board has laid down the Code of Conduct for its Directors and for designated Senior Management Personnel of the Company. The Code has been posted on the Company's website at <http://www.motilaloswalgroup.com>. All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management. A declaration signed by the Chief Executive Officer, Chairman & Managing Director to this effect is annexed to the report.

Disclosure of Accounting Treatment in Preparation of Financial Statements

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

CHIEF EXECUTIVE OFFICER'S DECLARATION ON CODE OF CONDUCT

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

To,

The Members of

Motilal Oswal Financial Services Limited

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

For **Motilal Oswal Financial Services Limited**

Motilal Oswal

Chairman and Managing Director

Chief Executive Officer

(DIN: 00024503)

Mumbai, 27th April, 2017

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

AUDITOR'S CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To The Members of

Motilal Oswal Financial Services Limited

We have examined the compliance of conditions of Corporate Governance by Motilal Oswal Financial Services Limited ('the Company'), for the year ended on March 31, 2017, as stipulated in the Regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations).

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the year ended on March 31, 2017.

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

For **HARIBHAKTI & CO. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

Purushottam Nyati

Membership No.118970

Place: Mumbai

Date: June 15, 2017

Unclaimed Equity Shares in the Suspense Account

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

	Number of Shareholders	Number of Equity shares
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on 1st April, 2016	6	615
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	0	0
Number of Shareholders to whom shares were transferred from the suspense account during the year	0	0
Aggregate Number of Shareholders and the outstanding shares in the suspense account lying as on 31st March, 2017	6	615

BUSINESS RESPONSIBILITY REPORT

Business Responsibility Report

(As per Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Our Business Responsibility Report includes our responses to questions on our practice and performance on key principles defined by Regulation 34(2)(f) of SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015, covering topics across environment, governance, and stakeholder relationships.

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company: L67190MH2005PLC153397
2. Name of the Company: Motilal Oswal Financial Services Limited (MOFSL)
3. Registered address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot, Prabhadevi, Mumbai-400025, India.
4. Website: www.motilaloswalgroup.com
5. E-mail id: shareholders@motilaloswal.com
6. Financial Year reported : April 01, 2016 to March 31, 2017
7. Sector(s) that the Company is engaged in (industrial activity code-wise) : 6492- Engaged in providing range of non-banking financial services
8. List three key products/services that the Company manufactures/provides (as in balance sheet) :
The Company provides Financial Services, Equity Broking, Asset Management and Home Finance Loans at group level
9. Total number of locations where business activity is undertaken by the Company
 - (a) Number of International Locations (Provide details of major 5) : Nil
 - (b) Number of National Locations: MOFSL provide loans to its clients located across the nation.
10. Markets served by the Company : National

Section B: Financial Details of the Company:

1. Paid up Capital (INR): 14,44,57,476
2. Total Turnover (INR): 141,45,64,819
3. Total profit after taxes (INR): 86,29,71,129
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 0.68%
5. List of activities in which expenditure in 4 above has been incurred is given below:-
 - (a) Education
 - (b) Drought Relief

For further details on CSR activities, kindly refer Annexure 3 to the Board's Report

Section C: Other Details

1. **Does the Company have any Subsidiary Company/ Companies?**
Yes. The financials details of all the subsidiary companies is included in Annexure 2 to the Board's Report.
2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**
Yes. The Company's Business Responsibility Policy is applicable to all its 18 Subsidiary Companies.
3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:**
No. Other business partners of the Company do not directly participate in the Company's BR initiatives

Section D: BR Information

1. Details of Director/Directors responsible for BR :
 - (a) Details of the Director/Directors responsible for implementation of the BR policy/policies

BUSINESS RESPONSIBILITY REPORT (Contd..)

The following members of the Business Responsibility Committee are collectively responsible for implementation of the BR policies of the Company.

Sr. No.	DIN Number	Name	Designation
1	00024503	Mr. Motilal Oswal	Chairman and Managing Director
2	06911441	Mr. Sudhir Dhar	HR & Admin Head

(b) Details of the BR head

Sr No.	Particulars	Details
1	DIN Number	06911441
2	Name	Mr. Sudhir Dhar
3	Designation	HR & Admin Head
4	Telephone Number	022 3980 4200
5	Email ID	chrosoffice@motilaloswal.com

2. Principle-wise (as per National Voluntary Guidelines) Business Responsibility Policy/Policies

(a) Details of compliance (Reply in Y/N)

Sr No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online	www.motilaloswalgroup.com								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes								
8	Does the company have in-house structure to implement the policy/ policies.	The Company has constituted the Committee to implement the policies								
9	Does the Company have a grievance redressal mechanism related to the stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Company is yet to carry out independent audit / evaluation by an internal / external agency.								

b) If answer to SL No. 1 against any principal is "No", please explain why (tick up to two options)

Sr No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the principles.	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specific principles.	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task.	-	-	-	-	-	-	-	-	-

BUSINESS RESPONSIBILITY REPORT (Contd..)

Sr No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
4.	It is planned to be done within the next six months.	–	–	–	–	–	–	–	–	–
5.	It is planned to be done within next one year.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6.	Any other reason (please Specify).	This being the first year for implementation of the policy, the evaluation process will be completed after the end of first full year of implementation of the policy.								

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs had adopted nine areas of Business Responsibility as given below briefly: -

- P1 Business should conduct and govern themselves with Ethics, Transparency and Accountability
- P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
- P3 Businesses should promote the wellbeing of all employees
- P4 Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
- P5 Business should respect and promote human rights
- P6 Business should respect, protect and make efforts to restore the environment
- P7 Businesses, when engaged in influencing public and regulatory policy, should do so in responsible manner
- P8 Businesses should support inclusive growth and equitable development
- P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

Once in 2 years

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes, Annually. The Company's Business Responsibility Report for the financial year 2016-17 is available on www.motilaloswalgroup.com. The Business Responsibility Report is part of the Annual Report of the Company.

Section E: Principle-wise Performance

Principle 1 – Business should conduct and govern themselves with ethics, transparency and accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs /Others?

Yes.

- Ethics form a core part of the company's core principles. Moreover the company has a separate whistle blower policy and it extends to all its subsidiaries.
- We also expect our clients and contractors to abide by these principles in their dealings with us.
- Further Company is abided to take suitable action if any, fraud has been communicated by the auditor of company.
- Company in order to have at ethical business model of working also emphasis on non-cash transaction.

The whistle blower policy and code of conduct of the Company is uploaded on the Website www.motilaloswalgroup.com.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company has not received any complaint governing this principle.

Principle 2 – Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Nil. Company is into service sector hence it does not manufacture any goods, however Company endeavours by its products to sever social and economic opportunities.

Further Company emphasizes on reducing dependence on paper communications and encourages use of electronic means of communication which serves towards environmental protection and sustainable growth.

BUSINESS RESPONSIBILITY REPORT (Contd..)

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

Since the Company is not involved in any manufacturing activity, the reporting on use of energy, water, raw material etc. is not applicable.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

Since the Company is not involved in any manufacturing activity, the reporting on sustainable sourcing is not applicable. The only raw material required is the fund for which possible sources have been trapped at appropriate time to enable the company to raise the required fund at competitive interest rates.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

The Company wherever practically possible and feasible, has tried to improve the capacity and capability of local and small vendors by patronizing them to supply / provide different services required by the Company for its day to day administration / operation.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Since the Company is not involved in any manufacturing activity, the reporting on recycle mechanism is not applicable.

However the IT wastes are outsourced to vendor which disposes off the wastes as per proper waste disposal mechanism. Also the old papers and documents are scrapped in such a manner such that they may be recycled.

Principle 3 – Business should promote the wellbeing of all employees

1. Please indicate the Total number of employees :

The total number of employees as on 31st March, 2017 at group level were 3657.

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.

Nil

3. Please indicate the Number of permanent women employees.

The total number of women employees as on 31st March, 2017 at group level were 744.

4. Please indicate the Number of permanent employees with disabilities

Nil

5. Do you have an employee association that is recognized by management:

There is no employee association. However, mechanisms are in place for employees to represent their issues, if any, and the same is resolved amicably.

6. What percentage of your permanent employees are members of this recognized employee association?:

Not Applicable

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sr No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/ involuntary labour	MOFSL, at group level, does not hire child labour, forced labour or involuntary labour – No reported case	Not Applicable
2	Sexual harassment	None	Not Applicable
3	Discriminatory employment	None	Not Applicable

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

(a) Permanent Employees: 95% of our permanent employees including women employees have received training in the last year. Employees based in India, undergo fire drill and fire safety training every year.

(b) Permanent Women Employees: All employees (except employees who were on long medical leave) have undergone the safety training.

BUSINESS RESPONSIBILITY REPORT (Contd..)

(c) Casual/Temporary/Contractual Employees : All the employees of the Company are on permanent payrolls of the Company:

(d) Employees with Disabilities : There are no employees with Disabilities

Principle 4: Business should respect the interests of, and be responsive towards all stakeholders especially those who are disadvantaged, vulnerable and marginalized.

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes. The Company has identified its stakeholders in the Business Responsibility policy. These include, but are not limited to shareholders, employees, clients, business partners and the wider community.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes. The Company's corporate social responsibility committee identifies disadvantaged, vulnerable & marginalized stakeholders through its dedicated team and directs the CSR activities of the Company towards such stakeholders.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The Company engages with each of its stakeholders through a variety of forums. The details of the engagement with such stakeholders has been laid out in the CSR report of the Company in Annexure 3 to the Board's Report.

Principle 5 – Business should respect and promote human rights.

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Yes. The policy on human rights extend to Company Group/Joint Ventures/Suppliers/Contractors/NGOs/Others

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company has not received any complaint governing this principle.

Principle 6 – Business should respect, protect and make efforts to restore the environment.

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

Presently the policy related to principle 6 is applicable to the Company and its group.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Company emphasizes on reducing dependence on paper communications and encourages use of electronic means of communication which serves towards environmental protection and sustainable growth.

Company is engaged in the industry of providing services and not manufacturing of any goods, hence is a non-pollutant Company, however it has a deep concern for the protection and sustainability of environment owing to which it intends to be actively involved in activities for protection of environment. Presently, the Company has contributed towards drought related project to Dilasa Sanstha.

3. Does the company identify and assess potential environmental risks? Y/N

The company's CSR committee in its meetings, on a periodic basis, assess various risks affecting the Company and its stakeholders including environmental risks.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The Company does not have any project related to Clean Development Mechanism.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

No

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Not Applicable

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil

Principle 7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

- 1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Company is presently not a member of any trade and chamber or association.

- 2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

Not applicable.

Principle 8 – Businesses should support inclusive growth and equitable development.

- 1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?**

Company with its vision of equitable development and in adherence to social responsibility towards society as imposed under section 135 of Companies Act, 2013, has been engaged into activities of providing education to under privileged children, digitizing education to under privilege children and its employees have also been serving towards assisting organisation for providing education by taking time out from there day to day activities.

- 2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?**

Yes. The projects, programmes are undertaken through in house teams and through the help of NGOs. The Company also undertake various projects through Motilal Oswal Foundation, registered under Section 25 of Companies Act, 1956.

- 3. Have you done any impact assessment of your initiative?**

The Company as part of its CSR expenditure monitoring initiative has called for status reports immediately on contribution from the various Implementation agencies (NGOs) with which it has partnered while expending its CSR funds. The Implementation agencies (NGOs) submit their report with details of all those beneficiaries who have benefitted from the project and also the overall implementation of the project. Even before disbursement of funds the representatives of the Company conduct a field visit to the project site and try to assess the overall feasibility of the project which is considered to be funded.

- 4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

The Company has spent an amount of INR 36.57 million at group level for this Financial Year towards programs / projects through various NGOs and other organizations in three areas of its focus, namely Education, Drought Relief and Community.

For further details, kindly refer Note 28 of Consolidated Financial Statement.

- 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

The Company periodically monitors the outcome of the community development initiatives in relation to the objectives.

Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

- 1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

There are no customer/consumer cases pending as on 31st March, 2017.

- 2. Does the company display product information on the product label, over and above what is mandated as per local laws?**

Company is a non banking financial company and hence this is not applicable.

- 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

Company has not been served complaint with any activities involving unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during preceding five years which is pending as on the end of financial year 2016-17.

- 4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

The Company has not carried out any formal consumer survey/ consumer satisfaction trends. However, the Company keeps track of responses / comments on social media network.

INDEPENDENT AUDITOR'S REPORT

To the Members of Motilal Oswal Financial Services Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Motilal Oswal Financial Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 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 Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 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 AUDITOR'S 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 standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors as on March 31, 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 standalone financial statements – Refer Note 25 on Contingent Liabilities to the standalone 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 has been no delay in transferring amounts, 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 27, 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 Financial Services Limited on the standalone 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 the clause 3(ii) of the Order is not applicable.
- (iii) The Company has granted unsecured loans, to companies covered in the register maintained under Section 189 of the Act.
 - (a) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that, the terms and conditions of the aforesaid loans granted by the Company are not prejudicial to the interest of the Company.
 - (b) Since there is no stipulation as regards repayment of principal and interest, we are unable to make specific comment on regularity of repayment of principle and payment of interest.
 - (c) According to the information and explanation given to us and based on the audit procedure conducted by us we are of the opinion that, in respect of the aforesaid loans, there is no overdue amount of loans granted to companies listed in the register maintained under Section 189 of the Act.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of Section 148 of the Act and the rules framed there under.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, income tax, service tax, cess and any other material statutory dues applicable to it, however, delays in deposit have not been serious. As explained to us, the provisions regarding employees' state insurance, 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, 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, the dues outstanding with respect to, income tax, service tax, on account of any dispute, are as follows:

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	7.02	Financial Year 2006-07	Income Tax Appellate Tribunal
Income Tax Act 1961	Income Tax	1.56	Financial Year 2007-08	Income Tax Appellate Tribunal
Income Tax Act 1961	Income Tax	12.69	Financial Year 2008-09	Commissioner of Income Tax (Appeals)
Income Tax Act 1961	Income Tax	53.97	Financial Year 2010-11	Income Tax Appellate Tribunal
Income Tax Act 1961	Income Tax	24.83	Financial Year 2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act 1961	Income Tax	52.31	Financial Year 2013-14	Commissioner of Income Tax (Appeals)

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(s), bank(s), government(s) or dues to debenture holder(s).

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised money by way of initial public issue offer / further public offer (including debt instruments). Further, the Company has utilized the money raised by way of 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 Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) According to the information and explanation given to us, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the registration has been obtained by the Company.

For **HARIBHAKTI & CO. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

Purushottam Nyati

Partner

Membership No.118970

Place: Mumbai

Date: April 27, 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 Financial Services Limited on the standalone 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 Financial Services Limited ("the Company") as of March 31, 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 (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

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

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 27, 2017

BALANCE SHEET

	Note	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
I EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	1,444.57	1,421.74
Reserves and Surplus	2	65,472.95	57,926.55
(A)		66,917.52	59,348.29
Share Application Money Pending Allotment	1.5	—	0.83
(B)		—	0.83
Non-Current Liabilities			
Long-term Borrowings	3	10,000.00	10,000.00
Deferred Tax Liabilities (Net)	4	426.59	71.73
Other Long-term liabilities	5	981.22	684.01
Long-term Provision	6	24.51	27.80
(C)		11,432.32	10,783.54
Current Liabilities			
Short-term Borrowings	7	25,758.69	24,817.16
Other Current Liabilities	8	11,562.10	5,899.15
Short-term Provisions	9	252.88	1,057.56
(D)		37,573.68	31,773.87
TOTAL (A+B+C+D)		115,923.52	101,906.53
II ASSETS			
Non-Current Assets			
Fixed Assets	10		
Property, Plant & Equipment		13,762.93	14,413.68
Intangible Assets		2.33	2.95
Non Current Investments	11(a)	57,841.33	48,971.73
Long-term Loans and Advances	12	1,598.56	439.15
(E)		73,205.15	63,827.51
Current Assets			
Current Investments	11(b)	8,000.00	—
Cash and bank balances	13	662.73	11,237.04
Short-term Loans & Advances	14	33,798.99	26,677.17
Other Current Assets	15	256.65	164.81
(F)		42,718.37	38,079.02
TOTAL (E+F)		115,923.52	101,906.53
Summary of Significant Accounting Policies	24		
Notes forming part of accounts	25-41		
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

Firm Registration Number: 103523W / W100048

Purushottam Nyati

Partner

Membership Number: 118970

Place : Mumbai

Date : 27th April, 2017

For and on behalf of the Board of Directors

Motilal Oswal Financial Services Limited

Motilal Oswal

Chairman & Managing Director

DIN : 00024503

Shalibhadra Shah

Chief Financial Officer

Place : Mumbai

Date : 27th April, 2017

Raamdeo Agarawal

Joint Managing Director

DIN : 00024533

Murli Krishnan Iyer

Company Secretary

STATEMENT OF PROFIT AND LOSS

	Note	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
REVENUE			
Revenue from operations	16	14,145.64	11,019.61
Other Income	17	90.07	66.49
Total Revenue	(A)	14,235.71	11,086.10
EXPENSES			
Employee Benefits Expense	18	854.04	908.32
Finance Costs	19	3,638.08	2,952.59
Depreciation and Amortization	20	693.61	802.14
Other Expenses	21	1,089.59	1,076.55
Total Expenses	(B)	6,275.32	5,739.65
Profit before Exceptional Item and tax	(C)=(A)-(B)	7,960.39	5,346.45
Exceptional Item Income	(D)	610.81	—
Profit after Exceptional Item and before tax	(E)=(C)+(D)	8,571.20	5,346.45
Less: Tax Expenses			
Current Tax		662.81	1,166.66
Deferred Tax		354.86	(494.85)
Minimum Alternate Tax Credit Entitlement		(790.46)	—
(Excess) provision (including MAT Credit Entitlement of ₹ 229.73 Lakhs) for earlier year(s)		(285.70)	—
Total Tax Expenses	(F)	(58.49)	671.81
Profit after Exceptional Item and after tax	(G)=(E)-(F)	8,629.69	4,674.64
Earnings per share (₹) (Face value of shares of ₹ 1/- each, Previous Year ₹ 1/- each)			
Equity share of par value ₹ 1 each			
Basic		6.03	3.30
Diluted		5.94	3.25
Summary of Significant Accounting Policies	24		
Notes forming part of accounts	25-41		
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

Firm Registration Number: 103523W / W100048

Purushottam Nyati

Partner

Membership Number: 118970

Place : Mumbai

Date : 27th April, 2017

For and on behalf of the Board of Directors

Motilal Oswal Financial Services Limited

Motilal Oswal

Chairman & Managing Director

DIN : 00024503

Shalibhadra Shah

Chief Financial Officer

Place : Mumbai

Date : 27th April, 2017

Raamdeo Agarawal

Joint Managing Director

DIN : 00024533

Murli Krishnan Iyer

Company Secretary

CASH FLOW STATEMENT

	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	8,571.20	5,346.45
Add/(Less):		
Adjustment for		
Depreciation and Amortization	693.61	802.14
Dividend Income	(4,852.80)	(1,498.79)
Profit on Sale of investment	(6,419.75)	(2,780.74)
Bad debts written off	2,916.54	0.10
Provision for diminution in value of Non-current Investments	102.10	—
Provision on Standard & Doubtful Assets	56.19	388.98
FDR Interest	(3.88)	(7.88)
Gratuity and other long term benefits	9.31	15.59
Adjustment for working capital changes		
1) Increase / (Decrease) In Other long term provision	(3.29)	7.55
2) Increase / (Decrease) In Other Current Liabilities	673.94	(209.30)
3) (Decrease) In Short-term Provision	(870.19)	(32.24)
4) Increase In Other long term liabilities	297.21	164.45
5) (Increase) / Decrease In Long term Loans & Advances	(243.54)	57.24
6) (Increase) / Decrease In Short-term Loans & Advances	(10,049.38)	27,124.17
7) (Increase) In Other Current Assets	(91.97)	(84.94)
CASH GENERATED/(USED) FROM OPERATIONS	(9,214.70)	29,292.68
Taxes Paid (Net of Refunds)	(512.43)	(709.97)
NET CASH GENERATED/(USED) FROM OPERATING ACTIVITIES (A)	(9,727.13)	28,582.71
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of investments	14,037.23	2,763.44
Purchase of investments	(22,860.00)	8,233.39
Sale of investment in subsidiary company	1,063.12	—
Purchase of investment in subsidiary company	(2,800.00)	(5,001.01)
Purchase of fixed assets	(24.63)	(15.44)
FDR Interest	4.00	7.88
Dividend Income	4,852.80	1,498.79
NET CASH GENERATED/(USED) FROM INVESTING ACTIVITIES (B)	(5,727.48)	(8,979.73)

CASH FLOW STATEMENT (Contd..)

	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds In Share capital	22.83	20.94
Premium on issue of Equity Share Capital	3,234.47	2,893.56
Dividend paid (including DDT)	(4,318.60)	(7,417.01)
Proceeds of Long-Term Borrowings	10,000.00	—
(Repayment) of Long-Term Borrowings	(5,000.00)	—
Proceeds / (Repayment) of Short-Term Borrowings	952.54	(4,507.92)
NET CASH GENERATED/(USED) FROM FINANCING ACTIVITIES (C)	4,891.24	(9,010.43)
NET CASH FLOW FOR THE YEAR ENDED (A+B+C)	(10,563.37)	10,592.55
Cash & Cash Equivalents comprise of as at beginning of period		
Cash in Hand	1.04	—
Cheque on hand	10,780.70	—
Scheduled Bank - In Current Account	379.75	568.94
Total Cash & Cash Equivalents as at beginning of period	11,161.49	568.94
Cash & Cash Equivalents as at end of period :		
Cash in Hand	1.90	1.04
Cheque on Hand	173.37	10,780.70
Scheduled Bank - In Current Account	422.85	379.75
Total Cash & Cash Equivalents as at end of period	598.12	11,161.49

Note : The above cash flow statement has been prepared under the Indirect method as set out in Accounting Standard - 3 on cash flow statements.

As Per Our Attached Report of Even Date

For Haribhakti & Co. LLP

Chartered Accountants

Firm Registration Number: 103523W / W100048

Purushottam Nyati

Partner

Membership Number: 118970

Place : Mumbai

Date : 27th April, 2017

For and on behalf of the Board of Directors

Motilal Oswal Financial Services Limited

Motilal Oswal

Chairman & Managing Director

DIN : 00024503

Shalibhadra Shah

Chief Financial Officer

Place : Mumbai

Date : 27th April, 2017

Raamdeo Agarawal

Joint Managing Director

DIN : 00024533

Murli Krishnan Iyer

Company Secretary

NOTES TO FINANCIAL STATEMENT

Note 1 : Share Capital

AUTHORISED

Equity Shares, of ₹ 1/- par value (Previous year ₹ 1/-) each
Preference Shares of ₹ 100/- par value (Previous year ₹ 100/-) each

TOTAL

ISSUED, SUBSCRIBED & PAID UP

Equity Shares of ₹ 1 /- each fully paid up
Of the above, 7,67,92,394 shares (Previous Year 7,67,92,394) held by holding company Passionate Investment Management Pvt Ltd

TOTAL

As at 31-Mar-17		As at 31-Mar-16	
Numbers	₹ in Lakhs	Numbers	₹ in Lakhs
870,000,000	8,700.00	870,000,000	8,700.00
5,000,000	5,000.00	5,000,000	5,000.00
875,000,000	13,700.00	875,000,000	13,700.00
144,457,476	1,444.57	142,174,075	1,421.74
144,457,476	1,444.57	142,174,075	1,421.74

1.1 Equity Shares :

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

The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting. Each equity share has the same right of dividend.

During the year ended March 31, 2017, dividend recognized as distributions to equity shareholders was ₹ 2.50 per Share which was in the form of interim dividend. The total dividend appropriated amounts to ₹ 3,588.13 lakhs (Previous Year: ₹ 4,974.8 lakhs) and corporate dividend tax of ₹ 730.45 lakhs (Previous year: ₹ 731.0 lakhs).

The Board of Directors at their meeting held on 27 April, 2017 proposed a dividend of ₹ 3 per share, subject to the approval of the members at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance Sheet date' as notified by Ministry of Corporate Affairs through amendments to Companies Accounting Standard (Amendment) Rules, 2016, dated 30th March 2016, the Company has not accounted for proposed dividend as a liability as at March 31, 2017. If approved the total liability arising to the Company would be ₹ 5,215.97 Lakhs including dividend distribution tax, (previous year Nil).

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

Preference Shares :

The Company has one class of preference shares having a par value of ₹ 100/- and there are no preference shares issued & subscribed as on 31.03.2017 and 31.03.2016.

1.2 Reconciliation of number of shares outstanding

Number of share at beginning of the year
Add : Share issued on exercise of employee stock options
Less : Buy Back of shares
Number of Share at the end of the year

As at 31-Mar-17		As at 31-Mar-16	
Numbers	₹ in Lakhs	Numbers	₹ in Lakhs
142,174,075	1,421.74	140,162,675	1,401.63
2,283,401	22.83	2,011,400	20.11
—	—	—	—
144,457,476	1,444.57	142,174,075	1,421.74

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

Share Holder

Passionate Investment Management Private Limited
Mr. Motilal Oswal
Mr. Raamdeo Agarwal
Mr. Navin Agarwal

As at 31-Mar-17		As at 31-Mar-16	
No. of Shares	% of Holding	No. of Shares	% of Holding
76,792,394	53.16	76,792,394	54.01
12,110,476	8.38	12,110,476	8.52
11,727,100	8.12	11,828,100	8.25
7,804,010	5.40	7,804,010	5.49

NOTES TO FINANCIAL STATEMENT (Contd..)

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

Particulars	2017	2016	2015	2014	2013
Alloted as fully paid up without payment being received in cash	0	0	0	0	1,12,907
Bought back			2,756	7,069,945	0

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

1.5 Share Application Money Pending Allotment

- Term and Conditions - Application money received on account of Employee stock option scheme
- No of option exercised - Nil (Previous Year 500 options)
- Amount of Premium - Nil (Previous Year ₹ 164 per shares)
- Company has sufficient authorised share capital to cover the share capital amount on allotment of share application money
- No interest accrued on amount due for refund
- No share application money has been pending beyond period on allotment

Note 2 : Reserves & Surplus

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Capital Redemption Reserve		
Opening balance	70.74	70.74
Add: Transferred from Profit and Loss account	—	—
Balance as at end of the year	70.74	70.74
Securities Premium Reserve		
Opening balance	43,063.50	40,169.88
Add: during the year	3,235.29	2,893.56
Balance as at end of the year	46,298.79	43,063.44
ESOP Outstanding		
Opening balance	—	10.10
Addition during the period	—	(10.10)
Balance as at end of the year	—	—
Statutory Reserve (under Sec 45IC of RBI Act, 1934)		
Opening balance	7,803.97	6,869.01
Add: Transferred from Statement of Profit and Loss	1,725.94	934.95
Balance as at end of the year	9,529.91	7,803.96
General Reserve		
Opening balance	2,653.99	2,643.96
Add: Transferred from Statement of Profit and Loss	—	10.10
Balance as at end of the year	2,653.99	2,654.06
Surplus in statement of Profit and Loss		
Opening balance	4,334.35	6,312.79
Add: Net Profit During the Year	8,629.69	4,674.64
Less: Transfer to Statutory Reserve	(1,725.94)	(934.95)
Less: Interim dividend	(3,588.13)	(4,987.17)
Less: Distribution Tax on dividend	(730.45)	(1,012.76)
Add: Credit of Dividend Distribution Tax on dividend from subsidiary	—	281.80
Balance as at end of the year	6,919.52	4,334.35
TOTAL	65,472.95	57,926.55

NOTES TO FINANCIAL STATEMENT (Contd..)

Note 3 : Long Term Borrowings

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Secured		
Debentures		
Principal Protected Secured Redeemable Non-Convertible Debentures Nil (Previous year 1,500 of ₹ 10 lakhs) (refer note (a))	—	10,000.00
Term Loan		
Term Loan From Non Banking Financial Company (refer note (b))	10,000.00	—
TOTAL	10,000.00	10,000.00

(a) During FY 2014 - 15 the company had raised ₹ 15,000 lakhs through the issue of 1,500 principle protected secured redeemable 10.05 % Non-convertible Debentures (NCD) with face value of ₹ 10 lakhs each by way of private placement.

Secured against first paripasu charge over present and future receivable with minimum security cover of 1.25 times of the issued amount and identified immovable property.

Series - C ₹ 5,000 lakhs redeemable on November 27, 2017, Series - B ₹ 5,000 lakhs redeemable on May 27, 2017 shown under "Other Current Liabilities - Current Maturities of Long Term Borrowings" and Series - A ₹ 5,000 lakhs redeemed on November 27, 2016.

(b) Term Loan from Non Banking Financial Company is secured against units of mutual funds held by the Company and carries interest ranging from 9.60% p.a. to 10.50% p.a.

The due date of repayment of above term loan is ₹ 5,000 Lakhs on June 22, 2018, and ₹ 5,000 on June 5, 2018.

Note 4 : Deferred Tax Liability (Net)

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Deferred tax Liability		
Difference between book depreciation and tax depreciation	656.12	928.58
Total (i)	656.12	928.58
Deferred tax Assets		
Expenses allowable u/s. 43B on payment basis	15.99	13.73
Provision on Standard, Sub-standard and Doubtful assets	50.23	330.60
Interest from IREF	—	10.62
Interest accrued on ORCD's	38.36	40.52
Interest on NPA	—	434.55
Rent Income	61.61	—
Business Loss C/f	39.81	—
Loss on PE Investment	—	26.83
Provision for Impairment of Non-current Investments	23.53	—
Total (ii)	229.53	856.85
NET [TOTAL (I) - TOTAL (II)]	426.59	71.73

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

Note 5 : Other Long-Term Liability

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Other		
Security Deposit (against premises given on lease)	981.22	684.01
TOTAL	981.22	684.01

NOTES TO FINANCIAL STATEMENT (Contd..)

Note 6 : Long Term Provision

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Provision for employee benefits (Unfunded) (Refer Not No. 36)	24.51	27.80
TOTAL	24.51	27.80

Note 7 : Short Term Borrowings

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Secured		
From Non Banking Financial Companies*	6,000.00	15,042.88
Unsecured		
Commercial Paper	19,758.69	9,763.28
From Subsidiary (Repayable on demand) #	—	11.00
TOTAL	25,758.69	24,817.16

* Borrowings from Non Banking Financial Companies secured against mutual funds units and approved list of shares and securities.

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

Note 8 : Other Current Liabilities

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Current Maturities of Long Term Borrowings [refer note 3(a)]	10,000.00	5,000.00
Interest Accrued but not due on borrowings	1,099.06	604.62
Income Received in Advance	—	21.70
Unpaid Dividend [refer Note (a) below]	14.61	25.55
Other Liabilities		
For Retention money	5.62	5.62
For capital expenses	8.99	8.99
For other expenses	103.03	121.73
Taxes Payable	303.30	40.06
Other Payables	26.65	70.71
Book overdraft	0.85	0.17
TOTAL	11,562.11	5,899.15

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

Note 9 : Short Term Provisions

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Provision for Employee benefit		
Provision for Leave Salary	2.78	2.39
Provision for Gratuity (Unfunded) (refer note 36)	21.68	11.86
Ex-Gratia	82.82	78.41
Others		
Contingent Provisions against Standard Assets	119.33	66.27
Provision for Sub standard & doubtful non performing assets	25.81	889.01
Other provisions (includes provision for expenses)	0.46	9.62
TOTAL	252.88	1,057.56

NOTES TO FINANCIAL STATEMENT (Contd.)

Note 10 : Fixed Assets

(₹ in Lakhs)

Particulars	GROSS BLOCK					ACCUMULATED DEPRECIATION/AMORTIZATION					NET BLOCK	
	As at 1-Apr-16	Additions	Deduction/ Other Adjustments	Disposal	As at 31-Mar-17	As at 1-Apr-16	For the year ended 31-Mar-17	Other Adjustments	Disposal	As at 31-Mar-17	As at 31-Mar-17	As at 31-Mar-16
(A) Property, Plant & Equipment												
Land	1,582.99	–	–	–	1,582.99	–	–	–	–	–	1,582.99	1,582.99
Buildings * @	15,351.95	–	–	–	15,351.95	2,816.09	593.09	–	–	3,409.18	11,942.77	12,535.86
Computer Equipment	7.60	2.62	–	–	10.22	5.82	1.73	–	–	7.55	2.67	1.78
Plant and Machinery	557.90	21.48	–	–	579.38	345.45	57.13	–	–	402.58	176.80	212.45
Furniture and Fixtures	174.42	0.53	–	–	174.95	110.70	17.64	–	–	128.34	46.61	63.72
Vehicles	96.06	–	–	–	96.06	79.18	5.78	–	–	84.96	11.10	16.88
Total (A)	17,770.92	24.63	–	–	17,795.55	3,357.24	675.38	–	–	4,032.61	13,762.94	14,413.68
(B) Intangible Assets												
Computer Software	3.10	–	–	–	3.10	0.16	0.62	–	–	0.78	2.32	2.95
Total (B)	3.10	–	–	–	3.10	0.16	0.62	–	–	0.78	2.32	2.95
TOTAL (A) + (B)	17,774.02	24.63	–	–	17,798.65	3,357.40	676.00	–	–	4,033.39	13,765.25	14,416.63

* Part of the premises have been given on lease.

@ The Company has mortgaged its Immovable Property 'Motilal Oswal Tower' (Gross Block ₹ 15,351.95 lakhs [previous year ₹ 15,351.95 lakhs] & Net Value ₹ 11,942.77 lakhs [previous year ₹ 12,535.86 lakhs] as at 31st March, 2017) to HDFC Bank Limited for the banking facilities availed by its Subsidiary Motilal Oswal Securities Limited.

PREVIOUS PERIOD

(₹ in Lakhs)

Particulars	GROSS BLOCK					ACCUMULATED DEPRECIATION/AMORTIZATION					NET BLOCK	
	As at 1-Apr-15	Additions	Deduction/ Other Adjustments	Disposal	As at 31-Mar-16	As at 1-Apr-15	For the year ended 31-Mar-16	Other Adjustments	Disposal	As at 31-Mar-16	As at 31-Mar-16	As at 31-Mar-15
(A) Property, Plant & Equipment												
Land	1,582.99	–	–	–	1,582.99	–	–	–	–	–	1,582.99	1,582.99
Buildings * @	15,388.40	–	(36.45)	–	15,351.95	2,190.76	631.91	(6.58)	–	2,816.09	12,535.86	13,197.64
Computer Equipment	6.17	1.43	–	–	7.60	5.14	0.68	–	–	5.82	1.78	1.03
Plant and Machinery	557.65	0.25	–	–	557.90	233.69	111.76	–	–	345.45	212.45	323.96
Furniture and Fixtures	173.66	0.76	–	–	174.42	79.20	31.50	–	–	110.70	63.72	94.46
Vehicles	96.06	–	–	–	96.06	70.37	8.81	–	–	79.18	16.88	25.69
Total (A)	17,804.93	2.44	(36.45)	–	17,770.92	2,579.16	784.66	(6.58)	–	3,357.24	14,413.68	15,225.77
(B) Intangible Assets												
Computer Software	–	3.10	–	–	3.10	–	0.16	–	–	0.16	2.95	–
Total (B)	–	3.10	–	–	3.10	–	0.16	–	–	0.16	2.95	–
TOTAL (A) + (B)	17,804.93	5.54	(36.45)	–	17,774.02	2,579.16	784.82	(6.58)	–	3,357.40	14,416.63	15,225.77

* Part of the premises have been given on lease.

@ The Company has mortgaged its Immovable Property 'Motilal Oswal Tower' (Gross Block ₹ 15,351.95 lakhs [previous year ₹ 15,388.40 lakhs] & Net Value ₹ 12,535.86 lakhs [previous year ₹ 13,197.64 lakhs] as at 31st March, 2016) to HDFC Bank Limited for the banking facilities availed by its Subsidiary Motilal Oswal Securities Limited.

NOTES TO FINANCIAL STATEMENT (Contd..)

Note 11 : (A) Non Current Investments - At Cost Unless Otherwise Stated

(₹ in Lakhs)

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled Entity / Others	No. of Shares / Units (In Nos)		Quoted / Unquoted	Partly Paid / Fully paid	Face Value (In ₹)	Extent of Equity Holding (%)		Amount	
			31-Mar-17	31-Mar-16				31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
(a)	Investment Property (Other Investments)									339.27	534.23
	Add : Addition during the year									189.90	–
	Less : Depreciation on Investment Property									(17.61)	(17.30)
	Less : Deduction during the year									(167.58)	(177.66)
	Total (a)									343.98	339.27
(b)	Investment in Equity Instruments (Trade Investments)										
	Motilal Oswal Securities Ltd	Subsidiary	1,318,830	1,318,830	Unquoted	Fully paid	10	100.00%	100.00%	163.03	163.03
	Motilal Oswal Commodities Brokers Pvt Ltd	Subsidiary	410,044	410,044	Unquoted	Fully paid	10	100.00%	100.00%	90.22	90.22
	Motilal Oswal Investment Advisors Ltd	Subsidiary	1,000,000	1,000,000	Unquoted	Fully paid	10	100.00%	100.00%	4,137.18	4,137.18
	MOPE Investment Advisors Pvt Ltd	Subsidiary	50,000	50,000	Unquoted	Fully paid	10	85.00%	85.00%	5.00	5.00
	Motilal Oswal Insurance Brokers Pvt Ltd	Subsidiary	3,000,000	3,000,000	Unquoted	Fully paid	10	100.00%	100.00%	300.00	300.00
	Aspire Home Finance Corporation Ltd*	Step Down Subsidiary	728,163,470	493,584,400	Unquoted	Fully paid	1	15.09%	16.15%	7,685.81	5,000.01
	Less: Provision for diminution in value of investment in Motilal Oswal Insurance Brokers Pvt Ltd.									(102.10)	–
	Total (b)									12,279.14	9,695.44
(c)	Investment in Preference Instruments (Trade Investment)										
	8% Non cumulative Non Convertible Redeemable Preference Shares of Motilal Oswal Investment Advisors Ltd	Subsidiary	–	8,900,000	Unquoted	Fully paid	10	–	100%	–	890.00
	Total (c)									–	890.00
(d)	Investment in Debentures (Other Investments)										
	17% Non Convertible Debentures Reddy Housing Private Limited	Others	70	150	Unquoted	Fully paid	1,000,000			700.00	1,500.00
	10% Non Cumulative Non Convertible Debentures Rajesh Estates & Nirman Private Ltd*	Others	–	11	Unquoted	Fully paid	10,000,000			–	1,100.00
	Total (d)									700.00	2,600.00
(e)	Investment in Mutual Funds (Other Investments)										
	Dividend Payout										
	Motilal Oswal MOST Focused Midcap 30 Fund	Others	–	8,409,402	Unquoted	Fully paid	10			–	1,500.00
	Motilal Oswal MOST Focused Multicap 35 Fund**	Others	45,869,209	45,869,209	Unquoted	Fully paid	10			7,000.00	7,000.00
	Growth										
	Motilal Oswal MOST Focused 25 Fund	Others	1,782,669	–	Unquoted	Fully paid	10			300.00	–
	Motilal Oswal MOST Focused Midcap 30 Fund**	Others	54,542,931	50,686,733	Unquoted	Fully paid	10			9,500.74	8,649.00
	Motilal Oswal MOST Focused Multicap 35 Fund**	Others	140,301,901	99,108,760	Unquoted	Fully paid	10			21,350.00	13,600.00
	Total (e)									38,150.74	30,749.00
(f)	Investment in Private Equity Funds (Other Investments)										
	India Business Excellence Fund	Others	450	450	Unquoted	Fully paid	1,000,000			1,236.30	2,477.29
	India Business Excellence Fund - C class units	Others	1,000	1,000	Unquoted	Fully paid	100			0.28	1.00
	India Reality Excellence Fund	Others	1,380	1,380	Unquoted	Fully paid	500,000			1,130.89	1,569.73
	India Reality Excellence Fund III	Others	4,000,000	650,000	Unquoted	Fully paid	100			4,000.00	650.00
	Total (f)									6,367.46	4,698.02
	TOTAL (A+B+C+D+E+F)									57,841.33	48,971.73

* During the year, Aspire Home Finance Corporation Ltd has subdivided its shares from face value of ₹ 10 each to ₹ 1 each, hence the previous year number of shares have been sub-divided accordingly.

** Units of mutual funds are given as security for the working capital term loan facility used by Subsidiary company amounting to ₹ 15,671.61 Lakhs (including accrued interest).

(₹ in Lakhs)

Particulars	31-Mar-17		31-Mar-16	
	Cost	Market Value	Cost	Market Value
Aggregate value of unquoted investments				
Mutual Funds***	38,150.74	57,706.81	30,749.00	35,945.00
Others	19,792.70	NA	18,222.73	NA
Aggregate provision for diminution in value of investments	(102.10)	NA	NA	NA

*** Market value is based on NAV declared by Mutual Fund

NOTES TO FINANCIAL STATEMENT (Contd..)

Note 11 : (B) Current Investments (At Cost or Fair Value Whichever is Lower)

(₹ in Lakhs)

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units (In Nos)		Quoted / Unquoted	Partly Paid / Fully paid	Face Value (In ₹)	Extent of Equity Holding (%)		Amount	
			31-Mar-17	31-Mar-16				31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
(a)	Investment in Equity Instruments (Other Investment)										
	MAS Financial Services Ltd.	Others	2,364,695	–	Unquoted	Fully paid	10	5.38%	–	8,000.00	–
	Total (a)									8,000.00	–

(₹ in Lakhs)

Particulars	31-Mar-17		31-Mar-16	
	Cost	Market Value	Cost	Market Value
Aggregate value of quoted investments and market value	NA	NA	NA	NA
Aggregate value of unquoted investments				
Mutual Funds	NA	NA	NA	NA
Others*	8,000.00	8,000.00	NA	NA
Aggregate provision for diminution in value of investments	NA	NA	NA	NA

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

Note 12 : Long Term Loans and Advances

Unsecured, considered good

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Capital Advances	0.41	10.31
Electricity and other deposits	85.78	94.78
Other loans and advances		
Prepaid Expenses	94.60	–
Advance Income Tax and TDS	397.58	334.06
[Net of Provision for Tax CY ₹ 2,180.43 lakhs (P.Y. ₹ 7,952.29 lakhs)]		
MAT Credit Entitlement	1,020.19	–
TOTAL	1,598.56	439.15

Note 13 : Cash and Bank Balances

Cash and Cash Equivalents

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Bank Balances		
In Current Account	422.85	379.75
Cheques in Hand	173.37	10,780.70
Cash in Hand	1.90	1.04
TOTAL (A)	598.12	11,161.49
Other Bank Balances		
Fixed Deposit with Banks (with original maturity more than 3 months)*	50.00	50.00
Unpaid Dividend Account	14.61	25.55
TOTAL (B)	64.61	75.55
TOTAL (A)+(B)	662.73	11,237.04

* Pledged against overdraft facility from HDFC Bank Ltd.

NOTES TO FINANCIAL STATEMENT (Contd..)

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	—	0.84	0.84
(+) Withdrawal from Banks	—	2.00	2.00
(+) Permitted receipts	—	0.21	0.21
(-) Permitted payments	—	0.10	0.10
(-) Amount deposited in Banks	—	—	—
Closing cash in hand as on 30-12-2016	—	2.95	2.95

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 14 : Short Term Loans and Advances

Unsecured

Loans to related party (Subsidiaries) (considered good)

Loans to Others

Standard Assets (considered good)

Doubtful Assets

Non Performing Assets

Other Loans & Advances

Prepaid expenses

Loans and Advances to employees

Others

Secured

Loans to Others

Standard Assets (considered good)

Sub Standard Assets

Non Performing Assets

Doubtful

Non Performing Assets

TOTAL

As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
9,683.44	736.48
3,640.49	1,337.87
25.81	143.85
45.46	33.38
254.07	15.26
77.98	78.62
20,071.74	20,750.74
—	31.23
—	3,549.74
33,798.99	26,677.17

Note 15 : Other Current Assets

Unsecured, considered good:

Accrued interest

Receivable from subsidiary companies

Receivables others

TOTAL

As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
66.81	10.48
175.68	150.02
14.16	4.31
256.65	164.81

NOTES TO FINANCIAL STATEMENT *(Contd..)*

Note 16 : Income from Operations

	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
Interest	4,368.90	5,387.95
Income From Investments	—	—
Dividend Income		
From Mutual funds, shares etc	—	84.09
From Subsidiary Company	4,852.80	1,397.96
Profit on sale of Investment	3,021.24	2,780.74
Profit from Arbitrage	—	0.29
Rent Income	1,721.24	1,337.73
Other operating revenue		
Commission	163.84	—
Others	17.62	30.85
TOTAL	14,145.64	11,019.61

Note 17 : Other Income

	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
FD Interest	3.88	7.88
Referral fee	44.58	58.61
Other non operating income	41.61	—
TOTAL	90.07	66.49

Note 18 : Employee Benefits Expense

	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
Salary, Bonus and Allowances	823.96	860.38
Contribution to provident and other funds	7.66	8.13
Staff welfare expenses	15.90	28.09
Gratuity and other long term benefits (refer note 36)	6.53	11.72
TOTAL	854.04	908.32

Note 19 : Finance Cost

	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
Interest Expense	3,638.08	2,952.64
TOTAL	3,638.08	2,952.64

NOTES TO FINANCIAL STATEMENT (Contd..)

Note 20 : Depreciation & Amortization

	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
Depreciation / Amortization of Fixed Assets (refer note 10)	676.00	784.84
Depreciation on Investment Property (refer note 11(a))	17.61	17.30
TOTAL	693.61	802.14

Note 21 : Other Expenses

	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
Fees & Other Operating Expenses	123.91	83.62
Rents	37.78	1.93
Rates and taxes	128.11	87.69
Insurance	22.88	27.27
Legal & Professional Fees	113.79	116.01
Remuneration to auditors (refer note. 27)	14.21	13.31
Advertisement Expenses	12.25	17.82
Marketing and Brand Promotion	49.29	35.34
Printing & Stationery	6.98	14.96
Communication expenses	5.68	7.86
Travelling Expenses & Conveyance Expenses	50.97	44.70
Electricity Charges	13.90	59.04
Repair and maintenance - Building	111.04	58.07
Bad Debts Written Off	128.83	0.10
Provision on Standard Loan Assets	53.06	(59.32)
Provision on Sub-Standard Assets	—	3.12
Provision on Doubtful Assets	3.13	445.18
Loss on sale of Investments (Non-trade)	102.10	—
Provision for diminution in value of Non-current Investments	58.42	62.30
CSR Donation (refer note 40)	—	5.00
Donation	53.26	52.55
Miscellaneous Expenses	53.26	52.55
TOTAL	1,089.59	1,076.55

Note 22 : Exceptional Items

	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
Profit earned from investment in India Business Excellence Fund	3,398.52	—
Loss Assets Written Off	(2,787.71)	—
	610.81	—

NOTES TO FINANCIAL STATEMENT (Contd..)

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

Note 23 : Corporate Information:

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

In accordance with the provisions of section 45-IC of the RBI Act, 1934, the Company has created a Reserve Fund & during the year, the Company has transferred an amount of ₹ 1,725.94 lakhs (Previous Year ₹ 934.95 lakhs) to Reserve Fund, being 20% of the Profit After Tax.

Note 24 : Significant Accounting Policies:

24.1 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 (GAAP), the applicable accounting standards notified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Companies Act, 2013 ('the Act') and regulations of Reserve Bank of India to the extent applicable.

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

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

24.2 CHANGE IN ACCOUNTING POLICY:

Accounting for Proposed Dividend

As per the requirements of pre-revised AS 4, the Company used to create a liability for dividend proposed/ declared after the balance sheet date if dividend related to periods covered by the financial statements. Going forward, as per AS 4(R), the company cannot create provision for dividend proposed/ declared after the balance sheet date unless a statute requires otherwise. Rather, company will need to disclose the same in notes to the financial statements.

Accordingly, the company has disclosed dividend proposed by board of directors after the balance sheet date in the note 1.1.

Had the company continued with creation of provision for proposed dividend, its surplus in the statement of profit and loss account would have been lower by ₹ 5,215.97 lakhs and current provision would have been higher by ₹ 5,215.97 lakhs (including dividend distribution tax of ₹ 882.24 lakhs).

24.3 USE OF ESTIMATES

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

24.4 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 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. Residual value, useful life and methods of depreciation are reviewed at each year end and adjusted. 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. Gains/Losses arising from derecognition of PPE are measured at the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in the statement of profit and loss when the asset is derecognized. On all assets, except as mentioned below, depreciation has been provided based on Written Down Value method using the useful life as specified in Schedule II to the Companies Act, 2013.

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

24.5 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.

24.6 BORROWING COST:

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

24.7 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 investment is made if in the opinion of management such a decline is other than temporary.

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

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

Investment Property

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

Depreciation on building component of investment property has been provided based on Written Down Value method using the useful life as specified in Schedule II to the Companies Act, 2013.

24.8 REVENUE RECOGNITION:

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

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

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

24.10 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 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 (Contd..)

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

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

24.11 TAXATION:

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

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

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

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

Minimum Alternate Tax

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

24.12 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.

24.13 PROVISIONING ON RECEIVABLES FROM FINANCING BUSINESS:

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

24.14 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.

NOTES TO FINANCIAL STATEMENT (Contd..)

24.15 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.

24.16 EARNING PER SHARE :

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

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

24.17 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 25 : Contingent Liability and Commitment (to the Extent not provided for)

Particulars	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Contingent Liabilities:		
(i) Guarantees / Securities given (Refer note a)	16,171.60	500.00
(ii) Demand in respect of Income tax matters for which appeal is pending (Refer note b)	467.60	1451.67
Capital Commitments:		
(i) Estimated amount of contracts remaining to be executed on capital account (net of advances)	—	124.03
(ii) Uncalled Liability on shares and other investments partly paid:		
(1) India Business Excellence Fund	—	112.50
(2) India Realty Excellence Fund III LLP	4,000.00	7,350.00
(a) The Company has given corporate guarantees of ₹ 500 Lakhs (Previous Year: ₹ 500 Lakhs) to a bank for its subsidiary Motilal Oswal Commodity Brokers Pvt. Ltd. The Company has pledged units of mutual funds of ₹ 18,750 lakhs (Previous Year : Nil) for loan taken by its subsidiary Motilal Oswal Securities Limited of ₹ 15671.61 Lakhs (Previous Year: ₹ Nil) inclusive of accrued interest.		
(b) Demand in respect of Income Tax matters for which appeal is pending is ₹ 467.60 lakhs (Previous Year ₹ 1451.70 lakhs) out of which ₹ Nil (Previous Year ₹ 1181 lakhs) is on account of rectification filed u/s 154 with income tax department. This is disputed by the Company and hence not provided for in the books of accounts. The Company has paid demand by way of deposit / adjustment of refund of ₹ 126.68 lakhs (P.Y. ₹ 83.3 lakhs) till date. Above liability does not include interest u/s 234 B and 234 C as the same depends on the outcome of the demand.		

The Company is contesting the demands and the management 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 26 : Segment Reporting

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

NOTES TO FINANCIAL STATEMENT (Contd..)

Note 27 : Auditor's Remuneration

	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
As Auditors:		
Audit Fees	6.25	6.25
Tax Audit Fees	0.70	0.70
Limited Review Fee	5.85	4.80
In any other capacity, in respect of:		
Out of pocket expenses	0.28	0.51
Other Services - Certification	1.13	1.05
TOTAL	14.21	13.31

(Exclusive of service tax)

Note 28 : Basic & Diluted Earnings per share

	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
Net Profit attributable to equity shareholders [A] (₹ in Lakhs)	8,629.69	4,674.77
Weighted Average Number of equity shares issued [B] (face value of ₹ 1 each) (In numbers)	143,175,554	141,612,646
Basic Earnings per share [A/B] (₹)	6.03	3.30
Net Profit attributable to equity shareholders [C] (₹ in Lakhs)	8,629.69	4,674.77
Less : Impact on Net profit due to exercise of diluted potential equity shares [D]	0.00	0.00
Net Profit attributable to equity shareholders for calculation of Dilluted EPS [C-D] (₹ in Lakhs)	8,629.69	4,674.77
Weighted Average of equity shares issued (face value of ₹ 1 each) (In numbers) [E]	143,175,554	141,612,646
Weighted Number of additional equity shares outstanding for Diluted EPS (In numbers) [F]	2,008,622	2,443,532
Weighted Number of equity shares outstanding for Diluted EPS (In numbers) [E+F]	145,184,175	144,056,178
Diluted Earnings per share [C-D/E+F] (₹)	5.94	3.25

Note 29 : Provisions made for the year ended 31st March, 2017 comprises of:

	Opening balance as on 1-Apr-16	Provided for the Year F.Y 16-17	Provision reversed / paid For the year F.Y 16-17	Closing balance as of 31-Mar-17
Ex-gratia	78.41	82.82	78.41	82.82
Provision for Gratuity	39.66	4.60	—	44.27
Other long term benefits	—	1.93	—	1.93
Leave Availment	3.87	2.78	3.87	2.78

	Opening balance as on 1-Apr-15	Provided for the Year F.Y 15-16	Provision reversed / paid For the year F.Y 15-16	Closing balance as of 31-Mar-16
Ex-gratia	94.04	78.41	94.04	78.41
Provision for Gratuity	31.21	11.72	3.26	39.67
Leave Availment	4.33	3.87	4.33	3.87

NOTES TO FINANCIAL STATEMENT (Contd..)

Note 30 :

Lease Payments

Company as Lessee

The company has taken office premises and rented flat on lease for a period upto 3 years.

Minimum Future Lease Payment under non cancellable operating lease for each of the following period.

Particulars	31-Mar-17 ₹ in Lakhs	31-Mar-16 ₹ in Lakhs
Not later than 1 year	96.00	—
Later than 1 year but not later than 5 year	52.00	—
Later than 5 year	—	—
TOTAL	148.00	—

During the year, ₹ 37.78 lakhs (P.Y ₹ 1.93 lakhs) has been recognised as Lease Payments in the Statement of Profit and Loss under the head "Other Expenses"

Rent Income

Company as Lessor

The company has given office premises and lease for the period of 1 year to 5 years.

Minimum Future Lease Receivables

Particulars	31-Mar-17 ₹ in Lakhs	31-Mar-16 ₹ in Lakhs
Not later than 1 year	109.35	361.43
Later than 1 year but not later than 5 year	36.45	148.12
Later than 5 year	—	—
TOTAL	145.80	509.55

During the year, ₹ 1721.24 lakhs (P.Y ₹ 1337.73 lakhs) has been recognised as Rent income in the Statement of Profit and Loss under the head "Income from Operations".

Particulars	31-Mar-17 ₹ in Lakhs	31-Mar-16 ₹ in Lakhs
Building given on lease		
Gross value	7,571.79	5,717.99
Accumulated Depreciation	1,681.46	1,050.58
Depreciation	292.52	234.50

Note 31 :

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

Note 32 :

- CRISIL Limited reaffirmed the Credit Rating of "CRISIL A1+" (pronounced 'CRISIL A One Plus') to the Short Term Debt Programme of 25,000 lakhs (previous year 25,000 lakhs) of the Company. The rating indicates very strong degree of safety regarding timely servicing of financial obligations.
- ICRA has re-affirmed the rating of ICRA AA rating with stable outlook (pronounced ICRA double A rating with Stable Outlook') to the Long Term Debt Programme of the Company for ₹ 15,000 lakhs (previous year ₹ 15,000 lakhs). The rating indicates strong degree of safety regarding timely servicing of financial obligations.

NOTES TO FINANCIAL STATEMENT (Contd..)

Note 33 :

The Company has sent letters to vendors to confirm whether they are covered under micro, small and medium enterprise development act 2006 as well as they have 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 accountings 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 34 : Proposed Dividend

The final dividend proposed for the year is as follows:

	For the year ended 31-Mar-17	For the year ended 31-Mar-16
On Equity Shares of ₹ 1 each		
Amount of dividend proposed (₹ in lakhs)	4,333.72	—
Dividend distribution tax on proposed dividend (₹ in lakhs)	882.24	—
Dividend per Equity Share (₹)	3.00	—

Note 35 :

During the current year, Company has made / (reversed) a provision ₹ 53.07 lakhs (previous year ₹ 59.32 lakhs) being 0.35% (previous year 0.30%) of its standard assets as per the Notification No. RBI/DNBR2016-17/45 dated 1st September, 2016) issued by RBI.

Note 36 :

Disclosures of Employee Benefits in accordance with Accounting Standard 15 (Revised)

The Company has classified various benefits provided to employee benefits as under:

(a) Defined Contribution Plan

(₹ in Lakhs)

	31-Mar-17	31-Mar-16
Employers Contribution to Provident Fund (including Admin charges)	7.66	8.13

(b) Defined Benefit Plan

(₹ in Lakhs)

		Gratuity		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.	—
	Interest / Discount Rate		6.69%	6.69%	—
	Rate of increase in compensation		4.00%	NIL	—

NOTES TO FINANCIAL STATEMENT (Contd..)

(₹ in Lakhs)

		Gratuity				Other long term benefits	
		31-Mar-17		31-Mar-16		31-Mar-17	31-Mar-16
	Rate of return (expected) on plan assets		–		–		–
	Employee Attrition Rate(Past Service (PS))		PS: 0 to 37 : 3.7%		PS: 0 to 37 : 3.7%	PS: 0 to 37 : 28% to PS: 0 to 37 : 28.16%	–
	Expected average remaining service (Years)		10.20		11.67	2.48 to 2.56	–
II	Changes in present value of obligations						
	PVO at beginning of period		39.66		31.21	–	–
	Interest cost		2.97		2.30	–	–
	Current Service Cost		2.36		0.72	1.93	–
	Past Service Cost- (non vested benefits)		–		–	–	–
	Past Service Cost -(vested benefits)		–		–	–	–
	Benefits Paid		–		(3.26)	–	–
	Actuarial (Gain)/Loss on obligation		(0.72)		8.70	–	–
	PVO at end of period		44.27		39.66	1.93	–
III	Changes in fair value of plan assets						
	Fair Value of Plan Assets at beginning of period		–		–	–	–
	Expected Return ori Plan Assets		–		–	–	–
	Contributions		–		3.26	–	–
	Benefit Paid		–		(3.26)	–	–
	Actuarial Gain/(Loss) on plan assets		–		–	–	–
	Fair Value of Plan Assets at end of period		–		–	–	–
IV	Fair Value of Plan Assets						
	Fair Value of Plan Assets at beginning of period		–		–	–	–
	Actual Return on Plan Assets		–		–	–	–
	Contributions		–		3.26	–	–
	Benefit Paid		–		(3.26)	–	–
	Fair Value of Plan Assets at end of period		–		–	–	–
	Funded Status (including unrecognised past service cost)		(44.27)		(39.66)	(1.93)	–
	Excess of actual over estimated return on Plan Assets		–		–	–	–

NOTES TO FINANCIAL STATEMENT *(Contd..)*

(₹ in Lakhs)

		31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-17	31-Mar-16
V	Experience History							
	PVO at end of period	44.27	39.66	31.21	29.70	30.80	1.93	–
	Fair Value of Plan Assets at end of period	–	–	–	–	–	–	–
	Surplus / (Deficit)	(44.27)	(39.66)	(31.21)	(29.70)	(30.80)	(1.93)	–
	(Gain)/Loss on obligation due to change in Assumption	2.37	1.23	(0.70)	(6.00)	(1.20)	–	–
	Experience (Gain)/ Loss on obligation	(3.10)	7.47	(1.45)	–	(2.70)	–	–
	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	
VI	Actuarial Gain/(Loss) Recognized							
	Actuarial Gain/(Loss) for the period (Obligation)			0.73		(8.70)	–	–
	Actuarial Gain/(Loss) for the period (Plan Assets)			–		–	–	–
	Total Gain/(Loss) for the period			0.73		(8.70)	–	–
	Actuarial Gain/(Loss) recognized for the period			0.73		(8.70)	–	–
	Unrecognized Actuarial Gain/(Loss) at end of period			–		–	–	–
VII	Past Service Cost Recognised							
	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			–		–	–	–

NOTES TO FINANCIAL STATEMENT (Contd..)

(₹ in Lakhs)

		Gratuity				Other long term benefits	
		31-Mar-17		31-Mar-16		31-Mar-17	31-Mar-16
VIII	Amounts to be recognized in the balance sheet and Statement of Profit & Loss Account						
	PVO at end of period		44.27		39.66	1.93	—
	Fair Value of Plan Assets at end of period		—		—	—	—
	Funded Status		(44.27)		(39.66)	(1.93)	—
	Unrecognized Actuarial Gain/(Loss)		—		—	—	—
	Unrecognised Past Service Cost- non vested benefits		—		—	—	—
	Net Asset/(Liability) recognized in the balance sheet		(44.27)		(39.66)	(1.93)	—
IX	Expense recognized in the Statement of P&L A/c						
	Current Service Cost		2.36		0.72	1.93	—
	Interest cost		2.97		2.30	—	—
	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		(0.73)		8.70	—	—
	Expense recognized in the statement of P&L A/c		4.60		11.72	1.93	—
X	Movements in the Liability recognized in Balance Sheet						
	Opening Net Liability		39.67		31.21	—	—
	Expenses as above		4.60		11.72	1.93	—
	Contribution paid		—		(3.26)	—	—
	Closing Net Liability		44.27		39.67	1.93	—
XI	Schedule III of The Companies Act 2013					—	—
	Current Liability		21.68		11.86	—	—
	Non-Current Liability		22.59		27.80	1.93	—

NOTES TO FINANCIAL STATEMENT *(Contd..)*

Note 37 : Related Party Disclosure

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

A) Holding Company

- Passionate Investment Management Private Limited

B) Subsidiary / Step-down subsidiaries companies

- Motilal Oswal Securities Limited
- Motilal Oswal Investment Advisors Limited (formerly known as Motilal Oswal Investment Advisors Private Limited)
- MOPE Investment Advisors Private Limited
- Motilal Oswal Commodities Broker Private Limited
- Motilal Oswal Capital Markets Private Limited
- Motilal Oswal Wealth Management Limited
- Motilal Oswal Insurance Brokers Private Limited
- Motilal Oswal Asset Management Company Limited
- Motilal Oswal Asset Management (Mauritius) Pvt Ltd
- Motilal Oswal Trustee Company Limited
- Motilal Oswal Capital Market (Hongkong) Private Limited
- Motilal Oswal Capital Markets (Singapore) Pte. Limited
- Motilal Oswal Securities International Private Limited
- Motilal Oswal Real Estate Investment Advisors Private Limited
- Motilal Oswal Real Estate Investment Advisors II Private Limited
- Aspire Home Finance Corporation Limited
- India Business Excellence Management Company
- Motilal Oswal Capital Limited
- Carnation Township Management LLP (Upto 29th March, 2016)

C) Fellow Subsidiaries

- Nagori Agro & Cattle Feeds Private Limited

D) Associate Enterprises

- India Reality Excellence Fund II LLP

E) Key Management Personnel

- | | |
|-----------------------|--------------------------------|
| – Mr. Motilal Oswal | – Chairman & Managing Director |
| – Mr. Raamdeo Agarwal | – Joint Managing Director |

F) Relatives of Key Management Personnel

- | | |
|--------------------------|---|
| – Vimla Oswal | – Spouse of Chairman & Managing Director |
| – Vimladevi Salecha | – Sister of Chairman & Managing Director |
| – Rajendra Gopilal Oswal | – Brother of Chairman & Managing Director |

NOTES TO FINANCIAL STATEMENT (Contd..)

- Sunita Agarawal – Spouse of Joint Managing Director
- Dr. Karoon Ramgopal Agarawal – Brother of Joint Managing Director
- Vinay R. Agrawal – Brother of Joint Managing Director
- Sukhdeo Ramgopal Agarawal – Brother of Joint Managing Director
- Govinddeo R. Agarawal – Brother of Joint Managing Director
- Satish Agrawal – Brother of Joint Managing Director
- Suman Agrawal – Sister of Joint Managing Director
- Anita Anandmurthy Agrawal – Sister of Joint Managing Director

G) Enterprises in which Key Managerial Personnel have control

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

H) Enterprises in which Key Managerial Personnel and their relatives exercise significant influence

- Raamdeo Agarawal (HUF)
- Motilal Oswal Foundation (Trust)
- Motilal Oswal HUF

II. Transactions with related parties: 31-03-2017

(₹ in Lakhs)

Transaction	Name of the related Party	Subsidiaries / Step-down / Fellow Subsidiaries*		Holding Company		Key Managerial Personnel/ Relative of Key Managerial Personnel /Associates		Total	
		2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
Interest (Received)/Paid	Aspire Home Finance Corporation Limited	–	(1.33)	–	–	–	–	–	(1.33)
	Motilal Oswal Wealth Management Ltd	(121.20)	(260.62)	–	–	–	–	(121.20)	(260.62)
	Motilal Oswal Securities Limited	26.38	57.34	–	–	–	–	26.38	57.34
	Motilal Oswal Commodities Broker Private Limited	(135.16)	(64.27)	–	–	–	–	(135.16)	(64.27)
	Motilal Oswal Securities Limited	(392.22)	(558.81)	–	–	–	–	(392.22)	(558.81)
	Motilal Oswal Asset Management Company Ltd	(1.16)	(47.57)	–	–	–	–	(1.16)	(47.57)
	Motilal Oswal Insurance Brokers Private Limited	(0.38)	(5.00)	–	–	–	–	(0.38)	(5.00)
	Motilal Oswal Investment Advisors Limited	(4.41)	(69.54)	–	–	–	–	(4.41)	(69.54)
	Motilal Oswal Real Estate Investment Advisors Pvt Ltd.	(8.19)	(3.78)	–	–	–	–	(8.19)	(3.78)
	Passionate Investment Management Private Limited	–	–	–	(6.92)	–	–	–	(6.92)
	Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd.	(56.94)	(28.16)	–	–	–	–	(56.94)	(28.16)
	MOPE Investment Advisors Private Limited	(2.75)	(31.14)	–	–	–	–	(2.75)	(31.14)
	India Reality Excellance Fund II LLP	–	–	–	–	(83.38)	(121.02)	(83.38)	(121.02)
	Total Interest Received	(722.42)	(1,070.21)	–	(6.92)	(83.38)	(121.02)	(805.80)	(1,198.16)
Total Interest Paid		26.38	57.34	–	–	–	–	26.38	57.34
Managerial Remuneration Paid**	Motilal Oswal	–	–	–	–	240.03	240.51	240.03	240.51
	Raamdeo Agarawal	–	–	–	–	276.05	240.40	276.05	240.40
Total Managerial Remuneration Paid		–	–	–	–	516.08	480.91	516.08	480.91
Referral Fees/Advisory Fees (Received)	Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd.	(44.58)	(48.63)	–	–	–	–	(44.58)	(48.63)
Referral Fees /Advisory Fees Paid	Motilal Oswal Investment Advisors Limited	4.21	53.23	–	–	–	–	4.21	53.23
	Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd.	110.64	17.66	–	–	–	–	110.64	17.66
Total Referral Fees/Advisory Fees (Received)		(44.58)	(48.63)	–	–	–	–	(44.58)	(48.63)

NOTES TO FINANCIAL STATEMENT (Contd..)

(₹ in Lakhs)

Transaction	Name of the related Party	Subsidiaries / Step-down / Fellow Subsidiaries*		Holding Company		Key Managerial Personnel/ Relative of Key Managerial Personnel / Associates		Total	
		2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
Total Referral Fees/Advisory Fees Paid		114.85	70.89	-	-	-	-	114.85	70.89
Commission	Motilal Oswal Securities Limited	(163.84)	-	-	-	-	-	(163.84)	-
Total Commission (Received)		(163.84)	-	-	-	-	-	(163.84)	-
Rent (Received) /Paid	Motilal Oswal Real Estate Investment Advisors Pvt Ltd.	(0.12)	(0.12)	-	-	-	-	(0.12)	(0.12)
	Motilal Oswal Securities Limited	(722.27)	(654.56)	-	-	-	-	(722.27)	(654.56)
	Motilal Oswal Securities Limited	1.80	1.80	-	-	-	-	1.80	1.80
	Motilal Oswal Investment Advisors Limited	(114.35)	(143.22)	-	-	-	-	(114.35)	(143.22)
	MOPE Investment Advisors Private Limited	(218.82)	(92.03)	-	-	-	-	(218.82)	(92.03)
	Motilal Oswal Asset Management Company Ltd	(313.63)	(121.33)	-	-	-	-	(313.63)	(121.33)
	Motilal Oswal Insurance Brokers Private Limited	(11.31)	(11.31)	-	-	-	-	(11.31)	(11.31)
Total Rent (Received)		(1,380.50)	(1,022.57)	-	-	-	-	(1,380.50)	(1,022.57)
Total Rent Paid		1.80	1.80	-	-	-	-	1.80	1.80
Reimbursement of Expenses (Received)/Paid	Motilal Oswal Commodities Broker Private Limited	(0.58)	(2.26)	-	-	-	-	(0.58)	(2.26)
	Motilal Oswal Wealth Management Ltd	(4.57)	(17.85)	-	-	-	-	(4.57)	(17.85)
	Motilal Oswal Securities Limited	(488.72)	(393.35)	-	-	-	-	(488.72)	(393.35)
	Motilal Oswal Investment Advisors Limited	(8.93)	(33.31)	-	-	-	-	(8.93)	(33.31)
	MOPE Investment Advisors Private Limited	(5.74)	(21.40)	-	-	-	-	(5.74)	(21.40)
	Motilal Oswal Asset Management Company Ltd	(7.57)	(28.02)	-	-	-	-	(7.57)	(28.02)
	Nagori Agro & Cattle Feeds Private Limited	-	(0.08)	-	-	-	-	-	(0.08)
	Aspire Home Finance Corporation Limited	(2.36)	(4.66)	-	-	-	-	(2.36)	(4.66)
	Motilal Oswal Insurance Brokers Private Limited	(2.76)	-	-	-	-	-	(2.76)	-
Total Reimbursement of Expenses (Received)		(521.23)	(500.93)	-	-	-	-	(521.23)	(500.93)
Donation	Motilal Oswal Foundation (Trust)	52.42	47.30	-	-	-	-	52.42	47.30
Total Donation Paid		52.42	47.30	-	-	-	-	52.42	47.30
Dividend (Received)/Paid	Motilal Oswal	-	-	-	-	302.76	544.97	302.76	544.97
	Raamdeo Agarawal	-	-	-	-	293.18	528.76	293.18	528.76
	Motilal Oswal-HUF	-	-	-	-	0.00	0.01	0.00	0.01
	Raamdeo Agarawal (HUF)	-	-	-	-	16.25	29.25	16.25	29.25
	Suneeta Agarawal	-	-	-	-	7.39	13.29	7.39	13.29
	Vimla Oswal	-	-	-	-	3.13	5.64	3.13	5.64
	Rajendra Gopilal Oswal	-	-	-	-	1.38	2.93	1.38	2.93
	Dr. Karoon Ramgopal Agarawal	-	-	-	-	2.50	4.50	2.50	4.50
	Vinay R. Agrawal	-	-	-	-	2.50	4.50	2.50	4.50
	Sukhdeo Ramgopal Agarawal	-	-	-	-	2.01	3.61	2.01	3.61
	Govinddeo R. Agarawal	-	-	-	-	1.39	2.51	1.39	2.51
	Suman Agrawal	-	-	-	-	2.50	4.00	2.50	4.00
	Satish Agrawal	-	-	-	-	1.98	3.56	1.98	3.56
	Anita Anandmurthy Agrawal	-	-	-	-	2.00	3.10	2.00	3.10
	Vimladevi Salecha	-	-	-	-	0.28	0.68	0.28	0.68
	VISU Associates	-	-	-	-	0.03	0.05	0.03	0.05
	Osag Enterprises LLP	-	-	-	-	0.03	0.05	0.03	0.05
	Passionate Investment Management Private Limited	-	-	1,919.81	3,455.66	-	-	1,919.81	3,455.66
	MOPE Investment Advisors Private Limited	(4,852.80)	-	-	-	-	-	(4,852.80)	-
	Motilal Oswal Securities Limited	-	(1,397.96)	-	-	-	-	-	(1,397.96)
Total Dividend (Received)		(4,852.80)	(1,397.96)	-	-	-	-	(4,852.80)	(1,397.96)
Total Dividend Paid		-	-	1,919.81	3,455.66	639.31	1,151.41	2,559.12	4,607.07

NOTES TO FINANCIAL STATEMENT (Contd..)

(₹ in Lakhs)

Transaction	Name of the related Party	Subsidiaries / Step-down / Fellow Subsidiaries*		Holding Company		Key Managerial Personnel/ Relative of Key Managerial Personnel /Associates		Total	
		2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
Subscription/Purchase of Equity Shares	Motilal Oswal (Shares of Motilal Oswal Insurance Brokers Private Limited)	-	-	-	-	-	0.50	-	0.50
	Raamdeo Agarawal (Shares of Motilal Oswal Insurance Brokers Private Limited)	-	-	-	-	-	0.50	-	0.50
	Motilal Oswal Securities Limited (Shares of Aspire Home Finance Corporation Limited)	-	-	-	-	-	-	-	-
	Aspire Home Finance Corporation Limited	2800.00	5,000.00	-	-	-	-	2,800.00	5,000.00
Total		2,800.00	5,000.00	-	-	-	1.00	2,800.00	5,001.00
Redemption of investment in Preference Shares	Motilal Oswal Investment Advisors Limited	890.00	-	-	-	-	-	890.00	-
Debt Redemption		890.00	-	-	-	-	-	890.00	-
Loans Given / (Received)	Motilal Oswal Securities Limited	234,680.32	138,840.08	-	-	-	-	234,680.32	138,840.08
	Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd.	1,695.18	1,320.66	-	-	-	-	1,695.18	1,320.66
	Motilal Oswal Commodities Broker Private Limited	27,342.27	10,765.48	-	-	-	-	27,342.27	10,765.48
	Motilal Oswal Asset Management Company Ltd	3,150.00	7,334.85	-	-	-	-	3,150.00	7,334.85
	Motilal Oswal Insurance Brokers Private Limited	23.50	86.67	-	-	-	-	23.50	86.67
	Motilal Oswal Capital Markets Pvt. Ltd.	-	12.00	-	-	-	-	-	12.00
	Motilal Oswal Investment Advisors Limited	1,037.50	1,542.35	-	-	-	-	1,037.50	1,542.35
	MOPE Investment Advisors Private Limited	1,579.68	1,991.41	-	-	-	-	1,579.68	1,991.41
	Aspire Home Finance Corporation Limited	-	2,504.15	-	-	-	-	-	2,504.15
	Passionate Investment Management Private Limited	-	-	-	826.23	-	-	-	826.23
	Motilal Oswal Real Estate Investment Advisors Pvt Ltd.	29.91	27.02	-	-	-	-	29.91	27.02
	Motilal Oswal Wealth Management Ltd	4,908.40	5,619.44	-	-	-	-	4,908.40	5,619.44
	India Reality Excellence Fund II LLP	-	-	-	-	9,510.00	11,730.00	9,510.00	11,730.00
Total Loans Given / (Received)		274,446.75	170,044.11	-	826.23	9,510.00	11,730.00	283,956.75	182,600.34
Loans Repayment (Received) / Given	Motilal Oswal Securities Limited	(226,930.54)	(138,577.99)	-	-	-	-	(226,930.54)	(138,577.99)
	Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd.	(1,082.74)	(954.41)	-	-	-	-	(1,082.74)	(954.41)
	Motilal Oswal Commodities Broker Private Limited	(27,343.93)	(10,962.13)	-	-	-	-	(27,343.93)	(10,962.13)
	Motilal Oswal Asset Management Company Ltd	(3,150.00)	(7,693.50)	-	-	-	-	(3,150.00)	(7,693.50)
	Motilal Oswal Insurance Brokers Private Limited	-	(135.18)	-	-	-	-	-	(135.18)
	Motilal Oswal Capital Markets Pvt. Ltd.	-	(12.00)	-	-	-	-	-	(12.00)
	MOPE Investment Advisors Private Limited	(1,250.96)	(1,990.36)	-	-	-	-	(1,250.96)	(1,990.36)
	Motilal Oswal Investment Advisors Limited	(1,256.42)	(1,688.47)	-	-	-	-	(1,256.42)	(1,688.47)
	Motilal Oswal Private Equity Advisors Private Limited	(1,250.96)	-	-	-	-	-	(1,250.96)	-
	Aspire Home Finance Corporation Limited	-	(3,504.31)	-	-	-	-	-	(3,504.31)
	Passionate Investment Management Private Limited	-	-	-	(826.23)	-	-	-	(826.23)
	Motilal Oswal Wealth Management Ltd	(4,468.87)	(5,584.06)	-	-	-	-	(4,468.87)	(5,584.06)
	India Reality Excellence Fund II LLP	-	-	-	-	(6,404.49)	(15,230.00)	(6,404.49)	(15,230.00)
Total Loans Repayment (Received) / Given		(266,734.41)	(171,102.40)	-	(826.23)	(6,404.49)	(15,230.00)	(273,138.90)	(187,158.64)
Rent Deposits (Received) / Repaid	Motilal Oswal Investment Advisors Limited	16.08	-	-	-	-	-	16.08	-
	Motilal Oswal Securities Limited	(67.72)	-	-	-	-	-	(67.72)	-
	MOPE Investment Advisors Private Limited	(93.39)	-	-	-	-	-	(93.39)	-
	Motilal Oswal Asset Management Company Ltd	(160.17)	-	-	-	-	-	(160.17)	-
Total Rent Deposits (Received)		(321.28)	-	-	-	-	-	(321.28)	-
Total Rent Deposits Paid		16.08	-	-	-	-	-	16.08	-

NOTES TO FINANCIAL STATEMENT (Contd..)

(₹ in Lakhs)

Transaction	Name of the related Party	Subsidiaries / Step-down / Fellow Subsidiaries*		Holding Company		Key Managerial Personnel/ Relative of Key Managerial Personnel / Associates		Total	
		2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
Collateral given (Mutual funds) for loan	Motilal Oswal Securities Limited	18,750.00	–	–	–	–	–	18,750.00	–
Total Collateral Given		18,750.00	–	–	–	–	–	18,750.00	–
Outstanding Balances:									
Collateral given for loan	Motilal Oswal Securities Limited	20,601.87	16,265.60	–	–	–	–	20,601.87	16,265.60
Collateral given (Mutual funds) for loan	Motilal Oswal Securities Limited	18,750.00	–	–	–	–	–	18,750.00	–
Total Collateral Given		39,351.87	16,265.60	–	–	–	–	39,351.87	16,265.60
Corporate Guarantees	Motilal Oswal Commodities Broker Private Limited	500.00	500.00	–	–	–	–	500.00	500.00
Total Corporate Guarantees		500.00	500.00	–	–	–	–	500.00	500.00
Loans & Advances (Received)/Given (Including Interest)	Motilal Oswal Securities Limited	7,786.75	11.00	–	–	–	–	7,786.75	11.00
	Motilal Oswal Commodities Broker Private Limited	(0.09)	1.66	–	–	–	–	(0.09)	1.66
	MOPE Investment Advisors Private Limited	331.57	–	–	–	–	–	331.57	–
	Motilal Oswal Investment Advisors Limited	75.02	339.97	–	–	–	–	75.02	339.97
	Motilal Oswal Asset Management Company Ltd	0.13	0.00	–	–	–	–	0.13	0.00
	Motilal Oswal Real Estate Investment Advisors Pvt Ltd.	70.05	36.17	–	–	–	–	70.05	36.17
	Motilal Oswal Insurance Brokers Private Limited	23.65	(0.34)	–	–	–	–	23.65	(0.34)
	Motilal Oswal Wealth Management Ltd	477.46	35.45	–	–	–	–	477.46	35.45
	Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd.	979.27	366.05	–	–	–	–	979.27	366.05
	Aspire Home Finance Corporation Limited	–	2.27	–	–	–	–	–	2.27
	India Reality Excellence Fund II LLP	–	–	–	–	3,188.89	–	3,188.89	–
Total Loan & Advances (Received)		(0.09)	(0.34)	–	–	–	–	(0.09)	(0.34)
Total Loan & Advances Given		9,743.90	792.57	–	–	3,188.89	–	12,932.79	792.57
Other Receivables /(Payable)	Motilal Oswal Investment Advisors Limited	(0.50)	(5.07)	–	–	–	–	(0.50)	(5.07)
	Motilal Oswal Securities Limited	138.55	98.28	–	–	–	–	138.55	98.28
	MOPE Investment Advisors Private Limited	–	6.74	–	–	–	–	–	6.74
	Motilal Oswal Wealth Management Ltd	–	4.40	–	–	–	–	–	4.40
	Motilal Oswal Commodities Broker Private Limited	–	2.68	–	–	–	–	–	2.68
	Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd.	32.00	19.80	–	–	–	–	32.00	19.80
	Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd.	–	(3.41)	–	–	–	–	–	(3.41)
	Motilal Oswal Asset Management Company Ltd	0.00	7.20	–	–	–	–	0.00	7.20
	Motilal Oswal Capital Markets Pvt. Ltd.	0.19	–	–	–	–	–	0.19	–
	Aspire Home Finance Corporation Limited	4.94	–	–	–	–	–	4.94	–
	India Reality Excellence Fund II LLP	–	–	–	–	–	6.07	–	6.07
Total Others Receivables		(0.50)	(8.49)	–	–	–	–	(0.50)	(8.49)
Total Others (Payables)		175.68	139.10	–	–	–	6.07	175.68	145.17
Rent Deposits (Received) / Paid	Motilal Oswal Securities Limited	0.90	52.52	–	–	–	–	0.90	52.52
	Motilal Oswal Investment Advisors Limited	(55.53)	(71.61)	–	–	–	–	(55.53)	(71.61)
	Motilal Oswal Insurance Brokers Private Limited	(5.66)	(5.66)	–	–	–	–	(5.66)	(5.66)
	Motilal Oswal Securities Limited	(395.00)	(327.28)	–	–	–	–	(395.00)	(327.28)
	MOPE Investment Advisors Private Limited	(139.41)	(46.01)	–	–	–	–	(139.41)	(46.01)
	Motilal Oswal Asset Management Company Ltd	(220.84)	(60.67)	–	–	–	–	(220.84)	(60.67)
Total Rent Deposits (Received)		(816.44)	(511.22)	–	–	–	–	(816.44)	(511.22)
Total Rent Deposits Paid		0.90	52.52	–	–	–	–	0.90	52.52

NOTES TO FINANCIAL STATEMENT (Contd..)

(b) Maximum Balance in respect of Loan and advances to related parties

(₹ in Lakhs)

Transaction	Name of the related Party	Subsidiaries / Step-down / Fellow Subsidiaries*		Holding Company		Key Managerial Personnel / Relative of Key Managerial Personnel / Associates		Total	
		2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
Loans & Advances (Maximum Balance)	Motilal Oswal Securities Limited	8,635.60	13,304.52	-	-	-	-	8,635.60	13,304.52
	Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd.	978.50	368.08	-	-	-	-	978.50	368.08
	Motilal Oswal Commodities Broker Private Limited	3,986.34	1,763.92	-	-	-	-	3,986.34	1,763.92
	Motilal Oswal Asset Management Company Ltd	900.00	1,877.07	-	-	-	-	900.00	1,877.07
	Motilal Oswal Insurance Brokers Private Limited	23.50	91.56	-	-	-	-	23.50	91.56
	Motilal Oswal Capital Markets Pvt. Ltd.	-	12.01	-	-	-	-	-	12.01
	MOPE Investment Advisors Private Limited	390.00	987.07	-	-	-	-	390.00	987.07
	Motilal Oswal Investment Advisors Limited	388.63	912.43	-	-	-	-	388.63	912.43
	Aspire Home Finance Corporation Limited	-	2,500.60	-	-	-	-	-	2,500.60
	Passionate Investment Management Private Limited	-	-	-	579.26	-	-	-	579.26
	Motilal Oswal Real Estate Investment Advisors Pvt Ltd.	62.67	35.68	-	-	-	-	62.67	35.68
	Motilal Oswal Wealth Management Ltd	3,157.10	4,185.25	-	-	-	-	3,157.10	4,185.25
	India Reality Excellence Fund II LLP	-	-	-	-	3,205.17	-	3,205.17	-
Outstanding Balance in respect of Investments in related parties									
Investments	Motilal Oswal Securities Limited	163.03	163.03	-	-	-	-	163.03	163.03
	Motilal Oswal Commodities Broker Private Limited	90.22	90.22	-	-	-	-	90.22	90.22
	Motilal Oswal Investment Advisors Limited	5,027.18	5,027.18	-	-	-	-	5,027.18	5,027.18
	MOPE Investment Advisors Private Limited	5.00	5.00	-	-	-	-	5.00	5.00
	Motilal Oswal Insurance Brokers Private Limited	300.00	300.00	-	-	-	-	300.00	300.00
	Aspire Housing Finance Corporation Ltd	7,685.81	5,000.01	-	-	-	-	7,685.81	5,000.01

Maximum Balance in respect of Investments in related parties

(₹ in Lakhs)

Transaction	Name of the related Party	Subsidiaries / Step-down / Fellow Subsidiaries*		Holding Company		Key Managerial Personnel / Relative of Key Managerial Personnel / Associates		Total	
		2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
Investments	Motilal Oswal Securities Limited	163.03	163.03	-	-	-	-	163.03	163.03
	Motilal Oswal Commodities Broker Private Limited	90.22	90.22	-	-	-	-	90.22	90.22
	Motilal Oswal Investment Advisors Limited	5,027.18	5,027.18	-	-	-	-	5,027.18	5,027.18
	MOPE Investment Advisors Private Limited	5.00	5.00	-	-	-	-	5.00	5.00
	Motilal Oswal Insurance Brokers Private Limited	300.00	300.00	-	-	-	-	300.00	300.00
	Aspire Housing Finance Corporation Ltd	7,800.01	5,000.01	-	-	-	-	7,800.01	5,000.01

* The Company has also mortgaged its immovable property "Motilal Oswal Tower" (Gross Value ₹ 15,351.95 lakhs (Previous Year ₹ 15,351.95 lakhs) & Net Value ₹ 11,942.77 lakhs (Previous Year ₹ 12,535.86 lakhs) as on 31st March, 2017) as collateral security to HDFC Bank Limited for the banking facilities of ₹ 20,750 lakhs (Previous year ₹ 14,750 lakhs) availed by its subsidiary company Motilal Oswal Securities Limited.

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

NOTES TO FINANCIAL STATEMENT (Contd..)

Note 38 : Disclosure relating to Employee Stock Option Purchase Plan

Details of Stock options

The company has four Stock option Schemes

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

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

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

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

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

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

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

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

The activity in the (ESOS-III), (ESOS-V), (ESOS-VI) and ESOS (VII) during the year ended 31st March 2017 and 31st March 2016 is set below:

	For the year ended 31-Mar-17		For the year ended 31-Mar-16	
	In Numbers	Weighted Average Exercise Price	In Numbers	Weighted Average Exercise Price
The (ESOS-III) : (Face value of ₹ 2/- each)				
Option outstanding, beginning of the year	9,250	103.78	9,250	103.78
Add: Granted	—	NA	—	NA
Less: Exercised	—	NA	—	NA
Less: Forfeited	—	NA	—	NA
Less: Lapsed	—	NA	—	NA
Option outstanding, end of the year	9,250	103.78	9,250	103.78
Exercisable at the end of the period	—		—	
The (ESOP-V) : (Face value of ₹ 1/- each)				
Option outstanding, beginning of the Year	1,195,925	208.70	1,739,150	129.89
Add Granted	88,075	572.30	522,000	320.18
Less: Exercised	271,410	142.63	523,650	153.87
Less: Forfeited	—	NA	—	NA
Less: Lapsed	18,500	148.20	541,575	114.66
Option outstanding, end of the year	994,090	257.74	1,195,925	208.70
Exercisable at the end of the period	162,875		104,500	
The (ESOP-VI) : (Face value of ₹ 1/- each)				
Option outstanding, beginning of the Year	2,029,350	157.56	3,386,500	121.33
Add Granted	145,150	572.75	232,500	349.90
Less: Exercised	1,701,581	108.29	1,487,750	141.69
Less: Forfeited	—	NA	—	NA
Less :Lapsed	46,250	102.73	101,900	88.13
Option outstanding, end of the year	426,669	296.97	2,029,350	157.56

NOTES TO FINANCIAL STATEMENT (Contd..)

	For the year ended 31-Mar-17		For the year ended 31-Mar-16	
	In Numbers	Weighted Average Exercise Price	In Numbers	Weighted Average Exercise Price
Exercisable at the end of the period	9,792		482,455	
The (ESOP-VII) : (Face value of ₹ 1/- each)				
Option outstanding, beginning of the Year.	2,432,500	333.85	1,434,500	333.85
Add Granted	707,750	569.52	1,075,500	339.87
Less: Exercised	310,410	331	—	NA
Less :Lapsed	640,250	330.58	77,500	333.85
Option outstanding, end of the Year	2,189,590	414.30	2,432,500	336.51
Exercisable at the end of the period	46,090		—	

Employees' Stock Options Scheme (ESOS) :

During the year 9,40,975 Employee Stock Options have been granted to the employees of the Company and its subsidiary Companies (Previous Year 18,30,000).

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 ₹ NIL (Previous year- Nil)

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 520.76 (previous year ₹ 284.89)

Particulars	Scheme III	Scheme V	Scheme VI	Scheme VII
Date of grant	Various Dates	Various Dates	Various Dates	Various Dates
Date of Board Approval	Various Dates	Various Dates	Various Dates	Various Dates
Date of Shareholder's approval	3-Feb-2006 and 28-4-2006	4-Dec-2007	8-Jul-2008	22-Aug-2014
Number of options granted	2,523,000	5,088,325	7,410,100	3,217,750
Method of Settlement	Equity Shares	Equity Shares	Equity Shares	Equity Shares
Vesting Period	2 Months to 5 Years	1 Year to 5 Years	1 Year to 5 Years	1 Year to 7 Years
Weighted Average Remaining Contarctual Life (Vesting Period)				
Granted but not vested	NA	2.50 Years (P.Y. 2.45 Years)	2.72 Years (P.Y. 1.86 Years)	2.97 Years (P.Y. 2.64 Years)
Vested but not exercised	NA	0.24 Year (P.Y. 0.14 Year)	0.25 Year (P.Y. 1.48 Years)	1 Year (P.Y. NA)
Weighted Average Share Price at the date of exercise for stock options exercised during the year	NA	₹ 343.19 (P.Y. ₹ 288.54)	₹ 529.10 (P.Y. ₹ 283.6)	₹ 636.31 (P.Y. Nil)
Exercise Period	Within 1 to 3 years of Vesting of options			
Vesting Conditions	Vesting of Options would be subject to continued employment with the Company and/or its holding / subsidiary, and thus the Options would vest on passage of time. In addition to this, the Remuneration / Compensation Committee may also specify certain performance parameters subject to which the options would vest. In case of performance based vesting, the options would vest on achievement of performance parameters irrespective of the time horizon.			
Weighted Average Fair Value of options (granted but not vested) as on grant date	NA	₹ 111.42 (P.Y. ₹ 89.36)	₹ 126.91 (P.Y. ₹ 73.13)	₹ 165.99 (P.Y. ₹ 139.84)

NOTES TO FINANCIAL STATEMENT *(Contd..)*

Exercise Pricing Formula

Scheme III

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

Scheme V

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

Scheme VI

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

Scheme VII

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

Other Information regarding Employee Share Based Payment Plan is as below

	2016-17 ₹ in Lakhs	2015-16 ₹ in Lakhs
Expense arising from employee share based payment plans	NIL	NIL
Expense arising from share and stock option Plan	NIL	NIL
Total carrying amount at the end of the period	NIL	NIL

Note 39 :

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

A) CRAR

	As at 31-Mar-2017	As at 31-Mar-2016
i) CRAR (%)	39.31%	58.11%
ii) CRAR - Tier I Capital (%)	39.20%	58.04%
iii) CRAR - Tier II Capital (%)	0.11%	0.07%

B) Investments

	As at 31-Mar-2017 ₹ in lakhs	As at 31-Mar-2016 ₹ in lakhs
1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	65,978.34	48,989.03
(b) Outside India,	—	—
(ii) Provision for Depreciation*		
(a) In India	137.01	17.30
(b) Outside India,	—	—
(iii) Net Value of Investments		
(a) In India	65,841.33	48,971.73
(b) Outside India	—	—

NOTES TO FINANCIAL STATEMENT (Contd..)

	As at 31-Mar-2017 ₹ in lakhs	As at 31-Mar-2016 ₹ in lakhs
(2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance	17.30	—
(ii) Add : Provisions made during the year	119.71	17.30
(iii) Less : Write-off / write-back of excess provisions during the year	—	—
(iv) Closing balance	137.01	17.30

*Provision for Depreciation includes provision for diminution in value of investment.

C) Exposure to Real Estate Sector

Category	As at 31-Mar-2017 ₹ in lakhs	As at 31-Mar-2016 ₹ in lakhs
a) Direct Exposure		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential borrower that is or will be occupied by the borrower or that is rented	155.78	211.00
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	—	1,396.40
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	NIL	NIL
b. Commercial Real Estate	NIL	NIL
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	7,685.81	5,000.00
Others	6,174.87	5,159.00
Total Exposure to Real Estate Sector	14,016.45	11,766.40

D) Provisions and Contingencies

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

	For the year ended 31-Mar-2017 ₹ in lakhs	For the year ended 31-Mar-2016 ₹ in lakhs
Provisions for depreciation on Investment	119.71	17.30
Provision towards NPA	3.12	448.30
Provision made towards Income tax	(58.49)	671.81
Other Provision and Contingencies (with details)*	92.12	109.00
Provision for Standard Assets	53.07	(59.30)
*Other Provisions and Contingencies		
Provision for Long term Employee Benefits	6.52	11.72
Provision for Ex-Gratia	82.82	93.41
Provision for Compensated Absence	2.78	3.87
TOTAL	92.12	109.00

NOTES TO FINANCIAL STATEMENT *(Contd..)*

E) Concentration of Advances

	31-Mar-17 ₹ in lakhs	31-Mar-16 ₹ in lakhs
Total Advances to twenty largest borrowers*	23,062.65	16,529.28
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	69.01%	64.03%

*Largest borrowers are based on closing balance

F) Concentration of Exposures

	31-Mar-17 ₹ in lakhs	31-Mar-16 ₹ in lakhs
Total Exposure to twenty largest borrowers	44,000.00	32,750.00
Percentage of Exposure to twenty largest borrowers to Total Exposure of the Company	40.26%	36.04%

G) Concentration of NPAs

	31-Mar-17 ₹ in lakhs	31-Mar-16 ₹ in lakhs
Total Exposure to top four NPA accounts	25.81	3,699.02

H) Sector-Wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		31-Mar-17	31-Mar-16
1	Agriculture & allied activities		—
2	MSME		—
3	Corporate borrowers	0.00%	47.43%
4	Services		—
5	Unsecured personal loans	0.00%	0.33%
6	Auto loans		—
7	Other personal loans		—

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

Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	₹ in lakhs	
			Total Assets As at 31-Mar-17	Total Assets As at 31-Mar-16
Motilal Oswal Capital Markets (Hong Kong) Private Limited (Subsidiary)	NA	Hong Kong	84.32	178.7
Motilal Oswal Capital Markets (Singapore) Pte. Ltd. (Subsidiary)	NA	Singapore	1,099.58	149.6
India Business Excellence Management Co (Subsidiary)	NA	Mauritius	1,211.83	1285.9
Motilal Oswal Asset Management (Mauritius) Pvt. Ltd (Subsidiary)	NA	Mauritius	53.59	46.4

Note: Subsidiaries includes step-down subsidiaries

NOTES TO FINANCIAL STATEMENT (Contd..)

J) Customer Complaints*

Sr. No	Particulars	31-Mar-17 (In numbers)	31-Mar-16 (In numbers)
a)	No. of customer complaints pending at the beginning of the year	—	—
b)	No. of customer complaints received during the financial year	3	8
c)	No. of customer complaints redressed during the financial year	3	8
d)	No. of customer complaints pending at the end of the year	—	—

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

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

₹ in lakhs

	Upto 30 / 31 days	Over 1 month upto 2 month	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Assets									
Advances	5,000.00	6,000.00	5,500.00	5,038.90	5,000.00	—	—	—	26,538.90
Investments	—	—	—	—	2,478.30	2,669.70	32,249.00	11,574.70	48,971.70
Liabilities									
Borrowings (Refer note 2)	15,042.90	9,763.00	—	—	5,000.00	10,000.00	—	—	39,805.90

Note:

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

ii) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities (FY 2016-17)

₹ in lakhs

	Upto 30 / 31 days	Over 1 month upto 2 month	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Assets									
Advances	7,000.00	8,000.00	6,000.00	5,000.00	7,421.48	—	—	—	33,421.48
Investments	—	—	—	—	8,000	3,411.44	38,150.74	16,279.15	65,841.33
Liabilities									
Borrowings (Refer note 2)	13,402.91	17,355.79	—	—	5,000	10,000	—	—	45,758.69

Note:

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

NOTES TO FINANCIAL STATEMENT (Contd..)

L) Movement of NPAs

	As at 31-Mar-17 ₹ in lakhs	As at 31-Mar-16 ₹ in lakhs
(i) Net NPAs to Net Advances (%)	0.00%	11.06%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	3,724.80	3,957.10
(b) Additions during the year	—	31.22
(c) Reductions during the year	3,698.99	263.50
(d) Closing balance	25.81	3,724.80
(iii) Movement of Net NPAs		
(a) Opening balance	2,834.80	3,515.30
(b) Additions during the year	—	28.10
(c) Reductions during the year	2,834.80	708.60
(d) Closing balance	—	2,834.80
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	889.00	440.70
(b) Provisions made during the year	3.12	3.10
(c) Write-off /(write-back) of excess provisions	(866.31)	448.30
(d) Closing balance	25.81	889.00

M) Exposure to Capital Market

	As at 31-Mar-17 ₹ in lakhs	As at 31-Mar-16 ₹ in lakhs
(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;	58,429.89	40,444.44
(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;	11,351.64	11,243.78
(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;*	1,309.98	4,646.96
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;*	—	—
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; (It does not include guarantee given to commodity broker)*	8,596.96	700.00
(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 anticipate on of raising resources;*	—	—
(vii) bridge loans to companies against expected equity flows / issues;*	—	—
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	9,558.24	4,698.02
Total Exposure to Capital Market	89,246.71	61,733.16

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

NOTES TO FINANCIAL STATEMENT (Contd..)

N) Penalties or Fines imposed by Reserve Bank of India

During the Financial Year 2016-17, no Penalties or Fines have been imposed by Reserve Bank of India.

O) i) Schedule to the Balance Sheet of “Motilal Oswal Financial Services Limited” as at 31st March, 2017 (as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

(₹ in lakhs)

	Particulars	Amount outstanding	Amount overdue
Liabilities side :			
1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	10,344.18	NIL
	: Unsecured (other than falling within the meaning of public deposits)	NIL	NIL
	(b) Deferred Credits	NIL	NIL
	(c) Term Loans	10,687.65	NIL
	(d) Inter-corporate loans and borrowing	NIL	NIL
	(e) Commercial Paper	19,819.63	NIL
	(f) Other Loans (Borrowings)	6,006.29	NIL

(₹ in lakhs)

	Particulars	Amount outstanding
Assets side :		
2)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]	
	(a) Secured	20,071.75
	(b) Unsecured	13,410.38
		33,482.14
3)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	
	(i) Lease assets including lease rentals under sundry debtors:	
	(a) Financial lease	NIL
	(b) Operating lease – Refer note 5 below	7583.22
	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	NIL
	(b) Repossessed Assets	NIL
	(iii) Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	NIL
	(b) Loans other than (a) above	NIL
4)	Break-up of Investments :	
	Current Investments :	
	1. Quoted	
	(i) Shares : (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL
	2. Unquoted	
	(i) Shares : (a) Equity	8,000.00
	(b) Preference	NIL
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL

NOTES TO FINANCIAL STATEMENT (Contd.)

(₹ in lakhs)

Particulars	Amount outstanding
Long term Investments :	
1. Quoted	
(i) Shares : (a) Equity	NIL
(b) Preference	NIL
(ii) Debentures and bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others (please specify)	NIL
2. Unquoted	
(i) Shares : (a) Equity	12,279.14
(b) Preference	NIL
(ii) Debentures and bonds	700.00
(iii) Units of mutual funds	38,150.74
(iv) Government Securities	NIL
(v) Others (Investment in Private Equity funds and Investment Property)	6,711.45
TOTAL	65,841.33

5) Borrower group-wise classification of assets financed as in (2) and (3) above:	Amount net of provision (Refer Note No. 6)		
Category	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	NIL	16,538.48	16,538.48
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL
2. Other than related parties	20,071.75	4,429.33	24,501.08
TOTAL	20,071.75	20,967.81	41,039.56

6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)		
Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries (Refer note 3)	1,05,932.41	12,279.14
(b) Companies in the same group	NIL	NIL
(c) Other related parties	NIL	NIL
2. Other than related parties (Refer note 4)	73,118.26	53,562.19
TOTAL	1,79,050.66	65,841.33

Particulars	Amount (₹ in lakhs)
7) Other Information	
(i) Gross Non- Performing Assets	25.81
(a) Related parties	NIL
(b) Other than related parties	25.81
(ii) Net Non- Performing Assets	NIL
(a) Related Parties	NIL
(b) Other than related parties	NIL
(iii) Assets acquired in satisfaction of debt	NIL

Notes:

- Provisioning norms shall be applicable as prescribed in Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 whichever is applicable.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt.
- In respect of investment in subsidiaries, Net Asset value is computed on the basis of book value.

NOTES TO FINANCIAL STATEMENT (Contd..)

4. In respect of investment in Private Equity fund, unquoted debentures and Investment in property, book value has been taken as fair value due to unavailability of fair value and for investment in mutual funds, NAV has been taken for calculation of fair value
5. Lease assets include the value of Fixed Assets at Gross Book Value.
6. The figures are not netted with provision against standard assets as it is not a specific provision.

P) i) Schedule to the Balance Sheet of “Motilal Oswal Financial Services Limited” as at 31st March, 2016 (as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

(₹ in lakhs)

	Particulars	Amount outstanding	Amount overdue
Liabilities side :			
1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	15,520.40	NIL
	: Unsecured (other than falling within the meaning of public deposits)	NIL	NIL
	(b) Deferred Credits	NIL	NIL
	(c) Term Loans	NIL	NIL
	(d) Inter-corporate loans and borrowing	11.00	NIL
	(e) Commercial Paper	9,847.58	NIL
	(f) Other Loans (Borrowings)	15,031.88	NIL

(₹ in lakhs)

	Particulars	Amount outstanding
Assets side :		
2)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]	
	(a) Secured	24,331.71
	(b) Unsecured	2,207.20
		26,538.91
3)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	
	(i) Lease assets including lease rentals under sundry debtors:	
	(a) Financial lease	NIL
	(b) Operating lease - Refer note 6 below	5,947.60
	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	NIL
	(b) Repossessed Assets	NIL
	(iii) Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	NIL
	(b) Loans other than (a) above	NIL
4)	Break-up of Investments :	
	Current Investments :	
	1. Quoted	
	(i) Shares : (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL
	2. Unquoted	
	(i) Shares : (a) Equity	NIL
	(b) Preference	NIL

NOTES TO FINANCIAL STATEMENT (Contd.)

(₹ in lakhs)

Particulars	Amount outstanding
(ii) Debentures and bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others (please specify)	NIL
Long term Investments :	
1. Quoted	
(i) Shares : (a) Equity	NIL
(b) Preference	NIL
(ii) Debentures and bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others (please specify)	NIL
2. Unquoted	
(i) Shares : (a) Equity	9,695.44
(b) Preference	890.00
(ii) Debentures and bonds	2,600.00
(iii) Units of mutual funds	30,749.00
(iv) Government Securities	NIL
(v) Others (Investment in Private Equity funds and Investment Property)	5,037.29
TOTAL	48,971.73

(₹ in lakhs)

5) Borrower group-wise classification of assets financed as in (2) and (3) above:	Amount Net of Provisions		
Category	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	NIL	725.48	725.48
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL
2. Other than related parties	23,406.20	1,451.90	24,858.10
TOTAL	23,406.20	2,177.38	25,583.58

6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):		
Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries (Refer note 4)	88,869.57	10,585.44
(b) Companies in the same group	NIL	NIL
(c) Other related parties	NIL	NIL
2. Other than related parties (Refer note 5)	32,754.53	38,386.29
TOTAL	1,21,624.10	48,971.73

Particulars	Amount (₹ in lakhs)
7) Other Information	
(i) Gross Non-Performing Assets	3,724.82
(a) Related parties	NIL
(b) Other than related parties	3,724.82

NOTES TO FINANCIAL STATEMENT (Contd..)

Particulars	Amount (₹ in lakhs)
(ii) Net Non-Performing Assets	2,835.82
(a) Related Parties	NIL
(b) Other than related parties	2,835.82
(iii) Assets acquired in satisfaction of debt	NIL

Notes:

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

Note 40 : 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.

- Gross amount required to be spent by the Company during the year ₹ 58.30 lakhs (Previous Year ₹ 46.50 lakhs)
- Amount spent during the period ended 31st March 2017 on:

(₹ in Lakhs)

	Amount paid	Yet to be paid	Total
a) Construction/acquisition of any asset	7.92	6.50	14.42
b) on Purposes other than (a) above	44.00	—	44.00
TOTAL	51.92	6.50	58.42

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

a) Construction/acquisition of any asset	—	—	—
b) on Purposes other than (a) above	62.30	—	62.30
TOTAL	62.30	—	62.30

- Above includes a contribution of ₹ 52.42 lakhs (Previous year ₹ 47.30 lakhs) to Motilal Oswal Foundation which is classified as related party under Accounting Standard 18- "Related Party Disclosures".
- The company has provision for Corporate social responsibility expenses of ₹ 6.50 Lakhs (Previous Year NIL) which is already paid through Motilal Oswal Foundation.

Note 41 :

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

Firm Registration Number: 103523W / W100048

Purushottam Nyati

Partner

Membership Number: 118970

Place : Mumbai

Date : 27th April, 2017

For and on behalf of the Board of Directors

Motilal Oswal Financial Services Limited

Motilal Oswal

Chairman & Managing Director

DIN : 00024503

Shalibhadra Shah

Chief Financial Officer

Place : Mumbai

Date : 27th April, 2017

Raamdeo Agarawal

Joint Managing Director

DIN : 00024533

Murli Krishnan Iyer

Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of MOTILAL OSWAL FINANCIAL SERVICES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Motilal Oswal Financial Services Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associate, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31st March, 2017, their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

- (a) We did not audit the financial statements of ten subsidiaries whose financial statements reflects total assets of ₹ 5,38,396.44 lakhs and net assets of ₹ 87,935.79 lakhs as at March 31, 2017, total revenues of ₹ 1,18,228.38 lakhs and net cash flows amounting to ₹ 17,078.52 for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.
- (b) We did not audit the financial statements of three subsidiaries, whose financial statements reflects total assets of ₹ 1,237.49 lakhs and net assets of ₹ 1,177.63 lakhs as at March 31, 2017, total revenues of ₹ 185.89 lakhs and net cash flows amounting to ₹ 801.41 lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include Group's share of net profit of ₹ 603.87 lakhs for the year ended March 31, 2017, as considered in the Consolidated Financial Statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us

INDEPENDENT AUDITOR'S REPORT (Contd..)

by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Consolidated Financial Statements.

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

Report on Other Legal and Regulatory Requirements

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

- a. We have sought and except for the matter described in the paragraph g(iv) below, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors;
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- d. In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India, 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 Group and the operating effectiveness of such controls, we give our separate Report in the "Annexure".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate – Refer Note 29.5 to the Consolidated Financial Statements;
 - (ii) The Group and its associate did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India;
 - (iv) The Holding Company and its subsidiary companies incorporated in India have 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, wherever applicable, except in respect of a subsidiary company i.e. Aspire Housing Finance Corporation Limited which has not provided the requisite disclosures. Based on audit procedures performed by us and based on the reports of other auditors, we report that the disclosures except in case of a subsidiary company mentioned above are in accordance with the books of account maintained by the Holding Company and its subsidiary companies (Refer Note No. 18 to the consolidated financial statements);

The audit report on the financial statements of above mentioned subsidiary company issued by an independent firm of Chartered Accountants vide its audit report dated April 25, 2017 contains the following remark, which is reproduced by us as below:

"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."

For **HARIBHAKTI & CO. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

Purushottam Nyati

Partner

Membership No. 118970

Place: Mumbai

Date: April 27, 2017

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of the Group, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Group, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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.

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

Other Matters

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

For **HARIBHAKTI & CO. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

Purushottam Nyati

Partner

Membership No. 118970

Place: Mumbai

Date: April 27, 2017

CONSOLIDATED BALANCE SHEET

	Note No.	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
I. EQUITY AND LIABILITIES			
(A) Share Holders' Funds :			
Share Capital	1	1,444.57	1,421.74
Reserves and Surplus	2	177,157.98	142,228.94
TOTAL (A)		178,602.55	143,650.68
(B) Share Application Money Pending Allotment		—	0.83
(C) Minority Interest		2,853.24	1,615.44
(D) Non-Current Liabilities :			
(a) Long-term Borrowings	3	370,340.83	169,999.58
(b) Deferred Tax Liabilities (Net)	4	3,697.07	622.30
(c) Other Long-term Liabilities	5	165.42	317.44
(d) Long-term Provisions	6	3,248.52	1,696.55
TOTAL (D)		377,451.84	172,635.87
(E) Current Liabilities :			
(a) Short-term Borrowings	7	94,302.76	67,460.59
(b) Trade Payables	8	—	0.97
(i) Due to micro and small enterprises		103,983.61	59,792.74
(ii) Due to Others		76,221.19	56,792.49
(c) Other Current Liabilities	9	10,479.31	7,015.98
(d) Short-term Provisions	10	—	—
TOTAL (E)		284,986.87	191,062.77
TOTAL (A+B+C+D+E)		843,894.50	508,965.59
II. ASSETS			
(F) Non-current assets			
(a) Fixed assets	11	24,979.74	28,463.63
(i) Property, Plant & Equipment		955.98	750.51
(ii) Intangible assets		135,638.16	105,551.11
(b) Non-current Investments	12	411,469.00	208,783.80
(c) Long-term Loans and Advances	13	364.10	10,324.49
(d) Other Non-Current Assets	14	—	—
TOTAL (F)		573,406.98	353,873.54
(G) Current assets			
(a) Current Investments	15	44,482.68	17,555.18
(b) Inventories	16	0.44	0.44
(c) Trade Receivables	17	126,004.13	70,991.50
(d) Cash and Bank balances	18	46,251.98	28,667.12
(e) Short-term Loans and Advances	19	50,563.88	37,333.94
(f) Other Current Assets	20	3,184.41	543.86
TOTAL (G)		270,487.52	155,092.04
TOTAL (F+G)		843,894.50	508,965.59
Summary of Significant accounting policies	28		
Notes forming part of accounts	29		

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

As per our attached Report of even Date

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration Number : 103523W / W100048

Purushottam Nyati

Partner

Membership No. 118970

For and on behalf of the Board of Directors

Motilal Oswal Financial Services Limited

Motilal Oswal

Chairman & Managing Director

DIN No.00024503

Raamdeo Agarawal

Joint Managing Director

DIN No.00024533

Shalibhadra Shah

Chief Financial Officer

Murli Krishnan Iyer

Company Secretary

Place : Mumbai

Date : 27th April, 2017

Place : Mumbai

Date : 27th April, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Note No.	For the year ended 31-Mar-17 ₹ in Lakhs	For the year ended 31-Mar-16 ₹ in Lakhs
REVENUE			
Revenue from Operations	21	172,619.25	105,623.39
Other Income	22	8,251.62	2,440.71
TOTAL	(A)	180,870.87	108,064.10
EXPENDITURE			
Employee Benefits Expense	23	34,097.91	25,099.24
Finance Costs	24	44,225.82	17,376.61
Depreciation and Amortization	25	3,283.83	3,494.28
Other Expenses	26	54,826.11	39,640.40
TOTAL	(B)	136,433.67	85,610.53
Profit before Taxation and Exceptional Item	(C) = (A) - (B)	44,437.20	22,453.57
Exceptional Items Income	(D) 27	6,125.03	—
Profit before Taxation	(E) = (C) + (D)	50,562.23	22,453.57
Less: Tax Expense			
i) For current year			
Current tax		13,610.74	6,566.86
Deferred tax		3,096.94	(581.23)
Minimum Alternate Tax Credit Entitlement		(1,458.24)	151.05
ii) Short/(Excess) provision (including MAT credit entitlement) for earlier year(s)		(1,140.63)	(15.00)
Total Tax Expense		14,108.82	6,121.68
Profit for the year before Minority Interests & Share of Profit from Associates		36,453.41	16,331.89
Less : Minority interests		(1,060.25)	(255.37)
Add : Share in Profit of Associates (Refer note no. 29.15)		603.87	831.08
Profit for the year		35,997.03	16,907.60
Consolidated Earnings Per Share (₹)			
Basic Earnings per share		25.14	11.94
(Face Value of share ₹ 1 each, PY ₹ 1 each)			
Diluted Earnings per share		24.79	11.74
(Face Value of share ₹ 1 each, PY ₹ 1 each)			
Summary of Significant accounting policies	28		
Notes forming part of accounts	29		

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

As per our attached Report of even Date

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration Number : 103523W / W100048

Purushottam Nyati

Partner

Membership No. 118970

Place : Mumbai

Date : 27th April, 2017

For and on behalf of the Board of Directors

Motilal Oswal Financial Services Limited

Motilal Oswal

Chairman & Managing Director

DIN No.00024503

Shalibhadra Shah
Chief Financial Officer

Place : Mumbai

Date : 27th April, 2017

Raamdeo Agarawal

Joint Managing Director

DIN No.00024533

Murli Krishnan Iyer
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

	For the Year ended 31-Mar-17 ₹ in Lakhs	For the Year ended 31-Mar-16 ₹ in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	44,437.20	22,453.57
Add: Depreciation and Amortization	3,283.83	3,494.28
Provision on standard & sub standard Assets	1,053.23	1,051.28
Impairment of Non-current Investments	400.00	—
Loss in Partnership	—	94.66
Bad debts written off	3,864.16	743.68
Interest Expenses	5,603.21	3,571.48
Gratuity, Leave salary and Other long term benefits	730.44	519.27
Foreign Currency Translation Reserve	(75.85)	40.64
Employee Stock Option Expenditure	67.40	—
Less : Profit on sale of Investments	(18,438.15)	(8,072.19)
Profit on Sale of Fixed Assets (Net)	(17.28)	(7.51)
Interest Income	(210.65)	(113.61)
Dividend Income	(225.45)	(385.19)
	40,472.10	23,390.37
Add : Exceptional gain	6,125.03	—
	46,597.13	23,390.37
Adjustment for working capital changes		
(Increase) in Trade receivables	(54,862.89)	(12,733.54)
(Increase) / Decrease in Short-term Loans & Advances	(16,235.62)	18,040.07
(Increase) / Decrease in Other Current Assets	(2,436.33)	89.90
(Increase) in Long-term Loans & Advances	(201,457.85)	(168,894.83)
Increase in Other trade Payable	44,189.90	2,763.05
Increase / (Decrease) in Other Current Liabilities	(1,879.40)	17,464.79
(Decrease) in Other Long-term Liabilities	(152.01)	48.05
Increase in Long-term Provision	1,551.97	883.14
Increase in Short-term Provision	1,376.14	413.78
CASH GENERATED FROM OPERATIONS	(183,308.95)	(118,535.23)
Taxes Paid (Net of Refunds)	(12,945.17)	(5,629.83)
Net Cash (Used In) Operating Activities (A)	(196,254.12)	(124,165.06)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,575.08)	(3,565.73)
Proceeds from sale of fixed assets	78.25	38.88
Purchase of Investments	(1,613,883.52)	(850,940.25)
Sale of Investments	1,578,029.44	818,044.05
Investment in Fixed deposit having maturity more than 3 months (Net of maturity)	4,892.71	(2,046.42)
Interest received	6.42	75.90
Dividend received	225.45	385.19
Net Cash (Used In) Investing Activities (B)	(33,226.33)	(38,008.38)

CONSOLIDATED CASH FLOW STATEMENT (Contd..)

	For the Year ended 31-Mar-17 ₹ in Lakhs	For the Year ended 31-Mar-16 ₹ in Lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long / short term borrowings *	247,758.43	179,406.73
Issue of Share capital including Securities premium	4,284.30	3,620.15
Payment of Dividend and Dividend Distribution Tax	(5,174.98)	(7,649.02)
Increase / (Decrease) in unpaid dividend	10.94	(11.91)
Interest Paid	(4,870.12)	(3,566.79)
Net Cash generated from Financing Activities (C)	242,008.57	171,799.16
NET CASH FLOW FOR THE YEAR ENDED (A+B+C)	12,528.12	9,625.72
Cash & Cash Equivalents comprise of as at beginning of the year		
Cash Balance on Hand	48.13	23.01
Cheques on hand	10,780.70	—
Schedule Bank - Current accounts	8,051.05	9,231.15
Total Cash & Cash Equivalents as at beginning of the year	18,879.88	9,254.16
Cash & Cash Equivalents comprise of as at end of the year		
Cash Balance on Hand	62.76	48.13
Fixed Deposit with Banks (having maturity less than 3 month)	180.00	—
Cheques on hand	173.37	10,780.70
Schedule Bank - Current accounts	30,991.87	8,051.05
Total Cash & Cash Equivalents as at end of the year	31,408.00	18,879.88

* Net figures have been reported on account of volume of transactions.

The above cash flow statement has been prepared under the "indirect method" as set out in Accounting Standard - 3

Operating activity as shown above includes expenditure in respect of Corporate Social Responsibility of ₹ 413.21 Lakhs (P.Y. ₹ 453.87 Lakhs) (Note No. 29.27)

As per our attached Report of even Date

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration Number : 103523W / W100048

Purushottam Nyati

Partner

Membership No. 118970

Place : Mumbai

Date : 27th April, 2017

For and on behalf of the Board of Directors

Motilal Oswal Financial Services Limited

Motilal Oswal

Chairman & Managing Director

DIN No.00024503

Shalibhadra Shah

Chief Financial Officer

Place : Mumbai

Date : 27th April, 2017

Raamdeo Agarawal

Joint Managing Director

DIN No.00024533

Murli Krishnan Iyer

Company Secretary

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

Note 1 : Share Capital

	As at 31-Mar-17		As at 31-Mar-16	
	in Numbers	₹ in Lakhs	in Numbers	₹ in Lakhs
Authorised				
87,00,00,000 Equity Shares of ₹ 1 each (Previous Year ₹ 1 each)	870,000,000	8,700.00	870,000,000	8,700.00
50,00,000 Redeemable Preference Shares of ₹ 100 each (Previous Year ₹ 100 each)	5,000,000	5,000.00	5,000,000	5,000.00
TOTAL	875,000,000	13,700.00	875,000,000	13,700.00
Issued, Subscribed & Paid Up				
144,457,476 Equity Shares of ₹ 1/- each fully paid up (PY 142,174,075 Equity Shares of ₹ 1/- each fully paid up) (Of the above, 7,67,92,394 shares (Previous Year 7,67,92,394) held by holding company Passionate Investment Management Private Limited)	144,457,476	1,444.57	142,174,075	1,421.74
TOTAL	144,457,476	1,444.57	142,174,075	1,421.74

1.1 Equity Shares:

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

The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2017, dividend recognized as distributions to equity shareholders was ₹ 2.50 per share. The total dividend appropriated amounts to ₹ 3,588.13 lakhs (Previous Year: ₹ 4,974.83 lakhs) and corporate dividend tax of ₹ 730.45 lakhs (Previous year: ₹ 730.96 lakhs).

The Board of Directors at their meeting held on 27th April, 2017 proposed a dividend of ₹ 3 per share, subject to the approval of the members at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance Sheet date' as notified by Ministry of Corporate Affairs through amendments to Companies Accounting Standard (Amendment) Rules, 2016, dated 30th March 2016, the Company has not accounted for proposed dividend as a liability as at 31st March 2017. If approved the total liability arising to the Company would be ₹ 5,215.97 Lakhs including dividend tax, (previous year Nil)."

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

Preference Shares:

The Company has only one class of preference shares having a par value of ₹ 100/- and there are no preference shares issued & subscribed as on 31.03.2017 and 31.03.2016.

1.2 Reconciliation of number of shares outstanding

	As at 31-Mar-17		As at 31-Mar-16	
	in Numbers	₹ in Lakhs	in Numbers	₹ in Lakhs
Number of share at beginning of the year	142,174,075	1,421.74	140,162,675	1,401.63
Add : Share issued on exercise of employee stock options	2,283,401	22.83	2,011,400	20.11
Add : Share issued to employees of subsidiary	—	—	—	—
Less : Buy back of shares	—	—	—	—
Number of Share at the end of the year	144,457,476	1,444.57	142,174,075	1,421.74

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

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

Share Holder	As at 31-Mar-17		As at 31-Mar-16	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Passionate Investment Management Private Limited	76,792,394	53.16	76,792,394	54.01
Mr. Motilal Oswal	12,110,476	8.38	12,110,476	8.52
Mr. Raamdeo Agarawal	11,828,100	8.12	11,828,100	8.25
Mr. Navin Agarwal	7,804,010	5.40	7,804,010	5.49

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

Particular	2017	2016	2015	2014	2013
Alloted as fully paid up without payment being received in cash	—	—	—	—	112,907
Bought back	—	—	2,756	7,069,945	—

Refer Note No. 29.29 for disclosure relating to Employee Stock Option Purchase Plan

1.5 Share Application Money Pending Allotment

- Term and Conditions - Application money received on account of Employee stock option scheme.
- No of option exercised - Nil (Previous Year 500 options).
- Amount of Premium - Nil (Previous Year ₹ 164 per shares).
- Company has sufficient authorised share capital to cover the share capital amount on allotment of share application money
- No interest accrued on amount due for refund.
- No share application money has been pending beyond period on allotment.

Note 2 : Reserves And Surplus

	As at 31-Mar-17		As at 31-Mar-16	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
1. Capital Reserve on Consolidation				
Opening balance	5,102.53		5,102.04	
Addition /(Deduction) during the Period	(18.25)	5,084.28	(18.68)	5,083.36
2. Capital Redemption Reserve				
Opening balance	1,029.27		1,029.27	
Add : Transfer from Statement of Profit & Loss for the Period	840.00		—	
Add : Transfer from General Reserve	140.00	2,009.27		1,029.27
3. Securities Premium				
Opening balance	43,063.50		40,169.94	
Addition during the year	3,235.29		2,893.56	
Less :Transfer to CRR	—		—	
Less : Utilisation	—	46,298.79	—	43,063.50
4. Debenture Redemption Reserve				
Transfer from General Reserve	85.37	85.37	—	—
5. Share Option outstanding account				
Opening balance	—		10.10	
Addition during the period	67.40	67.40	(10.10)	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

	As at 31-Mar-17		As at 31-Mar-16	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
6. Foreign Currency Translation Reserve				
Opening balance	120.58		79.06	
Less : Prior period adjustment	—		—	
Addition during the Period	(75.85)	44.73	40.64	119.70
7. Statutory Reserve				
Opening balance	8,647.43		6,912.49	
Add : Transfer from Statement of Profit & Loss for the Period	3,378.80	12,026.23	1,730.51	8,643.00
8. General Reserve				
Opening balance	6,672.82		6,662.79	
Addition during the Period	—		—	
Less : Transfer to Debenture Redemption Reserve	(85.37)		—	
Less : Transfer to Capital Redemption Reserve	(140.00)		—	
Transferred from ESOP	—	6,447.45	10.10	6,672.89
9. Surplus in Statement of Profit and Loss				
Opening balance	77,615.78		68,117.69	
Add : Profit for the Current Period	35,997.03		16,907.60	
Less : Interim Dividend	(3,588.13)		(4,974.83)	
Less : Dividend Distribution Tax	(730.45)		(730.96)	
Less : Transfer to Statutory Reserve	(3,378.80)		(1,730.51)	
Less : Transfer to Capital Redemption Reserve	(840.00)		—	
Add/Less : Prior Year other adjustments	19.03		(12.31)	
Add : Minority Balance Sheet Effect	—	105,094.46	40.54	77,617.22
TOTAL		177,157.98		142,228.94

Note 3 : Long - Term Borrowings

	As at 31-Mar-17	As at 31-Mar-16
	₹ in Lakhs	₹ in Lakhs
Secured		
Bonds/Debentures		
Non Convertible Debenture (NCD)	112,490.00	73,950.07
Zero Coupon Bonds	13,000.00	12,500.00
Term Loans*		
— from banks	135,850.83	67,049.51
— from Non Banking Financial Company	20,000.00	—
Unsecured		
Non Convertible Debenture (NCD)	79,000.00	6,500.00
Zero Coupon Bonds	10,000.00	10,000.00
TOTAL	370,340.83	169,999.58

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Security and other terms of debentures are as follows :

Current Year

NCD Series	Units	Amount ₹ in Lakhs	Security provided	Charge %
Series A (2015-16)/1	1,000	10000	Exclusive charge over specific receivables	1.10 Times of amount Outstanding
Series A (2015-16)/2	250	2500	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/3	500	5000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/4	150	1500	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/5	750	7500	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/6	1,500	15000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/7	1,000	10000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/8	250	2500	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/9	250	2500	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/10	1,500	15000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/13	700	7000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2016-17)/4	1,250	12500	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2016-17)/7	997	9970	Exclusive charge over specific receivables	1.10 Times of amount Outstanding
Series A (2016-17)/10	50	500	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series C (2016-17)/1	800	8000	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	2000	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	7460	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	800	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	1740	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	6910	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/8	60	600	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	1000	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	510	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series A (2016-17)	250	2500	First paripasu charge over present and future receivable and immovable property. (Redeemable on 30th April 2019)	1.25 Time of amount Outstanding and Interest amount outstanding at any point of time
Series B (2016-17)	250	2500	First paripasu charge over present and future receivable and immovable property. (Redeemable on 5th June 2019)	1.25 Time of amount Outstanding and Interest amount outstanding at any point of time
Series B (2014-15)	500	5000	First paripasu charge over present and future receivable and immovable property. (Redeemable on 27th May 2017)	1.25 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2014-15)	500	5000	First paripasu charge over present and future receivable and immovable property. (Redeemable on 27th November 2017)	1.25 Time of amount Outstanding and Interest amount outstanding at any point of time
TOTAL	14,549	145,490		
Less : Current Maturities of long term borrowings	2,000	20,000		
TOTAL	12,549	125,490		

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Previous Year

NCD Series	Units	Amount ₹ in Lakhs	Security provided	Charge %
Series A (2014-15)/1	500	5,000	Exclusive charge over specific receivables	1.10 Times of amount Outstanding
Series A (2015-16)/1	1,000	10,000	Exclusive charge over specific receivables	1.10 Times of amount Outstanding
Series A (2015-16)/2	250	2,500	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/3	500	5,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/4	150	1,500	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/5	750	7,500	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/6	1,500	15,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/7	1,000	10,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/8	250	2,500	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/9	250	2,500	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/10	1,500	15,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/13	700	7,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2014-15)	500	5,000	First paripasu charge on all present & future trade receivables and identified immovable property	1.25 Times of Issued amount
Series B (2014-15)	500	5,000	First paripasu charge on all present & future trade receivables and identified immovable property	1.25 Times of Issued amount
Series C (2014-15)	500	5,000	First paripasu charge on all present & future trade receivables and identified immovable property	1.25 Times of Issued amount
TOTAL	9,850	98,500		
Less : Current Maturities of Long term borrowings	1,205	12,050		
TOTAL	8,645	86,450		

Terms of repayment of debentures

Current Year

(₹ in Lakhs)

Maturity	0-3 years	3-5 years	>5 years	Total
Debentures - secured				
Rate of interest				
8.50%	2,500	—	—	2,500.00
8.50%	2,500	—	—	2,500.00
11.00%	10,000	—	—	10,000
10.75%	—	5,000	—	5,000
10.85%	1,500	—	—	1,500
10.84%	15,000	—	—	15,000
10.84%	10,000	—	—	10,000
10.84%	2,500	—	—	2,500
9.75%	—	15,000	—	15,000
10.70%	7,000	—	—	7,000
10.70%	12,500	—	—	12,500
9.85%	—	—	9,970	9,970
10.00%	8,000	—	—	8,000
10.00%	2,000	—	—	2,000
10.00%	7,460	—	—	7,460
10.25%	800	—	—	800
10.01%	1,740	—	—	1,740
10.00%	6,910	—	—	6,910

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Maturity	0-3 years	3-5 years	>5 years	Total
9.80%	600	–	–	600
9.80%	1,000	–	–	1,000
9.55%	510	–	–	510
Zero coupon	13,000	–	–	13,000
TOTAL	105,520	20,000	9,970	135,490
Debentures - unsecured				
Rate of interest				
10.82%	1,500	–	–	1,500
11.00%	–	3,000	–	3,000
11.00%	–	2,000	–	2,000
11.15%	–	5,000	–	5,000
11.00%	2,500	–	–	2,500
11.00%	10,000	–	–	10,000
11.00%	5,000	–	–	5,000
11.00%	5,000	–	–	5,000
9.99%	–	–	25,000	25,000
10.85%	–	10,000	–	10,000
11.00%	–	–	5,000	5,000
10.50%	5,000	–	–	5,000
Zero coupon	10,000	–	–	10,000
TOTAL	39,000	20,000	30,000	89,000

Previous Year

(₹ in Lakhs)

Maturity	0-3 years	3-5 years	>5 years	Total
Debentures - secured				
Rate of interest				
10.05%	5,000	–	–	5,000
10.05%	5,000	–	–	5,000
10.05%	5,000	–	–	5,000
11.25%	5,000	–	–	5,000
11.00%	10,000	–	–	10,000
10.75%	–	5,000	–	5,000
10.85%	1,500	–	–	1,500
10.84%	15,000	–	–	15,000
10.84%	10,000	–	–	10,000
10.84%	2,500	–	–	2,500
9.75%	–	15,000	–	15,000
10.70%	–	7,000	–	7,000
Zero coupon	12,500	–	–	12,500
TOTAL	71,500	27,000	–	98,500
Debentures - unsecured				
Rate of interest				
10.82%	1,500	–	–	1,500
11.00%	–	–	5,000	5,000
Zero coupon	10,000	–	–	10,000
TOTAL	11,500	–	5,000	16,500

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Terms of repayment of terms loans

Current Year

Term loans from banks - secured by way of hypothecation of receivables i.e loans and advances and mutual funds of company.
(₹ in Lakhs)

Maturity	0-3 years	3-5 years	>5 years	Total
Rate of interest				
8.50 % to 11% annually	76,025.45	38,029.87	43,834.73	157,890.05
TOTAL	76,025.45	38,029.87	43,834.73	157,890.05
Less : Current Maturities of Long term borrowings	22,039.22	—	—	22,039.22
TOTAL	53,986.23	38,029.87	43,834.73	135,850.83

Previous Year

Term loans from banks - secured by way of hypothecation of receivables i.e loans and advances and mutual funds of company.
(₹ in Lakhs)

Maturity	0-3 years	3-5 years	>5 years	Total
Rate of interest				
10% to 12% annually	41,582.22	22,756.81	12,124.77	76,463.80
TOTAL	41,582.22	22,756.81	12,124.77	76,463.80
Less : Current Maturities of Long term borrowings	9,414.29	—	—	9,414.29
TOTAL	32,167.93	22,756.81	12,124.77	67,049.51

* Term Loan from Non Banking Financial Company is secured against units of mutual funds held by the Company and carries interest ranging from 9.60% p.a. to 10.60% p.a. The due date of repayment of above term loan of ₹ 5000 Lakhs on 5th June 2018, ₹ 5000 Lakhs on 22nd June 2018 and ₹ 10,000 Lakhs on 30th June, 2018.

Note 4 : Deferred Tax Liabilities (Net)

Deferred Tax Liability

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Unamortised borrowing cost	675.08	—
Difference between book depreciation and tax depreciation	1,902.67	2,556.31
Sign on bonus pending write off	3.60	3.73
Amortization of Portfolio Management Distribution	2,354.23	—
Statutory Reserve created u/s 36(1)(viii)	619.11	291.91

Deferred Tax Asset

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Expenses allowable u/s. 43B on payment basis	(531.15)	(531.68)
Business Loss	(206.90)	(536.76)
Provision for standard, sub standard, doubtful assets and doubtful debts	(867.15)	(639.47)
Provision for Impairment of Non-current Investments	(23.56)	—
Preliminary Expenses	(0.27)	(3.33)
Long Term Capital Gain on sale of Investments	(106.04)	(6.52)
Accrued Income on investments in units of private equity funds	(22.58)	(42.38)
Interest accrued on ORCD's/Debentures/NPA	(38.36)	(463.52)
Interest on late payment of call money	—	(5.99)
Rent Income	(61.61)	—
TOTAL	3,697.07	622.30

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Note 5 : Other Long Term Liabilities

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Security Deposit (against premises given on lease)	165.42	317.44
TOTAL	165.42	317.44

Note 6 : Long Term Provisions

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Provision for Employee benefits		
– Provision for employee benefits (unfunded) (Refer note. 29.21)	1,218.97	829.02
Provision for Service Charges	12.35	–
Provision for Contingencies		
(a) Provision for standard assets	1,594.71	810.88
(b) Provision for sub standard assets	238.16	56.64
(c) Provision for doubtful assets	184.33	–
TOTAL	3,248.52	1,696.55

Note 7 : Short Term Borrowings

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Secured		
Term Loans		
– from banks *	–	2,950.07
– from Other Financial Institution/ Non Banking Financial Company **	11,000.00	15,053.88
Bank Overdraft #	16,454.41	10,033.37
Unsecured		
Commercial Paper (Principal Portion)	67,500.00	39,763.28
Less: Discount not written off	(651.65)	(340.01)
TOTAL	94,302.76	67,460.59

* 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.

** Borrowings from Non Banking Financial Companies are secured against approved list of shares and securities and against units of mutual funds held by Company.

Bank Overdraft is secured against Mutual Funds / Fixed Deposits / Property pledged / Hypothecated against book debts with the Banks.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Note 8 : Trade Payables

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Trade Payables		
Due outstanding of Micro, Small and Medium Enterprises	—	0.97
Due outstanding of creditors other than Micro, Small and Medium Enterprises	103,983.61	59,792.74
TOTAL	103,983.61	59,793.71

Note 9 : Other Current Liabilities

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Current Maturities of Long term borrowings (Refer note. 3 *)	42,039.22	21,464.22
Interest accrued but not due on borrowings	18,211.34	6,750.61
Interest accrued and due on borrowings	5.51	4.69
Income received in advance	9.39	21.70
Advance received from customers	174.69	118.15
Unpaid Dividend *	14.61	25.55
Other Liabilities		
— For Retention money	5.62	5.62
— For capital expenses	16.09	8.99
— For other expenses	864.61	480.83
— Taxes payable	3,322.68	1,588.02
— Book overdraft from bank	52.37	16,991.66
— Accrued salaries & benefits	881.43	438.65
— Other Payables (includes payables to vendor)	2,873.02	2,928.68
— Margin money	7,750.61	5,965.12
TOTAL	76,221.19	56,792.49

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

Note 10 : Short Term Provisions

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Provision for Employee Benefits		
— ExGratia Payable/ Incentive Payable	8,380.12	4,206.63
— Gratuity Obligation (unfunded) (Refer note. 29.21)	227.54	275.02
— Leave salary	135.68	68.11
Others		
— Provision for Contingencies		
(a) Provision for standard assets	172.95	89.61
(b) Provision for sub standard assets	8.00	4.72
(c) Provision for doubtful assets	64.59	885.89
— Provision for Taxation (Net of Advance Tax, TDS etc)	833.17	776.20
— Other Provision (including provision for expenses)	657.26	709.80
TOTAL	10,479.31	7,015.98

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Note 11 : Fixed Assets

Current Year

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As on 01-Apr-16	Additions	Other adjustment*	Deductions	As on 31-Mar-17	As on 01-Apr-16	During the year	Other adjustment*	Deductions	As on 31-Mar-17	As on 31-Mar-17	As on 31-Mar-16
TANGIBLE ASSETS												
Furniture and Fixtures	2,210.85	252.58	–	(39.75)	2,423.68	1,414.28	238.62	–	36.67	1,616.23	807.45	796.57
Office Equipments	3,076.86	359.48	–	(20.29)	3,416.05	2,477.16	248.91	–	18.62	2,708.85	707.20	598.16
Building**	28,958.48	290.44	(3,306.00)	(42.20)	25,900.72	6,225.89	1,332.52	(669.21)	–	6,889.10	19,011.62	22,732.69
Plant and Machinery	5,667.86	858.87	1.13	(6.18)	6,522.32	4,184.03	958.61	–	1.01	5,142.38	1,379.92	1,483.78
Land	2,667.38	–	–	–	2,667.38	–	–	–	–	–	2,667.38	2,667.38
Vehicles	498.05	337.73	–	(73.87)	762.01	313.08	108.74	–	65.99	355.83	406.17	185.05
TOTAL	43,079.48	2,099.11	(3,304.87)	(182.29)	41,692.15	14,614.44	2,887.41	(669.21)	122.29	16,712.40	24,979.74	28,463.63
INTANGIBLE ASSETS												
BSE/MCX Cards	663.26	–	–	–	663.26	662.64	0.62	–	–	663.26	0.00	0.62
PMS Licence	1.00	–	–	–	1.00	0.69	0.20	–	–	0.89	0.11	0.31
Customer Rights	726.87	–	–	–	726.87	724.45	1.00	–	–	725.44	1.43	2.43
Computer Software Purchased	3,088.14	475.97	(1.13)	(0.05)	3,562.94	2,340.99	267.50	–	–	2,608.49	954.45	747.15
Goodwill	90.00	–	–	–	90.00	90.00	–	–	–	90.00	–	–
TOTAL	4,569.27	475.97	(1.13)	(0.05)	5,044.07	3,818.76	269.32	–	–	4,088.09	955.98	750.51
TOTAL (A+B)	47,648.74	2,575.08	(3,306.00)	(182.34)	46,736.22	18,433.21	3,156.73	(669.21)	122.29	20,800.48	25,935.72	29,214.14

* 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 ₹ 24522.94 Lakhs (P.Y ₹ 24,522.94 Lakhs) and Net Block of ₹ 19,138.95 Lakhs (P.Y. ₹ 19,968.7) to HDFC Bank Limited for the banking facility availed.

Previous Year

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As on 01-Apr-15	Additions	Other adjustment*	Deductions	As on 31-Mar-16	As on 01-Apr-15	During the year	Other adjustment*	Deductions	As on 31-Mar-16	As on 31-Mar-16	As on 31-Mar-15
TANGIBLE ASSETS												
Furniture and Fixtures	1,777.25	433.68	–	–	2,210.85	1,149.69	264.60	–	–	1,414.29	796.57	627.54
Office Equipments	2,833.14	152.22	–	91.51	3,076.86	2,072.66	360.75	43.75	–	2,477.16	598.16	850.55
Building**	28,347.74	684.07	–	(73.33)	28,958.47	4,801.72	1,430.74	(6.58)	–	6,225.89	22,732.69	23,546.11
Plant And Machinery	4,768.63	1,034.48	(36.50)	(98.75)	5,667.85	3,081.58	1,153.13	(43.75)	6.93	4,184.03	1,483.78	1,596.86
Land	2,667.38	–	–	–	2,667.38	–	–	–	–	–	2,667.38	2,667.38
Vehicles	418.87	110.74	–	(31.57)	498.04	282.70	57.54	–	27.16	313.08	185.05	136.17
TOTAL	40,813.01	2,415.18	(36.50)	(112.14)	43,079.45	11,388.36	3,266.76	(6.58)	34.09	14,614.45	28,463.63	29,424.61
Intangible Assets												
BSE/MCX Cards	663.26	–	–	–	663.26	661.13	1.51	–	–	662.64	0.62	2.13
PMS Licence	1.00	–	–	–	1.00	0.46	0.23	–	–	0.69	0.31	0.54
Customer Rights	726.87	–	–	–	726.87	719.17	5.28	–	–	724.45	2.43	7.70
Computer Software Purchased	2,744.96	337.32	–	5.86	3,088.14	2,166.61	174.38	–	–	2,341.63	747.15	577.66
Goodwill	90.00	–	–	–	90.00	90.00	–	–	–	90.00	–	–
TOTAL	4,226.09	337.32	–	5.86	4,569.27	3,637.37	181.40	–	–	3,819.40	750.51	588.03
TOTAL (A+B)	45,039.10	2,752.50	(36.50)	(106.28)	47,648.73	15,025.73	3,448.16	(6.58)	34.09	18,433.85	29,214.14	30,012.64

** The Company has mortgaged its immovable property “Motilal Oswal Tower” (Gross Block of ₹ 24,548.20 Lakhs (P.Y ₹ 24,543.80 Lakhs) and Net Block of ₹ 19,968.70 Lakhs (P.Y. ₹ 20,590.30 Lakhs) to HDFC Bank Limited for the banking facility availed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Note 12 : Non-Current Investments - At cost unless 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 (₹ in Lakhs)	
			31-Mar-17	31-Mar-16				31-Mar-17	31-Mar-16
	Other Investment								
	Unquoted Investment								
(a)	Investment Property							900.94	1,238.40
	Add : Addition during the year *							2,826.56	–
	Less: Depreciation on Investment Property							(128.10)	(159.80)
	Less: Deduction during the year							(167.58)	(177.70)
	Total (a)							3,431.82	901.10
(b)	Investment in Equity Instruments								
	AU Finance India Limited	Others	546,966.00	546,966.00	Unquoted	Fully Paid	10.00	1,887.03	1,887.00
	MF utilities India Pvt Ltd.	Others	500,000.00	500,000.00	Unquoted	Fully Paid	1.00	5.00	5.00
	Infosys Ltd.	Others	–	71,478.00	Quoted	Fully Paid	5.00	–	768.30
	Shriram New Horizons Limited	Others	750,000.00	750,000.00	Unquoted	Fully Paid	10.00	1,012.50	1,012.50
	Less : Provision for Diminution in Value of Investment							(400.00)	–
	Shubham Housing Development Finance Co. Pvt. Ltd.	Others	21,392.00	21,392.00	Unquoted	Fully Paid	10.00	180.62	180.62
	Total (b)							2,685.16	3,853.42
(c)	Investment in Preference Instruments								
	14.625% Cumulative redeemable shares of Edelweiss Finance & Investment Limited	Others	3,264,500.00	4,190,000.00	Unquoted	Fully Paid	10.00	486.42	638.50
	Compulsory Convertible shares of Shubham Housing Development Finance Co. Pvt. Ltd.	Others	220,260.00	220,260.00	Unquoted	Fully Paid	10.00	1,859.41	1,859.41
	Total (c)							2,345.83	2,497.91
(d)	Investments in Debentures & Bonds								
	17.5% Redeemable non convertible debentures of Akshaya Private Ltd.	Others	–	3.00	Unquoted	Fully Paid	10,000,000.00	–	165.00
	10% Non cumulative Non convertible debentures of Rajesh Estates & Nirman Pvt Ltd.	Others	–	11.00	Unquoted	Fully Paid	10,000,000.00	–	1,100.00
	17% Non convertible debentures Reddy Housing Pvt. Ltd.	Others	70.00	150.00	Unquoted	Fully Paid	1,000,000.00	700.00	1,500.00
	Total (d)							700.00	2,765.00
(e)	Investment in Mutual Funds								
	Investment in MOST shares M100 ETF	Others	507,650.00	507,650.00	Quoted	Fully Paid	10.00	67.90	67.90
	Most Shares N100 ETF	Others	18,330.00	18,330.00	Quoted	Fully Paid	10.00	51.25	51.25
	Motilal Oswal MOST Focused Multicap 35 Fund (Direct Plan - Growth, Dividend Reinvestment & Direct Plan Dividend Payout) *** #	Others	322,304,318.69	203,188,996.00	Unquoted	Fully Paid	10.00	45,743.95	42,574.90
	MOST FOCUSED MIDCAP 30 FUND (Direct Plan - Growth, Dividend Reinvestment & Direct Plan Dividend Payout) #	Others	68,219,856.75	25,406,224.00	Unquoted	Fully Paid	10.00	11,476.74	16,062.60
	Motilal Oswal MOST Focused Multicap 25 Fund (Direct Plan - Growth, Dividend Reinvestment) **	Others	34,263,237.04	981,159.00	Unquoted	Fully Paid	10.00	5,800.00	80.00
	Most Focused Long term Fund	Others	190,816.03	190,816.00	Unquoted	Fully Paid		20.00	20.00
	Most Shares M50 ETF	Others	59,499.00	59,499.00	Quoted	Fully Paid	10.00	47.77	47.80
	Investment in Short Term Ultra Bond	Others	876,376.21	438,043.00	Unquoted	Fully Paid	10.00	104.00	50.00
	Reliance Liquid Fund-Treasury Plan -Growth Plan Growth Option ****	Others	319,337.51	319,337.51	Unquoted	Fully Paid	10.00	11,482.57	11,482.57
	Reliance Liquidity Fund-Growth Plan-Growth Option ****	Others	224,101.51	224,101.51	Unquoted	Fully Paid	10.00	4,960.96	4,960.96
	Reliance Banking & Psu Debt FD-Dir Pl-Growth ****	Others	132,906,806.15	–	Unquoted	Fully Paid	10.00	15,000.00	–
	Reliance Medium Term Fund - Direct Gr Pl-Gr Option ****	Others	15,118,163.57	–	Unquoted	Fully Paid	10.00	5,000.00	–
	Motilal Oswal Most Focused Dynamic Equity Fund	Others	500,000.00	–	Unquoted	Fully Paid	10.00	50.00	–
	Total (e)							99,805.15	75,397.98

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

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 (₹ in Lakhs)	
			31-Mar-17	31-Mar-16				31-Mar-17	31-Mar-16
(f)	Investment in Alternative Investment funds								
	Motilal Oswal Focused Growth Opportunities Fund	Others	6,123,940.00	–	Unquoted	Partly Paid	10.00	950.00	–
	Motilal Oswal Focused Growth Opportunities Fund (Carry Units)	Others	30,000.00	–	Unquoted	Fully paid	10.00	3.00	–
	Total (f)							953.00	–
(g)	Investments in Partnership Firm / LLP								
	Contrarian Vriddhi Fund I *****	Others	1,000.00	1,000.00	Unquoted	Fully Paid	6,000.00	60.00	20.00
	Add: Purchase during the year							–	40.00
	Closing Balance (B)							60.00	60.00
	Total (g)							60.00	60.00
(h)	Investments in Associate								
	India Realty Excellence Fund II LLP								
	Opening Balance							9,547.34	5,099.34
	Add : Contribution made during the year							–	3,712.70
	Less : Receipts during the year							(1,076.87)	(95.80)
	Add: Share of Profit							960.84	831.10
	Closing Balance	Associate	9,156.07	9,156.07	Unquoted	Fully Paid	100,000.00	9,431.31	9,547.34
	India Realty Excellence Fund II LLP (Carry units)	Associate	2.17	–	Unquoted	Fully Paid	100,000.00	2.17	–
	Total (h) (A+B)							9,433.48	9,547.34
(i)	Investment in Private Equity Funds								
	(i) Reliance Alternative Investment Fund - Private Equity Scheme I	Others	1,052,090.20	1,500,000.00	Unquoted	Fully Paid	10.00	108.58	150.00
	(ii) Aditya Birla Private Equity - Fund I	Others	67,213.00	141,263.00	Unquoted	Partly Paid	100.00	101.30	135.30
	(iii) India Business Excellence Fund	Others	25,450.00	25,450.00	Unquoted	Fully Paid	1,000,000.00	1,504.88	2,783.20
	(iv) India Business Excellence Fund - C Class	Others	1,000.00	1,000.00	Unquoted	Fully Paid	100.00	0.28	1.00
	(v) India Business Excellence Fund II	Others	1,126,195.89	135,500.00	Unquoted	Fully Paid	1,000.00	8,096.35	4,904.20
	(vi) India Business Excellence Fund II - C Class	Others	997.00	–	Unquoted	Fully Paid	1,000.00	9.97	–
	(vii) Investment in India Realty Excellence Fund I	Others	4,000,200.00	540.00	Unquoted	Fully Paid	500,000.00	1,402.37	1,904.80
	(viii) Investment in India Realty Excellence Fund III	Others	4,990,695.89	650,000.00	Unquoted	Fully Paid	100.00	5,000.00	650.00
	Total (i)							16,223.72	10,528.50
	TOTAL (a+b+c+d+e+f+g+h+i)							135,638.16	105,551.25

* Out of the above, addition of ₹ 2,636.66 Lakhs represents re-classifications from Fixed assets

** Of the above 2,20,00,000 Units and 87,00,000 units are pledged for availing bank overdraft and bank guarantee facility respectively

*** Of the above 6,00,00,000 Units are pledged for availing bank overdraft facility

**** All the units are pledged with Exchanges for meeting margin requirements

*****Details of name of Partners, Capital and share of each partner are not shared by the partnership firm

Units of mutual funds are given as security for the working capital term loan facility used by subsidiary company amounting to ₹ 15,000 Lakhs

Particulars	As at 31-Mar-17 (₹ In Lakhs)		As at 31-Mar-16 (₹ In Lakhs)	
	Cost	Market Value	Cost	Market Value
Aggregate amount and Market Value of quoted investments :	166.93	212.78	935.25	1,035.61
Aggregate amount and Market Value of unquoted investments :				
Mutual Funds*****	99,638.22	135,484.10	75,231.03	75,645.70
Others	36,233.01	NA	29,384.84	NA
Aggregate provision for diminution in value of investment	(400.00)	–	–	NA

*****Market value is based on NAV declared by Mutual Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Note 13 : Long Term Loans and Advances

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Secured, considered good :		
Standard Assets *	400,726.32	203,098.30
Unsecured, considered good:		
– Capital Advances	529.73	142.12
– Rent, Electricity, and other security deposits	876.55	919.11
Other Loans & Advances :-		
– Deposits with Exchange	148.50	140.50
– Prepaid Exp	3,566.89	1,235.73
– Balance with Government Authorities	0.89	0.47
– Loan to staff	28.33	32.81
– Advance tax [Net of Provision for Tax Current Year ₹ 16,798.40 Lakhs (Previous year ₹ 11,641.20 Lakhs)]	3,036.75	3,214.76
– MAT credit entitlement	2,555.04	–
TOTAL	411,469.00	208,783.80

* Loans granted by one of the subsidiary 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.

Note 14 : Other Non-Current Assets

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Fixed deposits (maturity more than 12 months)*	359.32	10,310.00
Accrued Interest on Fixed deposits (maturity more than 12 months)	4.78	14.49
TOTAL	364.10	10,324.49

* Fixed deposits receipt of ₹ 283.50 under lien with Exchange and ₹ 75.82 Lakhs is lien with IRDA

Note 15: Current Investments (At Cost or Fair Value whichever is lower)

Sr. No.	Name of the Body Corporate	Associate / JV / Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully Paid	Face Value (In ₹)	Amount (in Lakhs)	
			As at 31-Mar-17	As at 31-Mar-16				As at 31-Mar-17	As at 31-Mar-16
(a)	Investment in Mutual Funds Instruments							34,482.55	17,391.50
	Reliance Money manager fund direct plan growth option	Others	–	57,636,148	Unquoted	Fully Paid	1,000	–	10,391.50
	Motilal oswal ultra short term bond fund - Direct plan growth option	Others	77,130,737	32,853,121	Unquoted	Fully Paid	10	10,000.00	7,000.00
	Principal Cash Management Fund - Direct Plan Growth*	Others	159,106	–	Unquoted	Fully Paid	1,000	2,500.00	–
	Axis Liquid Fund- Direct Plan - Growth*	Others	83,854	–	Unquoted	Fully Paid	1,000	1,500.00	–
	ICICI Pru Money Market - Direct Plan*	Others	1,119,918	–	Unquoted	Fully Paid	100	2,500.00	–
	Reliance Medium Term Fund - Direct Weekly Dividend	Others	38,112,154	–	Unquoted	Fully Paid	10	6,519.69	–
	Franklin India Ultra short Bond Fund Super Institutional Plan - Direct	Others	55,895,345	–	Unquoted	Fully Paid	10	5,646.77	–
	Invesco India Medium Term Bond Fund - Direct Plan Annual	Others	482,959	–	Unquoted	Fully Paid	1,000	5,816.08	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Sr. No.	Name of the Body Corporate	Associate / JV / Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully Paid	Face Value (In ₹)	Amount (in Lakhs)	
			As at 31-Mar-17	As at 31-Mar-16				As at 31-Mar-17	As at 31-Mar-16
(b)	Investment in Debentures							–	163.60
	20% Redeemable Non Convertible Debentures of Shankeshwar Properties Pvt Ltd	Others	–	16	Unquoted	Fully Paid	100	–	163.60
(c)	Other investments							10,000.13	0.08
	India Business Excellence Fund - I	Others	200	200	Unquoted	Fully Paid	1 USD	0.07	0.08
	Investment In MAS Financial Services Ltd	Others	2,955,869	–	Unquoted	Fully Paid	10	10,000.00	–
	Motilal Oswal India Fund	Others	100	–	Unquoted	Fully Paid	1 USD	0.06	–
	Total							44,482.68	17,955.18

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

Particulars	31-Mar-17 (₹ In Lakhs)		31-Mar-16 (₹ In Lakhs)	
	Cost	Market Value	Cost	Market Value
Aggregate value of quoted investments and market value	–		–	
Aggregate value of unquoted investments				
Mutual Funds	34,482.55	34,548.10	17,391.50	17,396.87
Others *	10,000.13	10,000.13	163.68	NA
Aggregate provision for diminution in value of investments	NA	NA	NA	NA

* As the investment in Mas Financial Services Ltd is made by the Company on 30th March, 2017, investment value and the market value is same.

Note 16 : Inventories (At Cost)

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Stock in Trade - Equity Shares	0.44	0.44
TOTAL	0.44	0.44

Note 17 : Trade Receivables

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
<u>Secured, Considered Good *</u>		
a) Outstanding for a period exceeding 6 months from the date they are due for payment	7,914.81	1,608.41
b) Others	64,253.65	32,777.19
<u>Unsecured</u>		
a) Outstanding for a period more than six months from the date they are due for payment		
– Considered good	21,676.12	22,627.67
– Considered doubtful	241.61	517.79
b) Others		
– Considered good	32,159.55	13,978.23
– Considered doubtful	48.08	–
Less : Provision for doubtful debts	(289.69)	(517.79)
TOTAL	126,004.13	70,991.50

* Secured against securities given as collateral by the customer

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Note 18 : Cash and Bank Balances

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Cash and Cash Equivalents		
Balance with banks		
In Fixed Deposit with original maturity within three months *	180.00	—
In current accounts	30,991.87	8,051.05
Cheques on hand	173.37	10,780.70
Cash on hand	62.76	48.13
Other Bank balance	—	—
Fixed Deposit with original maturity more than three months less than twelve months *	14,579.37	9,761.69
Long term deposit with original maturity more than twelve months	250.00	—
Unpaid Dividend Account	14.61	25.55
TOTAL	46,251.98	28,667.12

* Of the above Fixed deposit of ₹ 6,803.23 Lakhs, ₹ 1,000 Lakhs and ₹ 50 Lakhs is under lien with exchange, is under lien with bank for Bank Guarantee Facility and Pledged against overdraft facility from HDFC Bank Ltd respectively.

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 Amount in ₹
Opening cash in hand as on 8-11-2016	9,789,300	1,885,335	11,674,635
(+) Withdrawn from banks	—	2,831,258	2,831,258
(+) Permitted receipts	—	541,933	541,933
(-) Permitted payments	—	2,281,157	2,281,157
(-) Amount deposited in Banks	9,789,300	4,055	9,793,355
Closing cash in hand as on 30-12-2016	—	2,973,314	2,973,314

Other denominations notes (Rupees) Includes foreign currency

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".

In one of the subsidiary Company Aspire Home Finance Corporation Limited, during the period from 8th November, 2016 to 30th December, 2016 there were 376 borrowers who had directly deposited cash amounting to ₹ 79,13,269 in the company's collection accounts held with banks.

Note 19 : Short Term Loans And Advances

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Secured		
Loans to Others		
Standard Assets (considered good)*	33,537.29	26,546.48
Sub-Standard Assets (considered good)	—	31.23
Doubtful Assets	—	3,549.75

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Unsecured		
Loans to Others		
Standard Assets (considered good)	3,640.49	1,337.87
Doubtful	25.81	143.85
Advances		
– Prepaid Exp	6,436.34	2,653.20
– For supply of services	451.62	260.32
– Loans & Advances to employees	1,893.43	297.49
– Balance with Government Authorities	2,002.11	1,124.40
Advance Tax	90.00	232.51
Deposits with exchange	2,195.41	739.39
Other Deposits	61.77	16.68
Others	229.61	400.77
TOTAL	50,563.88	37,333.94

* Loans granted by one of the subsidiary 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.

Note 20 : Other Current Assets

	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Interest Accrued but not due on fixed deposit and home loan	2,319.24	512.22
Stock of Stamps	1.45	4.95
Others	863.72	26.69
TOTAL	3,184.41	543.86

Note 21 : Revenue from Operations

	For the Year ended 31-Mar-17 ₹ in Lakhs	For the Year ended 31-Mar-16 ₹ in Lakhs
Brokerage and related activities		
Brokerage and Commission Income	52,039.48	41,522.94
Research & Advisory Fees	1,705.48	1,709.65
Depository Income	1,211.40	1,115.74
Profit on sale of Investments	206.73	756.41
Total (A)	55,163.09	45,104.74
Investment Banking fees - Advisory & Referral Fees (B)	8,408.17	2,414.61

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

	For the Year ended 31-Mar-17 ₹ in Lakhs	For the Year ended 31-Mar-16 ₹ in Lakhs
Fund based income		
Loss from Arbitrage Transaction / Stock in trade	(7.26)	(32.35)
Profit on sale of Investments	7,040.41	5,086.47
Dividend Income	71.46	378.48
Partnership Loss	—	(94.66)
Interest Income	3,658.32	4,598.92
Total (C)	10,762.93	9,936.86
Asset Management & Advisory Fees		
Mutual Fund Management & Advisory Fees	12,668.37	6,752.72
Portfolio Management Fees	21,720.30	11,308.76
Private Equity	2,982.55	4,211.38
Total (D)	37,371.22	22,272.86
Housing finance related interest Income (E)	39,786.14	13,323.38
Other Operating Revenue		
Processing Fees	5,518.62	4,097.11
Interest Income	9,805.25	4,909.15
Others	5,803.83	3,564.68
Total (F)	21,127.70	12,570.94
TOTAL (A+B+C+D+E+F)	172,619.25	105,623.39

Note 22 : Other Income

	For the Year ended 31-Mar-17 ₹ in Lakhs	For the Year ended 31-Mar-16 ₹ in Lakhs
Dividend Income	153.98	6.71
Profit on sale of Investments	7,792.50	2,229.31
Profit on sale of fixed assets	17.28	7.51
Interest Income	210.65	113.61
Prior year income	0.05	8.93
Other non operating Income	77.16	74.64
TOTAL	8,251.62	2,440.71
GROSS REVENUE	180,870.87	108,064.10

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

Note 23 : Employee Benefit Expense

	For the Year ended 31-Mar-17 ₹ in Lakhs	For the Year ended 31-Mar-16 ₹ in Lakhs
Salary, Bonus and Allowances	31,963.20	23,564.09
Contribution to provident & other Funds (Refer note. 29.21)	600.39	432.13
Expenses on Employee Stock Option Scheme	67.40	-
Gratuity and other long term benefits (Refer note. 29.21)	594.76	451.16
Staff Welfare Expenses	872.15	651.86
TOTAL	34,097.91	25,099.24

Note 24 : Finance Costs

	For the Year ended 31-Mar-17 ₹ in Lakhs	For the Year ended 31-Mar-16 ₹ in Lakhs
Interest Cost	42,928.03	16,903.46
Other Borrowing Cost	1,297.79	473.15
TOTAL	44,225.82	17,376.61

Note 25 : Depreciation and Amortization

	For the Year ended 31-Mar-17 ₹ in Lakhs	For the Year ended 31-Mar-16 ₹ in Lakhs
Depreciation / Amortization of Fixed Assets (Refer note. 11)	3,155.72	3,448.16
Depreciation on Investment Property [Refer note. 12 (a)]	128.11	46.12
TOTAL	3,283.83	3,494.28

Note 26 : Other Expenses

	For the Year ended 31-Mar-17 ₹ in Lakhs	For the Year ended 31-Mar-16 ₹ in Lakhs
Brokerage & Referral fees sharing with intermediaries	35,192.70	22,918.45
Depository Charges	424.19	332.77
Rates & Taxes	310.65	219.94
Rent	1,088.40	796.99
Insurance	103.46	116.87
Repairs and maintenance	415.93	256.80
Computer Repairs & Maintenance	649.93	671.18
Legal & Professional Charges	2,796.99	2,265.75
Remuneration to Auditors (Refer note. 29.8)	112.02	101.26
Membership & Subscription	63.55	80.40

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

	For the Year ended 31-Mar-17 ₹ in Lakhs	For the Year ended 31-Mar-16 ₹ in Lakhs
Data Processing Charges	590.36	660.86
Marketing & Brand Promotion Expenses	2,128.51	1,487.41
Advertisement Exp	1,075.56	1,123.47
Printing & Stationery	530.97	545.08
Power and Fuel	787.89	851.42
Communication Expenses	1,547.95	1,339.40
Travelling & Conveyance Expenses	2,112.06	1,771.46
Donations	5.98	58.81
CSR Donations (Refer note. 29.27)	413.21	453.87
Donation to political party*	0.10	0.10
Bad Debts Written Off /Trading Loss	1,076.45	743.68
Provision on Standard & Sub-Standard Assets and on Bad/Doubtful Debts	1,053.23	1,051.28
Impairment of Non-current Investments	400.00	—
Courier Expenses	106.10	98.48
Entertainment Expenses	183.87	136.38
Miscellaneous Expenses	1,655.02	1,558.31
Preliminary Expenses w/off	1.04	—
TOTAL	54,826.11	39,640.40
*Donation to Political party		
National Congress Party	0.05	0.05
Maharashtra Navnirman Sena	0.05	0.05
TOTAL	0.10	0.10

Note 27 : Exceptional Item Income/ (Expenses)

	For the Year ended 31-Mar-17 ₹ in Lakhs	For the Year ended 31-Mar-16 ₹ in Lakhs
Contractual Bonus Expense on exit from India Business Excellence Fund	(1,235.00)	—
Advisory Fees income on exit from India Business Excellence Fund	1,043.57	—
Profit earned from Investment in India Business Excellence Fund	9,104.17	—
Loss Assets Written Off	(2,787.71)	—
TOTAL	6,125.03	—

Note 28 : Consolidated Significant Accounting Policies:

28.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The accompanying consolidated financial statements are prepared under the historical cost convention, on the accrual basis of accounting and comply in all material respects with the accounting standards issued by the Institute of Chartered Accountants of India / accounting standards notified under section 133 of the Companies Act, 2013 of the Act (the Act) read with rule 7 of the Companies (Accounts) Rules, 2014 and in accordance with the Generally Accepted Accounting Principles (GAAP) 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.

28.2 CHANGE IN ACCOUNTING POLICY:

Accounting for Proposed Dividend

As per the requirements of pre-revised AS 4, the Company used to create a liability for dividend proposed / declared after the balance sheet date if dividend related to periods covered by the financial statements. Going forward, as per AS 4(R), the company cannot create provision for dividend proposed / declared after the balance sheet date unless a statute requires otherwise. Rather, company will need to disclose the same in notes to the financial statements.

Accordingly, the company has disclosed dividend proposed by board of directors after the balance sheet date in the note 1.1.

Had the company continued with creation of provision for proposed dividend, its surplus in the statement of profit and loss account would have been lower by ₹ 5,215.97 lakhs and current provision would have been higher by ₹ 5,215.97 lakhs (including dividend distribution tax of ₹ 882.24 lakhs).

28.3 USE OF ESTIMATES :

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

28.4 PROPERTY, PLANT AND EQUIPMENTS (PPE) & DEPRECIATION ON 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. Residual value, useful life and methods of depreciation are reviewed at each year end and adjusted. 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. Gains/Losses arising from derecognition of PPE are measured at the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in the statement of profit and loss when the asset is derecognized. 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 leased Assets are depreciated over the initial period of lease on Straight Line Basis.

28.5 BORROWING COST :

a) Borrowing Cost

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

b) Zero Coupon Instrument/Commercial Paper

The difference between the discounted amount mobilized and redemption value of commercial papers/ zero coupon non - convertible debentures is apportioned on time proportion basis over the life of instruments and charged in the statement of profit and loss.

28.6 INTANGIBLE ASSETS AND AMORTIZATION:

- a) Expenses incurred on Computer Software having enduring benefits are capitalized and amortized on Straight Line Method (SLM) basis over a period of five years.
- b) Customer Rights acquired by the Company are considered as Intangible asset and amortized over a period of five years on Straight Line Method (SLM) basis from the date of acquisition.
- c) Goodwill acquired by the Company is amortized over a period of three years on Straight Line Method (SLM) basis from the date of acquisition.
- d) Payment made for the membership of the National Spot Exchange Limited and Multi- Commodity Exchange has been treated as intangible asset and has been amortised over a period of five years.

28.7 INVESTMENTS:

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

Long term investments are valued at cost and the cost is determined on the basis of the average carrying amount of the total holding of the investment. Provision for diminution in value of long-term investments is made if in the opinion of management such a decline is other than temporary.

Current investments are valued at cost or market/fair value, whichever is lower. Cost is considered on weighted average method.

Units of Mutual Funds (Non - Exchange traded funds) are valued at cost or market value whichever is lower. Net asset value of units declared by mutual funds is considered as market value for non-exchange traded Mutual Funds.

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

Investment Property

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

Depreciation on building component of investment property has been provided based on Written Down Value method using the useful life as specified in Schedule II to the Act.

28.8 INVENTORIES

Shares are valued at cost or market value, whichever is lower. The comparison of Cost and Market value is done separately for each category of Shares. Cost is considered on weighted average basis.

Commodities are valued at cost or market value, whichever is lower. The comparison of Cost and Market value is done separately for each category of commodity. Cost is considered on weighted average basis.

Units of Mutual Funds are valued at cost or market value, whichever is lower. Net asset value of units declared by mutual funds is considered as market value for non-exchange traded Mutual Funds.

28.9 REVENUE RECOGNITION:

- a) Brokerage income is recognized on trade date basis and is exclusive of service tax and Securities Transaction tax (STT)/ Commodities Transaction tax (CTT) wherever applicable.
- b) Research, Advisory and Transaction processing fee income is accounted for on an accrual basis in accordance with the terms of the respective agreements entered into between the Company and the counter party.
- c) Income from investment in Private Equity Funds ("The fund"), is booked as and when the same is distributed by the Fund. Return of capital contribution is reduced from the original cost of investments.
- d) Insurance agency income on first year premium of insurance policies is recognised, when an insurance policy sold by the Company is accepted by the principal insurance company. Renewal commission on policies is accounted for on receipt of renewal premium by the principle insurance company.
- e) 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

- f) Alternate Investment Management Fee is recognized on an accrual basis in accordance with Private Placement Memorandum.
- g) Management fees in respect of private equity fund is accounted on accrual basis net of service tax in accordance with the terms of the respective agreements entered into between the Company and the counter party.
- h) Investment Management fees on mutual fund are recognized on an accrual basis in accordance with Investment Management Agreement and SEBI (Mutual Fund) Regulations, 1996, based on daily average assets under management (AUM) of the Schemes of Motilal Oswal Mutual Fund.
- i) Trustee fees are recognized on an accrual basis, based on daily average assets under management (AUM) of the Schemes of Motilal Oswal Mutual Fund.
- j) Advisory fees form 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.
- k) Advisory and Setup Fees/Referral fees of the Private Equity Fund are accounted on accrual basis in accordance with the terms of contracts entered into between the Company and the counter party.
- l) Interest Income is recognized on the time proportionate basis starting from the date of disbursement of loan. In case of Non Performing Assets, interest income is recognised on receipt basis, as per NBFC Prudential norms.
- m) Dividend income is recognized when the right to receive payment is established.
- n) Training fees is recognised only after client attended the training or there is reasonable certainty that client will not attend the training. Registration fee is recognized when it is received from the client.
- o) The profit / loss on sale of investments are recognized in the Statement of Profit and Loss on the trade date. Profit or loss on sale of investments is determined on weighted average cost basis.
- p) Profit and Loss from Partnership firm / LLP are accounted on accrual basis and as per terms of respective Partnership / LLP agreement.
- q) 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.
- r) Rent income is recognized on accrual basis and as per the terms of agreement with the counter party.
- s) Policy for Housing Loans Revenue Recognition:
 - i) Interest on Housing Loans: Interest income on loans is recognised on accrual basis except in case of non-performing assets where interest is recognised on realization, as per NHB guidelines. Repayment of housing loans is by way of Equated Monthly Installments (EMI) comprising of principal and interest. Interest is calculated on monthly reducing balance in terms of financing scheme opted by the borrower. EMI commences once the entire loan is disbursed. Pending commencement of EMI, pre-EMI interest is charged every month and is accounted on accrual basis.
 - ii) Fees, other charges and other Interest
 - a. Upfront processing fees are recovered and recognised at the time of disbursement of loan.
 - b. Other charges such as cheque bounce charges, late payment charges are recognized when there is no significant uncertainty as to determination and realization.

In case of non-performing asset, fees and other charges are recognized upon realisation as per the NHB guidelines.
- t) In respect of other heads of income, income from depository operations etc., the Company accounts the same on accrual basis.

28.10 COMMERCIAL PAPER:

The liability is recognized at face value at the time of issue of commercial paper. The discount on issue of commercial paper is amortized over the tenure of the commercial paper.

28.11 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 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.

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

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

28.12 EMPLOYEE BENEFITS:

Provident Fund:

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

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 benefits, which are 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 / 15 days of leave to next financial year. No leave is allowed to be encashed. An obligation arises as employees render service that increases their entitlement to future compensated absences. Provision is made for expected cost of accumulating compensated absences as a result of unused leave entitlement which has accumulated as at the balance sheet date.

Ex-gratia (Bonus):

The Company recognizes the costs of bonus payments when it has a present obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

New Pension Scheme:

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

28.13 TAXATION:

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

Current Tax:

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

Minimum Alternate Tax:

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

Deferred Tax:

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

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

28.14 SIGN ON BONUS :

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

28.15 PRELIMINARY EXPENSES:

Preliminary expenses are charged to the Statement of Profit and Loss in the year in which they are incurred.

28.16 LEASES:

Where the Company is Lessee

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

28.17 MUTUAL FUND RELATED EXPENSES

New Fund Offer expenses

Expenses relating to initial issue of Mutual Fund Schemes of Motilal Oswal Mutual Fund are charged to the Statement of Profit and Loss in the year in which such expenses are incurred.

Recurring fund expenses

Expenses incurred (inclusive of advertisement/brokerage expenses) on behalf of schemes of Motilal Oswal Mutual Fund are recognized in the Statement of Profit and Loss unless considered recoverable from the schemes of the Fund in accordance with the provisions of SEBI (Mutual Fund) Regulations, 1996.

28.18 DISTRIBUTION COST FOR PORTFOLIO MANAGEMENT SERVICES

Distribution cost for Portfolio Management Services are charged to statement of profit and loss on accrual basis.

28.19 PROVISIONS AND CONTINGENCIES:

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

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

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

28.20 IMPAIRMENT OF ASSETS:

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

28.21 PROVISIONING ON RECEIVABLES FROM FINANCING BUSINESS:

- a) Provision for standard assets is made on the basis of prudential norms prescribed for NBFCs by Reserve Bank of India.
- b) Provision for non performing asset is based on the management's assessment of the degree of impairment of the loan asset and the level of provisioning required as per the prudential norms prescribed for NBFCs by Reserve Bank of India.

28.22 PROVISIONING ON RECEIVABLES FROM HOUSING FINANCE BUSINESS:

Housing loans are classified as per the 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 the NHB. The Company maintains general provision for standard assets as per the prudential norms prescribed by the NHB.

28.23 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".

28.24 EARNING PER SHARE :

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

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

28.25 CASH AND CASH EQUIVALENT :

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Notes to consolidated financial statements of Motilal Oswal Financial Services Limited and it's subsidiaries (collectively as "the Group")

Note 29 : Notes to Accounts:

29.1 Principles and assumptions used for consolidated financial statements and proforma adjustments:

- a) The Consolidated Financial Statements have been prepared by applying the principles laid in the Accounting Standard (AS) - 21 "Consolidated Financial Statements" and (AS) - 23 "Accounting For Investments in Associates in Consolidated Financial Statements". issued by the Institute of Chartered Accountants of India for the purposes of these Consolidated Balance Sheet and Statement of Profit and Loss, together referred to in as 'Consolidated Financial Statements.'

- b) Following are the companies whose accounts have been considered for the consolidated financial statements:

Motilal Oswal Financial Services Limited ('the Company' or 'the holding company') shareholding in the following companies as on March 31, 2017 and March 31, 2016 is as under:

Name of the Entities	As at 31st March 2017		As at 31st March 2016		Country of incorporation
	No. of Shares	% of Effective Holding	No. of Shares	% of Effective Holding	
I) Name of the Subsidiary Companies					
a) Direct Subsidiaries					
Motilal Oswal Securities Limited	1,318,830	100	1,318,830	100	India
Motilal Oswal Commodities Broker Private Limited	410,044	100	410,044	100	India
Motilal Oswal Investment Advisors Limited (Formerly known as Motilal Oswal Investment Advisors Private Limited) *	1,000,000	100	1,000,000	100	India
MOPE Investment Advisors Private Limited	50,000	85	50,000	85	India
Motilal Oswal Insurance Brokers Private Limited	3,000,000	100	3,000,000	100	India
b) Step down Subsidiaries					
Motilal Oswal Capital Markets Private Limited	350,000	100	350,000	100	India
Motilal Oswal Wealth Management Limited **	800,000	100	80,000	100	India
Motilal Oswal Asset Management Company Limited ***	650,000,000	100	65,000,000	100	India
Motilal Oswal Trustee Company Limited	100,000	100	100,000	100	India
Motilal Oswal Securities International Private Limited	4,569,200	100	4,569,200	100	India
Motilal Oswal Capital Markets (Hongkong) Private Limited	6,000,000	100	6,000,000	100	Hong Kong
Motilal Oswal Capital Markets (Singapore) Pte. Limited ****	1,361,111	100	250,000	100	Singapore
Motilal Oswal Real Estate Investment Advisors Private Limited *****	85,000	85	76,499	76.49	India
Motilal Oswal Real Estate Investment Advisors II Private Limited	7,650	76.50	6,884	68.84	India
Aspire Home Finance Corporation Limited *****	4,664,198,980	96.67	298,716,674	97.71	India
India Business Excellence Management Company	34,000	85	34,000	85	Mauritius
Motilal Oswal Asset Management (Mauritius) Pvt. Ltd. *****	205,000	100	75,000	100	Mauritius
Motilal Oswal Capital Limited	100,000	100	—	—	India
II) Associate Enterprise					
India Reality Excellence Fund II LLP	10,000	20.44	10,000	19.84	Mauritius

* On 31st March, 2017 name of one of the subsidiary company Motilal Oswal Investment Advisors Private Limited has been Change to Motilal Oswal Investment Advisors Limited.

** On 20th February, 2017 one of the subsidiary Motilal Oswal Wealth Management Limited has subdivided its equity shares of ₹ 10/- per share to ₹ 1/- per share. As a result the outstanding equity shares have increased accordingly.

*** On 28th February, 2017 one of the subsidiary Motilal Oswal Asset Management Company Limited has subdivided its equity shares of ₹ 10/- per share to ₹ 1/- per share. As a result the outstanding equity shares have increased accordingly.

**** On 5th January, 2017 one of the subsidiary Motilal Oswal Securities Limited has further introduced capital in its 100% subsidiary Motilal Oswal Capital Markets (Singapore) Pte. Limited of ₹ 94,200,000 (11,11,111 No. of Equity shares of SGD 1.8 (INR 84.78)).

***** On 31st March, 2017 one of the subsidiary MOPE Investment Advisors Private Limited has made Motilal Oswal Real Estate Advisors Private Limited its 100% subsidiary.

***** On 23rd February, 2017 one of the subsidiary Aspire Home Finance Corporation Limited has subdivided its equity shares of face value of ₹ 10 each to ₹ 1 each. As a result the outstanding equity shares have increased accordingly.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

***** On 4th January, 2016 one of the subsidiary Motilal Oswal Asset Management Company Limited has subscribed for ₹ 33,30,000/- against Share Application Money pending allotment to its wholly owned subsidiary Motilal Oswal Asset Management (Mauritius) Private Limited for which 50,000 equity shares are allotted on 4th May, 2016. Further, On 22nd February, 2017 and on 21st March, 2017 one of the subsidiary Motilal Oswal Asset Management Company Limited has invested in 40,000 equity shares of USD 1 (INR 67.00) each fully paid up amounting to ₹ 26,80,000/- and 40,000 equity shares of USD 1 (INR 65.30) each fully paid up amounting to ₹ 26,12,000/- respectively in its wholly owned subsidiary Motilal Oswal Asset Management (Mauritius) Private Limited, also allotted 50,000 equity share pending for allotment.

29.2 Principles used in preparing Consolidated Financial Statements:

- a) In preparing consolidated financial statements, the financial statements of the parent and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, income and expenses.
- b) The cost to the parent of its investment in each subsidiary and the parent's portion of equity of each subsidiary, at the date on which investment in each subsidiary is made, is eliminated.
- c) Intra-group transactions are eliminated in preparation of consolidated financial statements.
- d) The excess of the cost to the parent of its investment in a subsidiary over the parent's portion of equity of the subsidiary, at the date on which investment in the subsidiary is made, is treated as goodwill & recognized as an asset in the consolidated financial statements.
- e) When the cost to the parent of its investment in a subsidiary is less than the parent's portion of equity of the subsidiary, at the date on which investment in the subsidiary is made, the difference is treated as a capital reserve in the consolidated financial statements.
- f) Minority interest in the net income of consolidated subsidiaries for the reporting period is identified and adjusted against the income of the group in order to arrive at the net income attributable to the owners of the parent; and Minority interest in the net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separately from liabilities and the equity of the parent's shareholders. Minority interest in the net assets consist of:
 - (i) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
 - (ii) the minorities' share of movements in equity since the date the parent-subsidiary relationship came in existence till the date of balance sheet.
- g) In case of Associate Enterprises, the Financial statements as on 31st March, 2017 have been consolidated as per Accounting Standard - AS 23 "Accounting For Investments in Associates in Consolidated Financial Statements".
- h) Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- i) In the case of foreign subsidiaries, revenue items are consolidated at the average exchange rate prevailing during the year. The opening balance in the Statement of Profit and Loss and the opening balance in Reserves and Surplus have been converted at the rates prevailing as at the respective Balance Sheet dates. All assets and liabilities as at the year-end are converted at the rates prevailing as on that date. Any exchange difference arising on consolidation is shown under Foreign Currency Translation Reserve.

29.3 * On 18th November, 2016 one of the subsidiary Motilal Oswal Asset Management Company Limited has introduced a capital in a newly Incorporated company Motilal Oswal Capital Limited making its wholly own subsidiary of ₹ 10,00,000 (No. of shares 1,00,000 @ ₹ 10 each).

29.4 During the year the company has Acquired/Surrender following memberships/licenses:

- a) On 5th April, 2017 one of the subsidiary Motilal Oswal Insurance Brokers Private Limited has applied for surrender of License, to IRDA (Regn No. IRDA/DB439/09 date of Regn August 20, 2013).
- b) During the year MOPE Investment Advisors Private Limited and Motilal Oswal Real Estate Investment Advisors II Private Limited has submitted the request for 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.

29.5 Contingent Liabilities and Commitments to the extent not provided for

- (A) a) 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:
- i) Bombay Stock Exchange Limited - ₹ 1,000 Lakhs (Previous year : ₹ 1,250 Lakhs) for meeting margin requirements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

- ii) National Stock exchange - ₹ 1,500 Lakhs (Previous year ₹ 3,600 Lakhs) for meeting margin requirements.
The company has pledged fixed deposits with banks aggregating ₹ 1,000 Lakhs (Previous Year ₹ 1,475 Lakhs) for obtaining Bank Guarantee.

(B) (a) Contingent Liabilities:

Particulars	As at 31-Mar-2017	(₹ in Lakhs) As at 31-Mar-2016
Demand in respect of Income tax matters for which appeal is pending (Refer note i)	4,255.45	2,996.73

(b) Claims against the Company:

Pending against forum	No. of Cases 2016-17	As at 31-Mar-2017	No. of Cases 2015-16	As at 31-Mar-2016
Consumer Court Cases	16	30.09	15	530.20
Civil Cases	20	511.35	31	135.74
Arbitration Cases	2	105.36	3	58.27
TOTAL	38	646.80	49	724.21

(c) Capital Commitments:

Particulars	As at 31-Mar-2017	(₹ in Lakhs) As at 31-Mar-2016
(i) Estimated amount of contracts remaining to be executed on capital account (Refer Note ii)	53,343.89	41,860.80
(ii) Uncalled Liability on shares and other investments partly paid:		
(1) India Business Excellence Fund II	—	2,947.73
(2) India Business Excellence Fund	—	112.50
(3) India Reality Excellence Fund III	5,000.00	9,350.00
(4) India Reality Excellence Fund II	215.73	215.73

- i) Demand in respect of Income Tax matters for which appeal is pending is ₹ 4,255.45 Lakhs (Previous Year ₹ 2,996.73 Lakhs) out of which ₹ Nil (Previous Year ₹ 1,312.8 lakhs) is on account of rectification filed u/s 154 with income tax department. This is disputed by the Company and hence not provided for. The Company has paid demand of ₹ 927.50 Lakhs till date (Previous Year ₹ 815.5 Lakhs) under protest. These does not include interest u/s 234(b) & u/s 234(c) as same is not determinable till the final outcome.

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

- ii) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances) is ₹ 53,343.46 Lakhs (Previous Year : ₹ 41,860.80 Lakhs). Out of which commitments related to loans sanctions but partially undrawn of ₹ 26,436.18 Lakhs (Previous Year : ₹ 27,895.31 Lakhs) and commitments related to loans sanctions but partially undrawn of ₹ 26,080.56 Lakhs (Previous Year : ₹ 13,182.12 Lakhs)

- 29.6** a) During the current year, Company has made / (reversed) a provision ₹ 53.07 lakhs (previous year (₹ 59.32 lakhs)) being 0.35% (previous year 0.30%) of its standard assets as per the Notification No. RBI/DNBR2016-17/45 dated 1st September, 2016) issued by RBI.
- b) During the current year, one of the Subsidiaries Company has made a provision ₹ 814.04 Lakhs (Previous year ₹ 690.78 Lakhs) being 0.40% of its standard assets as per the NHB guidelines
- 29.7** a. In accordance with the provisions of section 45- IC of the RBI Act, 1934, The Company has created a Reserve Fund & during the year, the Company has transferred an amount of ₹ 1,725.94 Lakhs (Previous Year ₹ 934.95 Lakhs) to Reserve Fund, being 20% of the Profit After Tax.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

- b. In accordance with the provisions of section 29C of the NHB Act, 1987, The Company has created a Reserve Fund & during the year, the Company has transferred an amount of ₹ 1,641.79 Lakhs (Previous Year ₹ 799.99 Lakhs) to Reserve Fund, being 20% of the Profit After Tax.

29.8 Auditors' Remuneration :

	(₹ in Lakhs)	
Particulars	As at 31-Mar-2017	As at 31-Mar-2016
As Auditors:		
Audit Fees	90.74	81.04
Tax Audit Fees	3.75	3.15
Certification and other services	15.95	14.71
In other capacity:		
Out of Pocket Expenses	1.58	1.20
TOTAL	112.02	100.10
Exclusive of Service Tax		

29.9 Leases:

a) Operating Lease Given

	(₹ in Lakhs)	
Particulars	As at 31-Mar-2017	As at 31-Mar-2016
(a) Rent Income recognised during the year under the head "Other Operating Income"	340.75	315.16

Minimum Future Lease receivables:

	(₹ in Lakhs)	
Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Not later than 1 year	195.27	443.62
Later than 1 Year and not later than 5 years	65.09	262.68
Later than 5 years	—	—
TOTAL	260.36	706.30

Building Given on Lease

	(₹ in Lakhs)	
Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Gross Value	10,912.61	6,422.14
Accumulated Depreciation	1,823.94	1,193.06
Depreciation	403.02	263.32

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

- Lease rentals are charged on the basis of agreed terms.
- Assets are given on lease for a period of 3 - 5 years.
- 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

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

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

b) Operating Lease Taken

(₹ in Lakhs)

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
(a) Lease Payments recognised under the head "Rent"	1,088.40	796.99

Minimum Future Lease Payment under non cancellable operating lease for each of the following period.

(₹ in Lakhs)

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Not later than 1 year	278.01	176.78
More than 1 year and not later 3 years	70.98	105.12
Later than 5 year	—	—
TOTAL	348.99	281.90

General Description of lease terms (In respect of assets taken on lease): -

- Lease rentals are charged on the basis of agreed terms.
- Assets are taken on lease for a period of 3 - 5 years.
- All agreements are cancellable at the option of the both the parties by giving prior notice.

Immovable Properties taken on lease:

The company has entered into lease / license agreements in respect of immovable properties with different parties. Certain such agreements contain escalation clause related to lease rentals / license fees from 5% to 20 % p.a.

29.10 Quantitative information in respect of income from Arbitrage transaction

Cash Segment

	31-Mar-17		31-Mar-16	
	Quantity	Value (₹ In Lakhs)	Quantity	Value (₹ In Lakhs)
Opening Stock	—	—	—	—
Purchase	843,634.00	4,834.06	7,273,352.00	18,572.28
Sales	843,634.00	4,825.32	7,273,352.00	18,625.57
Closing stock	—	—	—	—

29.11 Segment Reporting

- The business segment has been considered as the primary segment for disclosure. The primary business of the group comprises of "Broking and other related activities", "Fund based activities", "Asset Management and Advisory", "Investment Banking services" and "Home Finance".
- The business segments have been identified considering the nature of services, the differing risks and returns, the organization structure and the internal financial reporting system.
- Broking and other related activities includes Broking services to clients, research and advisory services, financial product distribution, depository services, etc.
- Fund based activities include investment activities (Investment in securities and property) and financing activity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

- e) Asset Management and Advisory includes fee based services for management of assets.
- f) Investment Banking represents results of raising financial capital by underwriting or acting as the client's agent in the issuance of securities
- g) Home Finance represents interest and other related income from affordable housing finance business.

Since the business operations of the Group are primarily concentrated in India, the Group is considered to operate only in the domestic segment.

(₹ in Lakhs)

Particulars	Equity Broking & Other related activities		Fund Based activities		Asset Management & Advisory		Investment Banking		Home Finance		Unallocated		Elimination		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	31-Mar-2017	31-Mar-2016	31-Mar-2017	31-Mar-2016	31-Mar-2017	31-Mar-2016	31-Mar-2017	31-Mar-2016
REVENUE:																
External Revenue	66,152.82	50,554.72	12,019.55	11,748.18	49,934.33	22,453.17	8,642.16	2,414.61	56,842.54	21,951.05	605.26	248.64			194,196.66	109,370.37
Inter-Segment Revenue	9,722.15	6,404.77	3,070.74	3,783.16	1,333.99	1,233.67	4.21	68.23	25.00	100.00	390.51	525.67	(14,546.59)	(12,115.50)	-	-
Total Revenue	75,874.97	56,959.49	15,090.29	15,531.34	51,268.32	23,686.84	8,646.38	2,482.84	56,867.54	22,051.05	995.76	774.30	(14,546.59)	(12,115.50)	194,196.66	109,370.37
RESULT:																
Segment Result	17,351.89	10,284.43	4,903.19	8,559.18	16,931.21	4,456.94	5,473.68	253.45	13,461.64	5,899.00	(1,705.52)	(2,498.15)	(960.64)	(1,305.55)	55,455.45	25,649.30
Unallocated Corporate Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55,455.45	25,649.30
Interest Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,893.22)	(3,195.73)
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax expense																
Current tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,011.88)	(6,702.91)
Deffered tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,096.94)	581.23
Profit from Ordinary Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36,453.41	16,331.89
Extra-Ordinary Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit for the year before Minority Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36,453.41	16,331.89
Less: Minority Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,060.25)	(255.37)
Add : Share of Profit from Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	603.87	831.08
Net profit for the year after Minority Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,997.03	16,907.60
OTHER INFORMATION:																
Segment Assets	211,126.68	131,832.58	156,176.55	141,916.61	19,085.11	11,294.77	6,397.04	573.30	466,215.88	229,370.36	71,404.06	51,159.77	(86,510.82)	(57,181.80)	843,894.50	508,965.59
Segment Liabilities	126,766.72	86,527.71	59,313.89	50,716.05	10,647.33	6,556.42	1,904.90	296.24	404,852.49	194,622.80	82,451.75	38,106.73	(20,645.13)	(11,511.87)	665,291.95	365,314.08
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,575.08	3,565.73
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,283.83	3,494.28
Non-cash expenses other than depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,109.44	2,314.23

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

29.12 Basic & Diluted Earnings per share:

Particulars	As at 31-Mar-17	As at 31-Mar-16
Net Profit attributable to equity shareholders [A] (₹ In Lakhs)	35,997.03	16,907.60
Weighted average Number of equity shares for Basic EPS Face value ₹ 1 each [B]	143,175,554	141,612,646
Basic Earnings per share (EPS) (₹) [A/B]	25.14	11.94
Net Profit attributable to equity shareholders [C] (₹ In Lakhs)	35,997.03	1,690.76
Less : Impact on Net profit due to exercise of diluted potential equity shares [D]	—	—
Net Profit attributable to equity shareholders for calculation of Diluted EPS [C - D] (₹ In Lakhs)	35,997.03	1,690.76
Weighted average Number of equity shares issued (face value of ₹ 1 each) [E]	143,175,554	141,612,646
Weighted average Number of additional equity shares outstanding for Diluted EPS (F)	2,008,622	2,443,532
Weighted average Number of equity shares outstanding for Diluted EPS [E+F]	145,184,175	144,056,178
Diluted Earnings per share (EPS) (₹) [C-D/E+F]	24.79	11.74

29.13 Provisions made comprises of:

A) (₹ in Lakhs)

Particulars	Opening balance as on 01-Apr-16	Provided during the year ended 31-Mar-17	Provision Paid /reversed during the year ended 31-Mar-17	Closing balance as on 31-Mar-17
Ex-gratia (Bonus)	4,206.62	8,380.13	4,206.62	8,380.13
Compensated absences	81.32	135.67	81.32	135.67
Gratuity	451.16	1,353.45	451.16	1,353.45
Other Long term benefits	—	93.06	—	93.06

B) (₹ in Lakhs)

Particulars	Opening balance as on 01-Apr-15	Provided during the year ended 31-Mar-16	Provision Paid /reversed during the year ended 31-Mar-16	Closing balance as on 31-Mar-16
Ex-gratia (Bonus)	4,439.81	4,206.62	4,439.81	4,206.62
Compensated absences	39.03	81.32	39.03	81.32
Gratuity	768.60	451.16	768.60	451.16

29.14 The Group company has unabsorbed business loss of ₹ 721.48 Lakhs (P.Y. ₹ 1737.10 Lakhs) on which Deferred Tax Assets (DTA) of ₹ 206.90 Lakhs (P.Y. ₹ 536.76 Lakhs) has been recognised. Such recognition of DTA is created on the basis of Profits / revenue which is going to be generated in future on the basis of present Business Arrangement, Agreement and Mandates. Profit generated from such business deals will be able to recoup the entire amount of existing unabsorbed losses.

29.15 Share of profit in associates of ₹ 603.87 Lakhs (Previous year ₹ 831.08 Lakhs) towards partnership gain, which is based on management accounts of IREF II LLP.

29.16 Trade receivables in case of subsidiary company Motilal Oswal Commodities Broker Pvt. Ltd. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

29.17 Proposed Dividend

Particulars

The final dividend proposed for the year is as follows:

On Equity Shares of ₹ 1 each

Amount of dividend proposed (₹ In Lakhs)

Dividend distribution tax on proposed dividend (₹ in lakhs)

Dividend per Equity Share (₹)

As at 31-Mar-17	As at 31-Mar-16
4,333.72	—
882.24	—
3.00	—

29.18 Credit Ratings

- During the year, CRISIL has re-affirmed the rating of 'CRISIL A1+' (pronounced 'CRISIL A one Plus') to the Short Term Debt Programme of the company for ₹ 25,000 Lakhs (Previous year ₹ 25,000 Lakhs). The rating indicates very strong degree of safety regarding timely servicing of financial obligations.
- During the year, ICRA has re-affirmed the rating of ICRA AA rating with stable outlook (pronounced 'ICRA double A' rating with Stable Outlook') to the Long Term Debt Programme of the company for ₹ 20,000 Lakhs (Previous year ₹ 15,000 Lakhs). The rating indicates very strong degree of safety regarding timely servicing of financial obligations.
- During the year, CRISIL Limited assigned the Credit Rating of 'CRISIL A1+' (pronounced 'CRISIL A One Plus') to the following Debt programmes / Bank loan facilities of the company :-
Commercial Paper of ₹ 70,000 Lakhs (Previous year ₹ 70,000 Lakhs)

These ratings indicate very strong degree of safety regarding timely servicing of financial obligations.

29.19 Prior Period Incomes/(Expenses) during the year comprises of the following:

Particulars

Recovery of Mutual Fund distribution expenses

Investment advisory fees income

PMS Income

TOTAL

For the year ended 31-Mar-17	For the year ended 31-Mar-16
—	0.99
—	(4.06)
—	12.00
—	8.93

(₹ in Lakhs)

29.20 Amount of margin money and shares received from clients and outstanding as on 31st March, 2017 are as follows:

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

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

(₹ in Lakhs)

29.21 The following table set out the Employee Benefit Disclosure as per AS 15.

a) Defined Contribution Plan

(₹ in Lakhs)

Particulars	31-Mar-17	31-Mar-16
Employers Contribution to Provident Fund and Administrative Expenses	533.66	385.73
Employers Contribution to ESIC	42.77	24.78
Employers Contribution to NPS	23.96	21.62
TOTAL	600.39	432.13

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

b) Defined Benefit Plan

(₹ in Lakhs)

Particulars				Gratuity		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.	–
Average Interest / Discount Rate				6.20%	7.51%	6.69%	–
Average Rate of increase in compensation				8.31%	7.62%	0	–
Average Rate of return (expected) on plan assets							–
Average Employee Attrition Rate(Past Service (PS))				PS: 0 to 37 : 19.08%	PS: 0 to 37 : 19.83%	PS: 0 to 37 : 28.02%	–
Expected average remaining service				4.54	55.62	2.40	–
II Changes in present value of obligations							
PVO at beginning of year				1,102.15	768.62	–	–
Interest cost				73.16	55.23	–	–
Current Service Cost				298.19	195.81	92.78	–
Past Service Cost- (non vested benefits)				–	–	–	–
Past Service Cost -(vested benefits)				–	–	–	–
Benefits Paid				(250.69)	(115.74)	–	–
Actuarial (Gain)/Loss on obligation				130.63	200.12	–	–
PVO at end of year				1,353.45	1,104.04	92.78	–
III Changes in fair value of plan assets							
Fair Value of Plan Assets at beginning of year				–	–	–	–
Expected Return on Plan Assets				–	–	–	–
Contributions				250.69	115.74	–	–
Benefit Paid				(250.69)	(115.74)	–	–
Actuarial Gain/(Loss) on plan assets				–	–	–	–
Fair Value of Plan Assets at end of year				–	–	–	–
IV Fair Value of Plan Assets							
Fair Value of Plan Assets at beginning of year				–	–	–	–
Actual Return on Plan Assets				–	–	–	–
Contributions				250.69	115.74	–	–
Benefit Paid				(250.69)	(115.74)	–	–
Fair Value of Plan Assets at end of year				–	–	–	–
Funded Status (including unrecognized past service cost)				(1,351.51)	(1,070.40)	–	–
Excess of actual over estimated return on Plan Assets				(1.94)	(1.62)	–	–
V Experience History	31-Mar-13	31-Mar-14	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-17	
PVO at end of period	688.03	681.06	759.40	1,104.04	1,353.45	86.31	–
Fair Value of Plan Assets at end of period	–	–	–	–	–	–	–
Surplus / (deficit)	(688.03)	(681.06)	(759.40)	(1,104.04)	(1,353.45)	(86.31)	–
(Gain)/Loss on obligation due to change in Assumption	(30.29)	(74.54)	(69.80)	149.86	112.30	–	–
Experience (Gain)/ Loss on obligation	(91.86)	7.79	7.80	50.26	18.33	–	–
Actuarial Gain/(Loss) on plan assets	–	–	–	–	–	–	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Particulars				Gratuity	Other Long term benefits		
VI Actuarial Gain/(Loss) recognized							
Actuarial Gain/(Loss) for the year (Obligation)				(130.63)	(189.45)	–	–
Actuarial Gain/(Loss) for the year (Plan Assets)				–	–	–	–
Total Gain/(Loss) for the year				(130.63)	(189.45)	–	–
Actuarial Gain/(Loss) recognized for the year				(130.63)	(189.45)	–	–
Unrecognized Actuarial Gain/(Loss) at end of year				–	–	–	–
VII Past Service Cost recognized							
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				–	–	–	–
VIII Amounts to be recognized in the balance sheet and							
PVO at end of year				1,353.45	1,104.04	90.85	–
Fair Value of Plan Assets at end of year				–	–	1.93	–
Funded Status				(1,353.45)	(1,072.02)	(90.85)	–
Unrecognized Actuarial Gain/(Loss)				–	–	(1.93)	–
Unrecognized Past Service Cost- non vested benefits				–	–	–	–
Net Asset/(Liability) recognized in the balance sheet				(1,353.45)	(1,072.02)	(90.85)	–
IX Expense recognized in the statement of Profit & Loss A/C					–		
Current Service Cost				298.19	195.81	92.78	–
Interest cost				73.16	55.03	51.03	–
Past Service Cost- (non vested benefits)				–	–	–	–
past Service Cost “(vested benefits)				–	–	–	–
Unrecognized Past Service Cost- non vested benefits				–	–	–	–
Expected Return on Plan Assets				–	–	–	–
Net Actuarial (Gain)/Loss recognized for the year				130.63	200.12	–	–
Expense recognized in the statement of P & L A/C				501.99	451.16	92.78	–
X Movements in the Liability recognized in Balance Sheet					–		
Opening Net Liability				1,102.15	768.62	–	–
Expenses as above				501.99	451.16	92.78	–
Contribution paid				(250.69)	(115.74)	–	–
Closing Net Liability				1,353.45	1,104.04	92.78	–
XI Schedule III					–		
Current Liability				227.54	275.02	–	–
Non-Current Liability				1,125.91	829.02	93.06	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

29.22 Additional Disclosure pertaining to Subsidiaries/Associate as per Schedule III of Companies Act, 2013

Name of the entity	Net Assets (i.e. Total Assets - Total Liabilities)		Share in Profit & (Loss)	
	As % of Consolidated Net Assets	Amount (₹ In Lakhs)	As % of Consolidated Profit / (Loss)	Amount (₹ In Lakhs)
Motilal Oswal Financial Services Limited	37.47%	66,917.52	23.97%	8,629.71
Subsidiaries				
– Indian				
1. Motilal Oswal Securities Limited	44.59%	79,645.92	29.00%	10,439.60
2. Motilal Oswal Commodities Broker Private Limited	1.00%	1,781.00	0.54%	195.54
3. Motilal Oswal Investment Advisors Limited	2.38%	4,258.15	10.33%	3,719.75
4. MOPE Investment Advisors Private Limited	0.89%	1,594.40	13.48%	4,854.17
5. Motilal Oswal Capital Markets Private Limited	0.19%	334.92	0.40%	144.80
6. Motilal Oswal Wealth Management Limited	1.93%	3,454.78	3.67%	1,322.76
7. Motilal Oswal Insurance Brokers Private Limited	0.11%	197.90	-0.11%	(40.56)
8. Motilal Oswal Asset Management Company Limited	7.58%	13,536.43	13.82%	4,975.54
9. Motilal Oswal Trustee Company Limited	0.01%	25.72	0.01%	3.45
10. Motilal Oswal Securities International Private Limited	0.24%	422.99	-0.05%	(16.40)
11. Motilal Oswal Real Estate Investment Advisors Private Limited	-0.04%	(65.55)	-0.07%	(24.34)
12. Motilal Oswal Real Estate Investment Advisors II Private Limited	0.19%	347.67	0.63%	225.73
13. Aspire Home Finance Corporation Limited	35.43%	63,276.53	22.80%	8,208.93
14. Motilal Oswal Capital Limited	0.01%	9.03	0.00%	(0.97)
– Foreign				
15. Motilal Oswal Capital Markets (Honkong) Private Limited	0.04%	76.19	-0.24%	(87.69)
16. Motilal Oswal Capital Markets (Singapore) Pte. Limited	0.60%	1,073.99	0.07%	25.62
17. India Business Excellence Management Company (Registered in Mauritius)	0.54%	973.26	15.24%	5,484.93
18. Motilal Oswal Asset Management (Mauritius) Pvt. Ltd.	0.02%	27.45	-0.19%	(66.98)
Total	133.19%	237,888.28	133.32%	47,993.59
Associates				
– Indian				
1. India Reality Excellence Fund II LLP	5.28%	9,433.48	1.68%	603.87
Total	5.28%	9,433.48	1.68%	603.87
Eliminations Adjusted	-36.88%	(65,865.99)	-32.05%	(11,539.17)
Net Total	101.60%	181,455.78	102.9%	37,058.29
Minority Interest in all Subsidiaries	-1.60%	(2,853.24)	-2.94%	(1,059.79)
GRAND TOTAL	100.00%	178,602.53	100.00%	35,998.50

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

29.23 Schedule of Investment in Associates.

(₹ in Lakhs)

Name of Associate	Original cost of Investment	Goodwill / (Capital Reserve) included in Original cost	Dividend	Investors Shares in accumulated Profit / Losses	Carrying Value
For FY 2016-17*					
IREF II LLP (Principle Activity - Real Estate) (Owning Interest 20.44%)	8,829.61	—	—	603.87	9,433.48
For FY 2015-16*					
IREF II LLP (Principle Activity - Real Estate) (Owning Interest 19.84%)	8,716.23	—	—	831.08	9,547.33

*Net of Receipts on realization.

29.24 (A) Disclosures as per guidelines for NBFC-ND-SI as regards capital adequacy, liquidity and disclosure norms:

A) CRAR

	As at 31-Mar-2017	As at 31-Mar-2016
i) CRAR (%)	39.31%	58.11%
ii) CRAR - Tier I Capital (%)	39.20%	58.04%
iii) CRAR - Tier II Capital (%)	0.11%	0.07%

B) Investments

	As at 31-Mar-2017 ₹ in lakhs	As at 31-Mar-2016 ₹ in lakhs
1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	65,978.34	48,989.03
(b) Outside India,	—	—
(ii) Provision for Depreciation*		
(a) In India	137.01	17.30
(b) Outside India,	—	—
(iii) Net Value of Investments		
(a) In India	65,841.33	48,971.73
(b) Outside India	—	—
(2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance	17.30	—
(ii) Add : Provisions made during the year	119.71	17.30
(iii) Less : Write-off / write-back of excess provisions during the year	—	—
(iv) Closing balance	137.01	17.30

*Provision for Depreciation includes provision for diminution in value of investment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

C) Exposure to Real Estate Sector

Category	As at 31-Mar-2017 ₹ in lakhs	As at 31-Mar-2016 ₹ in lakhs
a) Direct Exposure		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential borrower that is or will be occupied by the borrower or that is rented	155.78	211.00
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	—	1,396.40
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	NIL	NIL
b. Commercial Real Estate	NIL	NIL
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	7,685.81	5,000.00
Others	6,174.87	5,159.00
Total Exposure to Real Estate Sector	14,016.45	11,766.40

D) Provisions and Contingencies

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

	For the year ended 31-Mar-2017 ₹ in lakhs	For the year ended 31-Mar-2016 ₹ in lakhs
Provisions for depreciation on Investment	119.71	17.30
Provision towards NPA	3.12	448.30
Provision made towards Income tax	(58.49)	671.81
Other Provision and Contingencies (with details)*	92.12	109.00
Provision for Standard Assets	53.07	(59.30)
*Other Provisions and Contingencies		
Provision for Long term Employee Benefits	6.52	11.72
Provision for Ex-Gratia	82.82	93.41
Provision for Compensated Absence	2.78	3.87
TOTAL	92.12	109.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

E) Concentration of Advances

	31-Mar-17 ₹ in lakhs	31-Mar-16 ₹ in lakhs
Total Advances to twenty largest borrowers*	23,062.65	16,529.28
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	69.01%	64.03%

*Largest borrowers are based on closing balance

F) Concentration of Exposures

	31-Mar-17 ₹ in lakhs	31-Mar-16 ₹ in lakhs
Total Exposure to twenty largest borrowers	44,000.00	32,750.00
Percentage of Exposure to twenty largest borrowers to Total Exposure of the Company	40.26%	36.04%

G) Concentration of NPAs

	31-Mar-17 ₹ in lakhs	31-Mar-16 ₹ in lakhs
Total Exposure to top four NPA accounts	25.81	3,699.02

H) Sector-Wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		31-Mar-17	31-Mar-16
1	Agriculture & allied activities		—
2	MSME		—
3	Corporate borrowers	0.00%	47.43%
4	Services		—
5	Unsecured personal loans	0.00%	0.33%
6	Auto loans		—
7	Other personal loans		—

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

Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	₹ in lakhs	
			Total Assets As at 31-Mar-17	Total Assets As at 31-Mar-16
Motilal Oswal Capital Markets (Hong Kong) Private Limited (Subsidiary)	NA	Hong Kong	84.32	178.7
Motilal Oswal Capital Markets (Singapore) Pte. Ltd. (Subsidiary)	NA	Singapore	1,099.58	149.6
India Business Excellence Management Co (Subsidiary)	NA	Mauritius	1,211.83	1285.9
Motilal Oswal Asset Management (Mauritius) Pvt. Ltd (Subsidiary)	NA	Mauritius	53.59	46.4

Note: Subsidiaries includes step-down subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

J) Customer Complaints*

Sr. No	Particulars	31-Mar-17 (In numbers)	31-Mar-16 (In numbers)
a)	No. of customer complaints pending at the beginning of the year	—	—
b)	No. of customer complaints received during the financial year	3	8
c)	No. of customer complaints redressed during the financial year	3	8
d)	No. of customer complaints pending at the end of the year	—	—

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

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

₹ in lakhs

	Upto 30/ 31 days	Over 1 month upto 2 month	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Assets									
Advances	5,000.00	6,000.00	5,500.00	5,038.90	5,000.00	—	—	—	26,538.90
Investments	—	—	—	—	2,478.30	2,669.70	32,249.00	11,574.70	48,971.70
Liabilities									
Borrowings (Refer note 2)	15,042.90	9,763.00	—	—	5,000.00	10,000.00	—	—	39,805.90

Note:

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

ii) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities (FY 2016-17)

₹ in lakhs

	Upto 30/ 31 days	Over 1 month upto 2 month	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Assets									
Advances	7,000.00	8,000.00	6,000.00	5,000.00	7,421.48	—	—	—	33,421.48
Investments	—	—	—	—	8,000	3,411.44	38,150.74	16,279.15	65,841.33
Liabilities									
Borrowings (Refer note 2)	13,402.91	17,355.79	—	—	5,000	10,000	—	—	45,758.69

Note:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

L) Movement of NPAs

	As at 31-Mar-17 ₹ in lakhs	As at 31-Mar-16 ₹ in lakhs
(i) Net NPAs to Net Advances (%)	0.00%	11.06%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	3,724.80	3,957.10
(b) Additions during the year	—	31.22
(c) Reductions during the year	3,698.99	263.50
(d) Closing balance	25.81	3,724.80
(iii) Movement of Net NPAs		
(a) Opening balance	2,834.80	3,515.30
(b) Additions during the year	—	28.10
(c) Reductions during the year	2,834.80	708.60
(d) Closing balance	—	2,834.80
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	889.00	440.70
(b) Provisions made during the year	3.12	3.10
(c) Write-off /(write-back) of excess provisions	(866.31)	448.30
(d) Closing balance	25.81	889.00

M) Exposure to Capital Market

	As at 31-Mar-17 ₹ in lakhs	As at 31-Mar-16 ₹ in lakhs
(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;	58,429.89	40,444.44
(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;	11,351.64	11,243.78
(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;*	1,309.98	4,646.96
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;*	—	—
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; (It does not include guarantee given to commodity broker)*	8,596.96	700.00
(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 anticipate on of raising resources;*	—	—
(vii) bridge loans to companies against expected equity flows / issues;*	—	—
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	9,558.24	4,698.02
Total Exposure to Capital Market	89,246.71	61,733.16

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

N) Penalties or Fines imposed by Reserve Bank of India

During the Financial Year 2016-17, no Penalties or Fines have been imposed by Reserve Bank of India.

O) i) Schedule to the Balance Sheet of “Motilal Oswal Financial Services Limited” as at 31st March, 2017 (as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

(₹ in lakhs)

	Particulars	Amount outstanding	Amount overdue
Liabilities side :			
1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	10,344.18	NIL
	: Unsecured (other than falling within the meaning of public deposits)	NIL	NIL
	(b) Deferred Credits	NIL	NIL
	(c) Term Loans	10,687.65	NIL
	(d) Inter-corporate loans and borrowing	NIL	NIL
	(e) Commercial Paper	19,819.63	NIL
	(f) Other Loans (Borrowings)	6,006.29	NIL

(₹ in lakhs)

	Particulars	Amount outstanding
Assets side :		
2)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]	
	(a) Secured	20,071.75
	(b) Unsecured	13,410.38
		33,482.14
3)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	
	(i) Lease assets including lease rentals under sundry debtors:	
	(a) Financial lease	NIL
	(b) Operating lease – Refer note 5 below	7583.22
	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	NIL
	(b) Repossessed Assets	NIL
	(iii) Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	NIL
	(b) Loans other than (a) above	NIL
4)	Break-up of Investments :	
	Current Investments :	
	1. Quoted	
	(i) Shares : (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

(₹ in lakhs)

Particulars	Amount outstanding
2. Unquoted	
(i) Shares : (a) Equity	8,000.00
(b) Preference	NIL
(ii) Debentures and bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others (please specify)	NIL
Long term Investments :	
1. Quoted	
(i) Shares : (a) Equity	NIL
(b) Preference	NIL
(ii) Debentures and bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others (please specify)	NIL
2. Unquoted	
(i) Shares : (a) Equity	12,279.14
(b) Preference	NIL
(ii) Debentures and bonds	700.00
(iii) Units of mutual funds	38,150.74
(iv) Government Securities	NIL
(v) Others (Investment in Private Equity funds and Investment Property)	6,711.45
TOTAL	65,841.33

5) Borrower group-wise classification of assets financed as in (2) and (3) above:	Amount net of provision (Refer Note No. 6)		
Category	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	NIL	16,538.48	16,538.48
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL
2. Other than related parties	20,071.75	4,429.33	24,501.08
TOTAL	20,071.75	20,967.81	41,039.56

6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)		
Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries (Refer note 3)	1,05,932.41	12,279.14
(b) Companies in the same group	NIL	NIL
(c) Other related parties	NIL	NIL
2. Other than related parties (Refer note 4)	73,118.26	53,562.19
TOTAL	1,79,050.66	65,841.33

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

	Particulars	Amount (₹ in lakhs)
7)	Other Information	
	(i) Gross Non- Performing Assets	25.81
	(a) Related parties	NIL
	(b) Other than related parties	25.81
	(ii) Net Non- Performing Assets	NIL
	(a) Related Parties	NIL
	(b) Other than related parties	NIL
	(iii) Assets acquired in satisfaction of debt	NIL

Notes:

- Provisioning norms shall be applicable as prescribed in Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 whichever is applicable.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt.
- In respect of investment in subsidiaries, Net Asset value is computed on the basis of book value.
- In respect of investment in Private Equity fund, unquoted debentures and Investment in property, book value has been taken as fair value due to unavailability of fair value and for investment in mutual funds, NAV has been taken for calculation of fair value
- Lease assets include the value of Fixed Assets at Gross Book Value.
- The figures are not netted with provision against standard assets as it is not a specific provision.

P) i) Schedule to the Balance Sheet of “Motilal Oswal Financial Services Limited” as at 31st March, 2016 (as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

(₹ in lakhs)

	Particulars	Amount outstanding	Amount overdue
Liabilities side :			
1)	Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	15,520.40	NIL
	: Unsecured (other than falling within the meaning of public deposits)	NIL	NIL
	(b) Deferred Credits	NIL	NIL
	(c) Term Loans	NIL	NIL
	(d) Inter-corporate loans and borrowing	11.00	NIL
	(e) Commercial Paper	9,847.58	NIL
	(f) Other Loans (Borrowings)	15,031.88	NIL

(₹ in lakhs)

	Particulars	Amount outstanding
Assets side :		
2)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]	
	(a) Secured	24,331.71
	(b) Unsecured	2,207.20
		26,538.91

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

(₹ in lakhs)

	Particulars	Amount outstanding
3)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	
	(i) Lease assets including lease rentals under sundry debtors:	
	(a) Financial lease	NIL
	(b) Operating lease - Refer note 6 below	5,947.60
	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	NIL
	(b) Repossessed Assets	NIL
	(iii) Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	NIL
	(b) Loans other than (a) above	NIL
4)	Break-up of Investments :	
	Current Investments :	
	1. Quoted	
	(i) Shares : (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL
	2. Unquoted	
	(i) Shares : (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL
	Long term Investments :	
	1. Quoted	
	(i) Shares : (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL
	2. Unquoted	
	(i) Shares : (a) Equity	9,695.44
	(b) Preference	890.00
	(ii) Debentures and bonds	2,600.00
	(iii) Units of mutual funds	30,749.00
	(iv) Government Securities	NIL
	(v) Others (Investment in Private Equity funds and Investment Property)	5,037.29
	TOTAL	48,971.73

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

(₹ in lakhs)

5)	Borrower group-wise classification of assets financed as in (2) and (3) above:	Amount Net of Provisions		
	Category	Secured	Unsecured	Total
	1. Related Parties			
	(a) Subsidiaries	NIL	725.48	725.48
	(b) Companies in the same group	NIL	NIL	NIL
	(c) Other related parties	NIL	NIL	NIL
	2. Other than related parties	23,406.20	1,451.90	24,858.10
	TOTAL	23,406.20	2,177.38	25,583.58

6)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):		
	Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
	1. Related Parties		
	(a) Subsidiaries (Refer note 4)	88,869.57	10,585.44
	(b) Companies in the same group	NIL	NIL
	(c) Other related parties	NIL	NIL
	2. Other than related parties (Refer note 5)	32,754.53	38,386.29
	TOTAL	1,21,624.10	48,971.73

	Particulars	Amount (₹ in lakhs)
7)	Other Information	
	(i) Gross Non-Performing Assets	3,724.82
	(a) Related parties	NIL
	(b) Other than related parties	3,724.82
	(ii) Net Non-Performing Assets	2,835.82
	(a) Related Parties	NIL
	(b) Other than related parties	2,835.82
	(iii) Assets acquired in satisfaction of debt	NIL

Notes:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd.)

29.24 (B) : CRAR

II) Aspire Housing Finance Company Limited (Housing Finance Company) :

A) Provision in respect of standard, sub-standard, doubtful and loss assets are recorded in accordance with guidelines on prudential norms as specified by National Housing Bank and are as follows:

(₹ In Lakhs)

Particulars	Housing Loans	Non- Housing Loans
Current year		
Standard assets		
Principle outstanding	412,063.43	8.78
Provisions	1,648.30	0.04
Sub - Standard assets		
Principle outstanding	1,641.07	
Provisions	246.16	
Doubtful asset		
Principle outstanding	762.09	
Provisions	223.11	
Total		
Principle outstanding	414,466.59	8.78
Provisions	2,117.58	0.04
Less :		
Total		
EMI Debtor/Pre EMI interest	(274.75)	—
Provisions on the above	(1.15)	—
Net balance		
Principle outstanding	414,191.85	8.78
Provisions	2,116.43	0.04
Previous year		
Standard assets		
Principle outstanding	208,554.42	2.96
Provisions	834.22	0.00
Sub - Standard assets		
Principle outstanding	388.25	—
Provisions	58.24	—
Total		
Principle outstanding	208,942.67	2.96
Provisions	892.46	0.00
Less :		
Total		
Pre EMI interest	(48.63)	2.96
Provisions on the above	(0.19)	(0.00)
Net balance		
Principle outstanding	208,894.05	—
Provisions	892.26	—
Investments		
Current year		
Standard assets		
Principle outstanding	—	—
Provisions	—	—
Previous year		
Standard assets		
Principle outstanding	—	—
Provisions	—	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

B) Disclosure pursuant to circular no. NHB CND/DRS/Pol circular 61/2013-14 dated 7 April 2014 issued by NHB.

Statutory reserve

	(₹ In Lakhs)	
Particulars	As at 31-Mar-17	As at 31-Mar-16
Balance at the beginning of the year		
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	843.46	43.48
Addition / appropriation / withdrawals during the year		
Add:		
a) Amount transferred as per Section 29C of The National Housing Bank Act, 1987.	696.34	799.99
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	945.44	—
Less:		
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.	—	—
Balance at the end of the year		
a) Statutory reserve (As per Section 29C of The National Housing Bank Act, 1987)	696.34	843.46
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.	1,788.91	—
TOTAL	2,485.25	84.35

C) Capital to Risk Asset Ratio (CRAR)

	(₹ In Lakhs)	
Particulars	As at 31-Mar-17	As at 31-Mar-16
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	500,000,000.00	500,000,000.00
Amount raised by issue of perpetual debt Instruments	—	—

D) Exposure to Real estate sector

	(₹ In Lakhs)	
Category	As at 31-Mar-17	As at 31-Mar-16
a) Direct exposure		
(i) Residential mortgage:		
Lending fully secured by mortgage on residential property that is or will be occupied by the borrower or that is rented;		
Housing Loans up to ₹ 15 Lakhs	287,992.68	131,591.89
Housing Loans more than ₹ 15 Lakhs	126,199.16	77,302.16

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Category	As at 31-Mar-17	As at 31-Mar-16
(ii) Commercial real estate:		
Lending secured by mortgages on commercial real estates (office building, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or ware house space, hotels, land acquisitions, development and construction, etc.) Exposure would also include non-fund based (NFB) limits;	—	—
(iii) Investment in mortgage backed securities (MBS) and other securitised exposures:		
(a) Residential	—	—
(b) Commercial real estate	—	—
b) Indirect exposure		
Fund based and non fund based exposures on National Housing bank (NHB) and Housing Finance Companies (HFCs)	—	—

E) Asset liability management

Maturity pattern of certain items of asset and liabilities - current year

(₹ In Lakhs)

Pattern	1day to 30-31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks	726.68	755.54	2,768.24	5,747.03	12,041.71	50,021.45	41,919.35	24,109.61	14,003.61	5,796.78	157,890.00
Market Borrowings	—	10,000.00	—	—	—	129,520.00	40,000.00	34,970.00	5,000.00	—	219,490.00
Assets											
Advances	1,579.47	1,025.16	1,036.70	3,172.67	6,651.50	30,094.03	34,490.03	36,150.20	59,522.16	240,469.88	414,191.80
Investments	27,982.54	—	—	—	—	—	—	—	—	—	27,982.54

Maturity pattern of certain items of asset and liabilities - previous year

(₹ In Lakhs)

Pattern	1day to 30-31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks	1,548.85	1,558.97	1,397.69	3,758.58	6,150.20	30,118.00	22,756.81	6,804.97	3,351.35	1,968.45	79,413.87
Market Borrowings	—	—	—	—	5,000.00	63,000.00	27,000.00	5,000.00	—	—	100,000.00
Assets											
Advances	448.12	454.65	460.26	1,408.18	3,024.54	13,416.22	15,690.20	17,122.88	28,105.46	128,763.54	208,894.05
Investments	17,391.49	—	—	—	—	—	—	—	—	—	17,391.49

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

F. Disclosure pursuant to Notification No. NHB.HFC.DIR.1/CMD/2010 dated June 10, 2010 issued by NHB.

I Penalty

Particulars	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Penalty if any levied by National Housing Bank	—	—
TOTAL	—	—

II Adverse remarks

Particulars	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Adverse remarks if any given by National Housing Bank	—	—

III % of outstanding loans garnted against collateral gold jewellery to their outstanding total assets

Particulars	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Percentage of outstanding loans granted against the collateral gold jewellery to their outstanding total assets	—	—

G. Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Investments.

Particulars	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
(a) Value of Investments		
(I) Gross value of investments		
(a) In India	27,982.55	17,391.49
(a) Outside India	—	—
(II) Provisions for Depreciation		
(a) In India	—	—
(a) Outside India	—	—
(III) Net value of investments		
(a) In India	27,982.55	17,391.49
(a) Outside India	—	—
(b) Movements of provisions held towards depreciation in investments		
(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	—	—

H. 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.

Particulars	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Amount outstanding for Single borrower limit	—	—
Amount outstanding for Group borrower limit	—	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

I. Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Provisions and Contingencies.

Particulars	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
1. Provisions for depreciation on investment	—	—
2. Provisions made towards income tax (net of reversal of tax of earlier year)	3,974.44	2,128.78
3. Provisions towards NPAs	411.10	58.24
3. Provisions for standard assets	814.04	690.78
4. Other provision and contingencies	—	—
Gratuity	95.57	22.80
Compensated absence	77.87	21.48
Provision for expenses	292.01	147.89

J. Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for concentration of NPAs.

Particulars	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Total Exposure to top ten NPA accounts	245.69	226.09

K. 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.

Particulars	As at 31-Mar-17	As at 31-Mar-16
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)	—	—

L. Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for movement of NPAs.

Particulars	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
(I) Net NPAs to Net Advances (%)	0.47%	0.16%
(II) Movement of Gross NPAs		
(a) Opening Balance	388.25	—
(b) Additions during the year	2,014.92	388.25
(c) Closing balance	2,403.17	388.25
(III) Movement of Net NPAs		
(a) Opening Balance	330.01	—
(b) Additions during the year	1,603.88	330.01
(c) Closing balance	1,933.89	330.01
(III) Movement of provisions for NPAs		
(a) Opening Balance	58.24	—
(b) Additions during the year	411.04	58.24
(c) Closing balance	469.28	58.24

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

M. Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for overseas assets.

Particulars	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Overseas assets	—	—

N. Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for customer complaints.

Particulars	As at 31-Mar-17	As at 31-Mar-16
(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	—

O. 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.

Particulars	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
(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	—	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

P. Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Securitisation.

Particulars	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
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.		

Q. 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.

Particulars	As at 31-Mar-17	As at 31-Mar-16
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.		

R. 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.

Particulars	As at 31-Mar-17	As at 31-Mar-16
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.		

S. 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 regulators.

Particulars	As at 31-Mar-17	As at 31-Mar-16
Registration from other financial regulator if any	—	—

T. Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for unsecured advances.

Particulars	As at 31-Mar-17	As at 31-Mar-16
Amount of unsecured advances given against rights, licenses, authorisations etc.	—	—

U. 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.

Particulars	As at 31-Mar-17	As at 31-Mar-16
Details of financing of parent company products if any	—	—

V. 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.

Particulars	As at 31-Mar-17	As at 31-Mar-16
Total Deposits of twenty largest depositors	—	—
Percentage of Deposits of twenty largest depositors to total deposits of the HFC	—	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

W. 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.

Particulars	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Total Loans & Advances to twenty largest borrowers	550.84	507.74
Percentage of Loans & Advances to twenty largest borrowers to total advances of the HFC	0.13%	0.24%

X. 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).

Particulars	As at 31-Mar-17 ₹ in Lakhs	As at 31-Mar-16 ₹ in Lakhs
Total Exposure to twenty largest borrowers / customers	550.91	507.74
Percentage of exposure to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers.	0.12%	0.20%

Y. 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.

Particulars	As at 31-Mar-17	As at 31-Mar-16
(I) The notional principal of swap agreements	—	—
(II) Losses which would be incurred if counterparties 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	—	—

Z. Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB For Exchange traded interest rate derivative.

Particulars	As at 31-Mar-17	As at 31-Mar-16
(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)	—	—

AA. For Disclosure on Risk exposure in derivative.

Particulars	As at 31-Mar-17	As at 31-Mar-16
(I) Derivatives (Notional Principal Amount)	—	—
(II) Marked to Market Positions (1)		
(a) Assets	—	—
(b) Liability	—	—
(III) Credit exposure	—	—
(IV) Unhedged exposure	—	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

AB. 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 also assigned "[ICRA]AA-" with Stable Outlook rating for the Sub-ordinate Debt Programme (Non-Convertible Debentures) and "PP-MLD [ICRA]AA-" with Stable Outlook rating for the Market Linked Debenture programme.

Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for remuneration of non-executive director.

The information related to pecuniary relation ship or transaction with non executive director with company disclosed in director report.

Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB For management discussion on various things as specified in this notifications.

The information pertaining to the above disclosed in director report.

AC. 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.

Particulars	Housing Loans	Non-Housing Loans
	₹ in Lakhs	₹ in Lakhs
Current Year		
Standard Asset		
Total outstanding	412,125.19	8.78
Provisions	1,648.30	0.04
Sub-standard assets		
Total outstanding	1,641.07	—
Provisions	246.16	—
Doubtful assets		
Total outstanding	762.09	—
Provisions	223.11	—
Total		
Total outstanding	414,528.36	8.78
Provisions	2,117.58	0.04

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

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 (Continued).

Particulars	₹ in Lakhs Housing Loans	₹ in Lakhs Non-Housing Loans
Previous Year		
Standard Asset		
Total outstanding	208,554.42	2.96
Provisions	834.22	0.01
Sub-standard assets		
Total outstanding	388.25	—
Provisions	58.24	—
Doubtful asset		
Total outstanding	—	—
Provisions	—	—
Total		
Total outstanding	208,942.67	2.96
Provisions	892.46	0.01

Note : For above disclosure interest accrued but no due has not been considered.

29.25 One of the subsidiary of the Company being Motilal Oswal Securities International Private Limited has entered into a Management Services Agreement with Mr. Rajesh Dharamshi for rendering services in capacity of independent contractor for Business Development to perform such functions as mutually decided, agreed by the parties and is stated in the service agreement at a retainership fees of ₹ 74,000 subject to tax deducted at source at the prevailing rates in force on a monthly basis.

Remuneration payable to them would be in capacity of Independent Contractor and not in the capacity of Director of the subsidiary company; as a result the remuneration payable to him would be construed purely on grounds of Professional nature.

The remuneration paid to them would not be included for calculation of remuneration payable to Directors as per the provision of Section 197 of the Companies Act, 2013.

As per section 197 of the Companies Act, 2013, the subsidiary company is in the process of making an appropriate application to the Central Government for seeking its opinion that the services rendered by them are of professional nature and not in the capacity as Director of the subsidiary company.

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

29.27 Corporate Social Responsibility:

Recognizing the responsibilities towards society, as a part of on-going activities, the Group along with Motilal Oswal Foundation has contributed towards various CSR initiatives like supporting under privileged in education, medical treatments, etc and various other charitable and noble aids.

a) Gross amount required to be spent by the Group during the year ₹ 294.70 Lakhs (Previous year ₹ 275.90 Lakhs)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

b) Amount spent during the year on :

(₹ in Lakhs)

Particulars	For the year ended 31-Mar-2017			For the year ended 31-Mar-2016		
	Amount Paid	Amount yet to be paid	Total	Amount Paid	Amount yet to be paid	Total
A) Construction/acquisition of any asset :	104.82	6.50	111.32	2.64	-	2.64
B) On purposed other than (a) above are as follows:	301.89	-	301.89	451.23	-	451.23
TOTAL	406.71	6.50	413.21	453.87	-	453.87

- c) Above includes a contribution of ₹ 210.64 Lakhs (Previous year ₹ 264.80 Lakhs) to Motilal Oswal Foundation which is classified as related party under Accounting Standard 18 - " Related Party Disclosures".
- d) The company has provision for corporate social responsibility expenses of ₹ 6.50 Lakhs (Previous Year NIL) which is already paid through Motilal Oswal Foundation.

29.28 Related Party Disclosure :

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

A) Holding Company

- Passionate Investment Management Private Limited

B) Fellow Subsidiaries

- Nagori Agro & Cattle Feeds Private Limited
- Carnation Township Management LLP (Upto 29th March, 2016)

C) Enterprises in which Key Managerial Personnel have control

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

D Enterprises in which Key Management Personnel and their relatives excersises Significant Influence:

1. Rishabh Securities Private Limited
2. Textile Exports Private Limited
3. Raamdeo Agarawal (HUF)
4. Motilal Oswal (HUF)
5. Motilal Oswal Foundation (Trust)

E) Key Management Personnel

1. Mr. Motilal Oswal – Chairman & Managing Director
2. Mr. Raamdeo Agarawal – Joint Managing Director

F) Relatives of Key Management Personnel/Enterprise in which relatives of Key Management Personnel have significant influence:-

1. Mrs. Vimla Oswal – Spouse of Chairman & Managing Director
2. Vimladevi Salecha – Sister of Chairman & Managing Director
3. Rajendra Gopilal Oswal – Brother of Chairman & Managing Director
4. Suneeta Agarawal – Spouse of Joint Managing Director
5. Dr. Karoon Ramgopal Agarawal – Brother of Joint Managing Director
6. Vinay R. Agrawal – Brother of Joint Managing Director
7. Sukhdeo Ramgopal Agarawal – Brother of Joint Managing Director
8. Govinddeo R. Agarawal – Brother of Joint Managing Director
9. Satish Agrawal – Brother of Joint Managing Director
10. Suman Agrawal – Sister of Joint Managing Director
11. Anita Anandmurthy Agrawal – Sister of Joint Managing Director

G) Associate Enterprises

- India Reality Excellance Fund II LLP

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

II. Transactions with related parties and Outstanding Balances:

a) Transactions with related parties:

(₹ in Lakhs)

Transactions	Name of the related Party	Holding company / Fellow Subsidiaries		Key Managerial Personnel / Relatives of Key Managerial Personnel		Associate enterprise		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Interest (Received) / Paid	Passionate Investment Management Private Limited	–	(6.92)	–	–	–	–	–	(6.92)
	India Reality Excellence Fund II LLP	–	–	–	–	(83.38)	(121.02)	(83.38)	(121.02)
Total		–	(6.92)	–	–	(83.38)	(121.02)	(83.38)	(127.94)
Managerial Remuneration	Motilal Oswal	–	–	240.03	240.51	–	–	240.03	240.51
	Raamdeo Agarawal	–	–	276.05	240.40	–	–	276.05	240.40
Total		–	–	516.08	480.91	–	–	516.08	480.91
Reimbursement of Expenses (Received)/Paid	Nagori Agro & Cattle Feeds Private Limited	–	(0.08)	–	–	–	–	–	(0.08)
		–	(0.08)	–	–	–	–	–	(0.08)
Rent Deposit	Passionate Investment Management Private Limited.	(0.33)	–	–	–	–	–	(0.33)	–
Total		(0.33)	–	–	–	–	–	(0.33)	–
Donation Given	Motilal Oswal Foundation (Trust)	–	–	211.79	233.65	–	–	211.79	233.65
Total		–	–	211.79	233.65	–	–	211.79	233.65
Subscription/Purchase of Equity Shares	Motilal Oswal (Shares of Motilal Oswal Insurance Brokers Private Limited)	–	–	–	0.50	–	–	–	0.50
	Raamdeo Agarawal (Shares of Motilal Oswal Insurance Brokers Private Limited)	–	–	–	0.50	–	–	–	0.50
Total		–	–	–	1.00	–	–	–	1.00
Rent (Received) / Paid	Passionate Investment Management Private Limited.	(0.93)	(0.60)	–	–	–	–	(0.93)	(0.60)
	Textile Exports Private Limited	–	–	18.55	15.90	–	–	18.55	15.90
Total		(0.93)	(0.60)	18.55	15.90	–	–	17.62	15.30
Business Support Service (Received)/ Paid	Passionate Investment Management Private Limited.	(1.20)	–	–	–	–	–	(1.20)	–
	VISU Associates	–	–	(1.20)	–	–	–	(1.20)	–
	OSAG Enterprises LLP	–	–	(1.20)	–	–	–	(1.20)	–
Total		(1.20)	–	(2.40)	–	–	–	(3.60)	–
Brokerage (Received)	OSAG Enterprises LLP	–	–	(2.21)	(7.38)	–	–	(2.21)	(7.38)
	Motilal Oswal	–	–	(2.05)	(5.04)	–	–	(2.05)	(5.04)
	Raamdeo Agarawal	–	–	(2.55)	(10.64)	–	–	(2.55)	(10.64)
	Relatives of KMP	–	–	(0.12)	(0.10)	–	–	(0.12)	(0.10)
Total		–	–	(6.94)	(23.16)	–	–	(6.94)	(23.16)
Set Up Fees (Received)	India Reality Excellence Fund II LLP	–	–	–	–	–	(69.60)	–	(69.60)
Advisory Fee (Received)	India Reality Excellence Fund II LLP	–	–	–	–	–	(694.94)	–	(694.94)
Partnership (Gain)	India Reality Excellence Fund II LLP	–	–	–	–	(960.66)	(1,306.27)	(960.66)	(1,306.27)
Capital contribution	India Reality Excellence Fund II LLP	–	–	–	–	–	5,019.01	–	5,019.01
Capital contribution / (withdrawal)	India Reality Excellence Fund II LLP	–	–	–	–	–	1,059.67	–	1,059.67

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

(₹ in Lakhs)

Transactions	Name of the related Party	Holding company / Fellow Subsidiaries		Key Managerial Personnel / Relatives of Key Managerial Personnel		Associate enterprise		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
	Carnation Township Management LLP	–	5,743.18	–	–	–	–	–	5,743.18
	Carnation Township Management LLP	–	(5,743.18)	–	–	–	–	–	(5,743.18)
(Gain) on sale of Investment	India Reality Excellence Fund II LLP	–	–	–	–	(232.64)	(158.71)	(232.64)	(158.71)
	Carnation Township Management LLP	–	(103.48)	–	–	–	–	–	(103.48)
Loans Given / (Received)	Passionate Investment Management Private Limited	–	826.23	–	–	–	–	–	826.23
	India Reality Excellence Fund II LLP	–	–	–	–	9,510.00	11,730.00	9,510.00	11,730.00
Loans Repayment (Received) / Given	Passionate Investment Management Private Limited	–	(826.23)	–	–	–	–	–	(826.23)
	India Reality Excellence Fund II LLP	–	–	–	–	(6,404.49)	(15,230.00)	(6,404.49)	(15,230.00)
Dividend Paid	Motilal Oswal	–	–	302.76	544.97	–	–	302.76	544.97
	Raamdeo Agarawal	–	–	293.18	528.76	–	–	293.18	528.76
	Motilal Oswal-HUF	–	–	0.00	0.01	–	–	0.00	0.01
	Raamdeo Agarawal (HUF)	–	–	16.25	29.25	–	–	16.25	29.25
	Suneeta Agarawal	–	–	7.39	13.29	–	–	7.39	13.29
	Vimla Oswal	–	–	3.13	5.64	–	–	3.13	5.64
	Rajendra Gopilal Oswal	–	–	1.38	2.93	–	–	1.38	2.93
	Dr. Karoon Ramgopal Agarawal	–	–	2.50	4.50	–	–	2.50	4.50
	Vinay R. Agrawal	–	–	2.50	4.50	–	–	2.50	4.50
	Sukhdeo Ramgopal Agarawal	–	–	2.01	3.61	–	–	2.01	3.61
	Govinddeo R. Agarawal	–	–	1.39	2.51	–	–	1.39	2.51
	Suman Agrawal	–	–	2.50	4.00	–	–	2.50	4.00
	Satish Agrawal	–	–	1.98	3.56	–	–	1.98	3.56
	Anita Anandmurthy Agrawal	–	–	2.00	3.10	–	–	2.00	3.10
	Vimladevi Salecha	–	–	0.28	0.68	–	–	0.28	0.68
	VISU Associates	0.03	0.05	–	–	–	–	0.03	0.05
	Osag Enterprises LLP	0.03	0.05	–	–	–	–	0.03	0.05
	Passionate Investment Management Private Limited.	1,919.81	3,455.66	–	–	–	–	1,919.81	3,455.66
Total		1,919.87	3,455.75	639.25	1,151.30	–	–	2,559.12	4,607.05
Portfolio Management Services Fee	Raamdeo Agarawal	–	–	0.38	0.38	–	–	0.38	0.38
	Suneeta Agarawal	–	–	15.70	13.10	–	–	15.70	13.10
Total		–	–	16.08	13.48	–	–	16.08	13.48

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

b) Outstanding Balances of related Parties:

(₹ in Lakhs)

Balances	Name of the related Party	Enterprise in which key Managerial Personnel exercise significant influence/Holding company		Key Managerial Personnel/Relative of Key Managerial Personnel		Associate enterprise		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Security Deposit	Passionate Investment Management Private Limited.	(0.63)	(0.30)	–	–	–	–	(0.63)	(0.30)
Loans and Advances Given / (Received)	India Reality Excellence Fund II LLP	–	–	–	–	3,188.89	–	3,188.89	–
Other Receivables / (Payables)	India Reality Excellence Fund II LLP	–	–	–	–	–	6.07	–	6.07

c) Maximum Balance in respect of Loan and advances to Holding company :

(₹ in Lakhs)

Balances	Name of the related Party	Enterprise in which key Managerial Personnel exercise significant influence / Holding company		Key Managerial Personnel/Relative of Key Managerial Personnel		Associate enterprise		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Loans (Maximum balance)*	Passionate Investment Management Private Limited.	–	579.26	–	–	–	–	–	579.26
	India Reality Excellence Fund II LLP	–	–	–	–	3,205.17	–	3,205.17	–
Total Loan Given (Maximum Balance)		–	579.26	–	–	3,205.17	–	3,205.17	579.26

d) Maximum / Outstanding Balance in respect of Investments in related parties :

(₹ in Lakhs)

Balances	Name of the related Party	Enterprise in which key Managerial Personnel exercise significant influence / Holding company		Key Managerial Personnel / Relative of Key Managerial Personnel		Associate enterprise		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Investment Maximum Balance	India Reality Excellence Fund II LLP	–	–	–	–	9,568.60	9,547.33	9,568.60	9,547.33
Total Investment Maximum Balance		–	–	–	–	9,568.60	9,547.33	9,568.60	9,547.33
Investment Outstanding Balance	India Reality Excellence Fund II LLP	–	–	–	–	9,432.50	9,547.33	9,432.50	9,547.33
Total Investment Outstanding Balance		–	–	–	–	9,432.50	9,547.33	9,432.50	9,547.33

* The Company has also mortgaged its immovable property "Motilal Oswal Tower" (Gross Value ₹ 15,351.95 lakhs (Previous Year ₹ 15,351.95 lakhs) & Net Value ₹ 11,942.76 lakhs (Previous Year ₹ 12,535.86 lakhs) as on 31st March, 2017) as collateral security to HDFC Bank Limited for the banking facilities of ₹ 20,750 lakhs (Previous year ₹ 14,750 lakhs) availed by its subsidiary company Motilal Oswal Securities Limited.

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

*Note : All Loans referred above are repayable on demand

29.29 Shares reserved for issue under options -

The company has Eleven Stock option plans

Motilal Oswal Asset Management Company Limited -Employees' Stock Option Scheme - I (ESOP - I)

The ESOP - I was approved by the Board of Directors at the allotment committee meeting on July 22 , 2010 and by the members at the meeting held on July 21, 2010 and is for grant of 2,000,000 Equity shares of Rupees 10 each).

Motilal Oswal Asset Management Company Limited -Employees' Stock Option Scheme - II (ESOP - II)

The ESOP - II was approved by the Board of Directors at the allotment committee meeting on June 26 , 2014 for grant of 3,250,000 Equity shares of Rupees 10 each.

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

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

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

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

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

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

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

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

Motilal Oswal Wealth Management Limited -Employees' Stock Option Scheme -I' (ESOP-I)

"The 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."

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 ₹ 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 ₹ 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 ₹ 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 ₹ 1 each same was granted by the nomination and remuneration committee through its circular resolution dated 17 February 2017.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

The activity in the (ESOP-I), (ESOP-II), (ESOP-III), (ESOP-V), (ESOP-VI), ESOP (VII), MOWML ESOP (I), Aspire ESOS 2014 Grant - I, Aspire ESOS 2014 Grant - II, Aspire ESOS 2016 Grant - I and Aspire ESOS 2016 Grant - II during the year ended March 2017 and March 2016 is set below:

Equity Shares

The MOAMC (ESOS-I) : (Face value of ₹ 10/- each)

Option outstanding at the beginning of the year

Add: Granted

Less: Exercised

Less: Forfeited

Less: Lapsed

Option outstanding, end of the year

Exercisable at the end of the period

The MOAMC (ESOS-II) : (Face value of ₹ 10/- each)

Option outstanding at the beginning of the year

Add: Granted

Less: Exercised

Less: Forfeited

Less: Lapsed

Option outstanding, end of the year

Exercisable at the end of the period

The MOFSL (ESOS-III) : (Face value of ₹ 2/- each)

Option outstanding at the beginning of the year.

Add Granted

Less: Exercised

Less: Forfeited

Less: Lapsed

Option outstanding, end of the year

Exercisable at the end of the period

The MOFSL (ESOS-V) : (Face value of ₹ 1/- each)

Option outstanding at the beginning of the year

Add Granted

Less: Exercised

Less: Forfeited

Less: Lapsed

Option outstanding, end of the Year

Exercisable at the end of the period

The MOFSL (ESOS-VI) : (Face value of ₹ 1/- each)

Option outstanding at the beginning of the year.

Add Granted

Less: Exercised

Less: Forfeited

Less: Lapsed

Option outstanding, end of the Year

Exercisable at the end of the period

	As at 31-Mar-17		As at 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 at the beginning of the year	170,000	10.00	170,000	10
Add: Granted	1,650,000	133.97	—	NA
Less: Exercised	—	NA	—	NA
Less: Forfeited	55,000	10.00	—	NA
Less: Lapsed	65,000	10.00	—	NA
Option outstanding, end of the year	1,700,000	130.32	170,000	10
Exercisable at the end of the period	50,000	10.00	—	—
The MOAMC (ESOS-II) : (Face value of ₹ 10/- each)				
Option outstanding at the 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
Option outstanding, end of the year	3,125,000	24.09	2,925,000	16.77
Exercisable at the end of the period	1,950,000	16.77	—	—
The MOFSL (ESOS-III) : (Face value of ₹ 2/- each)				
Option outstanding at the beginning of the year.	9,250	103.78	9,250	103.78
Add Granted	—	NA	—	NA
Less: Exercised	—	NA	—	NA
Less: Forfeited	—	NA	—	NA
Less: Lapsed	—	NA	—	NA
Option outstanding, end of the year	9,250	103.78	9,250	103.78
Exercisable at the end of the period	—	—	—	—
The MOFSL (ESOS-V) : (Face value of ₹ 1/- each)				
Option outstanding at the beginning of the year	1,195,925	208.70	1,739,150	129.89
Add Granted	88,075	572.30	522,000	320.18
Less: Exercised	271,410	142.63	523,650	153.87
Less: Forfeited	—	NA	—	NA
Less: Lapsed	18,500	148.20	541,575	114.66
Option outstanding, end of the Year	994,090	257.74	1,195,925	208.70
Exercisable at the end of the period	162,875	—	104,500	—
The MOFSL (ESOS-VI) : (Face value of ₹ 1/- each)				
Option outstanding at the beginning of the year.	2,029,350	157.56	3,386,500	121.33
Add Granted	145,150	572.75	232,500	349.90
Less: Exercised	1,701,581	108.29	1,487,750.00	141.69
Less: Forfeited	—	NA	—	NA
Less: Lapsed	46,250	102.73	101,900	88.13
Option outstanding, end of the Year	426,669	296.97	2,029,350	157.56
Exercisable at the end of the period	9,792	—	482,455	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Equity Shares

The MOFSL (ESOS-VII) : (Face value of ₹ 1/- each)

	As at 31-Mar-17		As at 31-Mar-16	
	In Numbers	Weighted Average Exercise Price	In Numbers	Weighted Average Exercise Price
Option outstanding at the beginning of the year	2,432,500	333.85	1,434,500	334
Add Granted	707,750	569.52	1,075,500	340
Less: Exercised	310,410	331.31	—	NA
Less: Lapsed	640,250	330.58	77,500	334
Option outstanding, end of the Year	2,189,590	414.30	2,432,500	336.51
Exercisable at the end of the period	46,090		—	

The MOWML (ESOP-I) : (Face value of ₹ 1/- each)

Option outstanding at the 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
Option outstanding, end of the Year	72,000	2,500.00	—	
Exercisable at the end of the period	—		—	

The AHFCL ESOS 2014 (Grant-I) :
(Face value of ₹ 1/- each)

Option outstanding at the beginning of the year	27,150,000	1.00	—	—
Add Granted	—	—	27,150,000	1
Less: Exercised	—	—	—	—
Less: Lapsed	—	—	—	—
Option outstanding, end of the Year	27,150,000	1	27,150,000	1
Exercisable at the end of the period	8,145,000		—	

The AHFCL ESOS (Grant-II) : (Face value of ₹ 1/- each)

Option outstanding at the beginning of the year	2,050,000	1.00	—	—
Add Granted	—	—	2,050,000	1
Less: Exercised	—	—	—	—
Less: Lapsed	—	—	—	—
Option outstanding, end of the Year	2,050,000	1.00	2,050,000	1
Exercisable at the end of the period	615,000		—	

The AHFCL (ESOS 2016) - Grant I : (Face value of ₹ 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	36,200,000	1.60	—	—
Exercisable at the end of the year	—		—	

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Equity Shares	As at 31-Mar-17		As at 31-Mar-16	
	In Numbers	Weighted Average Exercise Price	In Numbers	Weighted Average Exercise Price
The AHFCL (ESOS 2016) - Grant II : (Face value of ₹ 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	1,000,000	1.60	—	—
Exercisable at the end of the year	—	—	—	—

* 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 ₹ 10/- each to ₹ 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.

Employees' Stock Options Scheme (ESOP) :

During the year 28,62,975 Employee Stock Options have been granted to the employees of the company and its subsidiary Companies (Previous Year ₹ 18,30,000).

The Company has adopted intrinsic value method of accounting Employee Compensation Cost in respect of ESOP. The intrinsic value of shares is excess of market price of the shares under ESOP over the exercise price. Employee Compensation Cost is accounted for by amortizing the intrinsic value on the straight line basis over the vesting period. The total amount to be amortized as at March 31, 2017 over the balance vesting period is ₹ 1,36,35,535 (Previous year- Nil)

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 520.76 (previous year ₹ 284.89)

Particulars	Scheme I	Scheme II	Scheme III	Scheme V	Scheme VI	Scheme VII	Scheme I (MOWM)	Aspire ESOS 2014 Grant I	Aspire ESOS 2014 Grant II	Aspire ESOS 2016 - Grant I	Aspire ESOS 2016 - Grant I	Aspire ESOS 2016 - Grant II
Date of grant	22-Jul-10	26-Jun-14	Various Dates	Various Dates	Various Dates	Various Dates	22-Apr-16	13-Apr-15	23-Sep-15	27-Dec-16	27-Dec-16	17-Feb-17
Date of Board Approval	21-Jul-10	21-Jul-11	Various Dates	Various Dates	Various Dates	Various Dates	22-Apr-16	11-Sep-14	11-Sep-14	29-Apr-2016	29-Apr-16	29-Apr-16
Date of Shareholder's approval	22-Jul-10	21-Jul-11	3-Feb-2006 and 28-4-2006	4-Dec-2007	8-Jul-2008	22-Aug-2014	29-Apr-16	16-Oct-2014	16-Oct-2014	7-Jul-2016	7-Jul-2016	7-Jul-2016
Number of options granted	3,160,000	3,125,000	25,23,000	5,088,325	7,410,100	3,217,750	72000	27150000 *	2050000 *	20900000 *	15300000 *	1000000 *
Method of Settlement	Equity Shares	Equity Shares	Equity Shares	Equity Shares	Equity Shares	Equity Shares	Equity Shares	Equity Shares	Equity Shares	Equity shares	Equity shares	Equity shares
Vesting Period	Not later than 6 years from the date of grant	Not later than 6 years from the date of grant	2 Months to 5 Years	1 Year to 5 Years	1 Year to 5 Years	1 Years to 7 Years	Not later than 7 years from the date of grant	30 April 2016 **, 30 April 2017**, 30 April 2018**	30 Sept 2016, 30 Sept 2017, 30 Sept 2018	01 March 2018, 01 March 2019, 01 March 2020, 01 March 2021, 01 March 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
Weighted Average Remaining Contractual Life												
C.Y. - Granted but not Vested	3.50 Years	2.20 Years	NA	2.50 Years	2.72 Years	2.97 Years	4.75 Years	0.66 Years	1.08 Years	3.26 years	2.76 Years	3.42 Years

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

Particulars	Scheme I	Scheme II	Scheme III	Scheme V	Scheme VI	Scheme VII	Scheme I (MOWM)	Aspire ESOS 2014 Grant I	Aspire ESOS 2014 Grant II	Aspire ESOS 2016 - Grant I	Aspire ESOS 2016 - Grant I	Aspire ESOS 2016 - Grant II
C.Y. -Vested but not exercised	1.00 Year	1.00 Year	NA	0.24 Years	0.25 Years	1 Years	–	0.08 Years	0.50 Years	NA	NA	NA
C.Y. -Weighted Average Share Price at the date of exercise for stock options exercised during the year	NA	NA	NA	₹ 343.19	₹ 529.10	₹ 636.31	–	₹ 1	₹ 1	₹ 1.60	₹ 1.60	₹ 1.60
Weighted Average Remaining Contractual Life												
P.Y. -Granted but not Vested	0	1.51 Years	NA	2.45 Years	1.86 Years	2.64 Years	–	1.18 Years	1.60 Years	Nil	Nil	Nil
P.Y. -Vested but not exercised	1.50 Years	2.25 Years	NA	0.14 Years	1.48 Years	NA	–	Nil	Nil	NA	NA	NA
P.Y. -Weighted Average Share Price at the date of exercise for stock options exercised during the year	NA	NA	NA	₹ 288.54	₹ 283.60	NA	–	₹ 1	₹ 1	₹ 1.60	₹ 1.60	₹ 1.60
Exercise Period	Within a period of 72 months from the date of vesting	Within a period of 84 months from the date of vesting	Within 1 to 3 years of Vesting of options				Within a period of 21 days from the date of vesting	Within a period of 6 months from the date of vesting or in case of resignation, the options shall be excersied 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. However no such performance based vesting is mentioned in the ESOP-1 Scheme in MOWML.											
Weighted Average Fair Value of options as on grant date	₹ 132.63 (P.Y. ₹ 10)	₹ 17.32 (P.Y. ₹ 10)	NA	₹ 111.42 (P.Y. ₹ 89.36)	₹ 126.91 (P.Y. ₹ 73.13)	₹ 165.99 (P.Y. ₹ 139.84)	4,226.48	₹ 0.2	₹ 0.2	₹ 0.43	₹ 0.38	₹ 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 ₹ 10/- each to ₹ 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

practicing chartered accountant that may be based on such valuation method, as may be considered suitable by him, including but not restricted to the Net Asset Value Method, Discounted Cash Flow Method, Earnings Capitalisation Method, Dividend Yield Model, etc. and may also rely upon the future projections of the Company which would be prepared by the management from time to time having regard to the future potential and prospects of the Company.

The Committee shall in its absolute discretion, have the authority to grant the Options at such discount as it may deem fit.

Scheme III

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

Scheme V

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

Scheme VI

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

Scheme VII

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

The 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.

Other Information regarding Employee Share Based Payment Plan is as below

Particulars	(₹ in Lakhs)	
	2016-17	2015-16
Expense arising from employee share based payment plans	66.63	NIL
Expense arising from share and stock option Plan	NIL	NIL
Total carrying amount at the end of the period	66.63	NIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

29.30 Financial Highlights of Subsidiary For year ended 31st March ,2017

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(₹ In Lakhs)

1	Sr. No.	1	2	3	4	5	6	7	8	9
2	Name of the subsidiary	Motilal Oswal Securities Limited (MOSL)	Motilal Oswal Investment Advisors Limited (formerly known as Motilal Oswal Investment Advisors Pvt Ltd)	MOPE Investment Advisors Private Limited (MOPE)	Motilal Oswal Commodities Broker Private Limited (MOCBPL)	Motilal Oswal Insurance Brokers Private Limited (MOIBPL)	Motilal Oswal Capital Markets Private Limited (MOCMPL)	Motilal Oswal Asset Management Company Limited (MOAMC)	Motilal Oswal Trustee Company Limited (MOTC)	Motilal Oswal Capital Limited (MOCL)
3	The date since when subsidiary was acquired	18/01/2006	16/06/2006	18/05/2006	06/04/2006	04/09/2009	18/12/2007*	14/11/2008*	14/11/2008*	19/09/2016 ****
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	The reporting period of all the subsidiaries is similar as of holding company								
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA	NA	NA	NA	NA	NA	NA	NA
6	Share capital	131.88	100.00	5.88	41.00	300.00	35.00	6,500.00	10.00	10.00
7	Reserves & surplus	87,029.65	4,158.15	3,505.39	1,740.00	(102.10)	299.92	7,036.43	15.72	(0.97)
8	Total assets	267,477.15	6,862.36	5,199.38	33,753.73	240.79	372.20	23,807.91	26.53	10.30
9	Total Liabilities	180,315.62	2,604.21	1,688.11	31,972.73	42.89	37.28	10,271.48	0.81	1.27
10	Investments	133,626.31	2,084.88	4,102.51	500.00	-	250.00	6,837.91	20.00	-
11	Turnover	71,966.22	8,723.38	8,016.82	1,755.61	90.44	418.49	34,134.53	9.86	-
12	Profit before taxation	14,289.37	5,543.59	6,224.38	343.52	(11.55)	207.59	7,588.71	4.81	(1.24)
13	Provision for taxation	3,408.78	1,823.84	1,178.58	147.98	29.01	62.79	2,613.17	1.36	(0.27)
14	Profit after taxation	10,880.59	3,719.75	5,045.80	195.54	(40.56)	144.80	4,975.54	3.45	(0.97)
15	Proposed Dividend	-	-	-	-	-	-	-	-	-
16	% of shareholding	100	100	85	100	100	100	100	100	100

(Continued....)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (Contd..)

(₹ In Lakhs)

1	Sr. No.	10	11	12	13	14	15	16	17	18
2	Name of the subsidiary	Motilal Oswal Wealth Management Limited (MOWML)	Motilal Oswal Securities International Private Limited (MOSIPL)	Motilal Oswal Capital Markets (HK) Private Limited (MOCMPL (HK))	Motilal Oswal Capital Markets (Singapore) Pte. Limited	Aspire Home Finance Corporation Limited	Motilal Oswal Real Estate Investment Advisors Private Limited (MORE)	Motilal Oswal Real Estate Investment Advisors II Private Limited (MORE II)	Motilal Oswal Asset Management (Mauritius) Private Limited (MOAMC (Mauritius))	India Business Excellence Management Company (IBEMC)
3	The date since when subsidiary was acquired	29/09/2008*	27/06/2011*	30/09/2011*	30/09/2011*	1/10/2013*	13/09/2013**	07/03/2014***	08/01/2015****	21/03/2014**
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	The reporting period of all the subsidiaries is similar as of holding company								
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA	1HKD = ₹ 8.6429	1 SGD = ₹ 48.4615	NA	NA	NA	1 USD = ₹ 67.0596	1 USD = ₹ 67.0596
6	Share capital	8.00	456.92	412.02	1,040.88	48,250.19	10.00	496.00	132.91	18.32
7	Reserves & surplus	3,446.78	(33.93)	(335.83)	33.11	15,026.34	(74.57)	(148.33)	(105.46)	954.94
8	Total assets	5,634.31	452.08	84.32	1,099.58	466,396.61	6.73	1,792.40	53.59	1,211.83
9	Total Liabilities	2,179.53	29.09	8.13	25.61	403,120.07	71.30	1,444.73	26.14	238.57
10	Investments	3,000.00	–	–	–	27,982.55	1.88	0.00	0.06	0.07
11	Turnover	7,204.53	189.07	0.00	180.69	57,078.47	0.19	1,811.19	5.19	1,121.00
12	Profit before taxation	2,053.03	(7.41)	(87.69)	23.57	12,566.94	(24.32)	339.78	(66.98)	5,505.36
13	Provision for taxation	730.27	9.01	–	(2.05)	4,358.01	0.02	114.05	–	20.43
14	Profit after taxation	1,322.76	(16.40)	(87.69)	25.62	8,208.93	(24.34)	225.73	(66.98)	5,484.93
15	Proposed Dividend	–	–	–	–	–	–	–	–	–
16	% of shareholding	100	100	100	100	96.67	85.00	76.49	100	85

* through MOSL; ** through MOPE; *** through MORE; **** through MOAMC

Notes:-

1. There are no subsidiaries which are yet to commence the operation during the year under review.
2. There are no subsidiaries which were liquidated or sold off during the year under review.
3. Share application money is not included in total liability as well as share capital.
4. Turnover includes other income.
5. Percentage of shareholding is Effective Shareholding.

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

Part "B": Associates and Joint Ventures *

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/ Joint Ventures	Latest audited Balance Sheet Date	Shares of Associate/ Joint Ventures held by the company on the year end		Description of how there is significant influence	Reason why the associate/ joint venture is not consolidated	Networth attributable to Shareholding as per latest audited Balance Sheet	Profit / Loss for the year	
		No.	Amount of Investment in Associates/ Joint Venture				i. Considered in Consolidation	i. Not Considered in Consolidation
NOT APPLICABLE								

* Disclosure is given only in case of associate company and not in case of other enterprises.

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

As per our attached Report of even Date

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration Number : 103523W / W100048

Purushottam Nyati

Partner

Membership No. 118970

Place : Mumbai

Date : 27th April, 2017

For and on behalf of the Board of Directors

Motilal Oswal Financial Services Limited

Motilal Oswal

Chairman & Managing Director

DIN No.00024503

Shalibhadra Shah

Chief Financial Officer

Place : Mumbai

Date : 27th April, 2017

Raamdeo Agarawal

Joint Managing Director

DIN No.00024533

Murli Krishnan Iyer

Company Secretary



MOTILAL OSWAL FINANCIAL SERVICES LIMITED

Registered Office: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai - 400 025.
Tel : +91 22 3980 4200; Fax: +91 22 3312 4997; Website : www.motilaloswalgroup.com; CIN: L67190MH2005PLC153397

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of Motilal Oswal Financial Services Limited will be held on Thursday, 27th July, 2017 at 4.30 p.m. at Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai - 400 025 to transact the following businesses:

Ordinary Businesses:

- 1) To consider and adopt the audited financial statement of the Company and consolidated audited financial statement of the Company for the financial year ended 31st March, 2017, together with the reports of the Board of Directors and Auditors thereon.
- 2) To declare a final dividend of ₹ 3 per equity share and confirm the interim dividend paid @ ₹ 2.50 per equity share to its equity shareholders for the year ended 31st March, 2017.
- 3) To appoint a Director in place of Mr. Navin Agarwal (DIN: 00024561), who retires by rotation and, being eligible, offers himself for re-appointment.
- 4) **Appointment of Statutory Auditors and fix their remuneration**

To pass, with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time and pursuant to the recommendation made by the Audit Committee and Board, M/s. Walker Chandiok & Co. LLP, Chartered Accountants, bearing registration No.001076N/N500013, be and is hereby appointed as the Statutory Auditor of the Company in place of the retiring Auditors, M/s. Haribhakti & Co. LLP bearing registration No.103523W/W100048, to hold the office from the conclusion of 12th Annual General Meeting for term of consecutive five years till conclusion of the 17th Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) and the Board be and is hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors, in addition to reimbursement of all out-of-pocket expenses as may be incurred in connection with the audit of the accounts of the Company.

FURTHER RESOLVED THAT the Board of Directors of the Company (including its Committee thereof) and / or Company Secretary of the Company be and is hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

Special Businesses:

- 5) **Re-appointment of Mr. Vivek Paranjpe (DIN:03378566) as an Independent Director of the Company**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 made there under and as amended from time to time, read with Schedule IV to the said Act and pursuant to the recommendation made by the Nomination and Remuneration / Compensation Committee and Board, the approval of members be and is hereby accorded to re-appoint Mr. Vivek Paranjpe (DIN:03378566), as Independent Director of the Company whose period of office is liable to expire in forthcoming Annual General Meeting, who has submitted a declaration of satisfying the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made there under and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and in respect of whom a notice in writing proposing his candidature for the office of Independent Director has been received under section 160 of the Companies Act, 2013 by the Company, for a term of 3 years for holding office from conclusion of forthcoming Annual General Meeting till the conclusion of 15th Annual General Meeting, without being liable to retire by rotation."

6) Re-appointment of Mr. Praveen Tripathi (DIN: 03154381) as an Independent Director of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 made there under and as amended from time to time, read with Schedule IV to the said Act and pursuant to the recommendation made by the Nomination and Remuneration/Compensation Committee and Board, the approval of members be and is hereby accorded to re-appoint Mr. Praveen Tripathi (DIN:03154381), as Independent Director of the Company whose period of office is liable to expire in forthcoming Annual General Meeting, who has submitted a declaration of satisfying the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made there under and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and in respect of whom a notice in writing proposing his candidature for the office of Independent Director has been received under section 160 of the Companies Act, 2013 by the Company, for a term of 3 years for holding office from conclusion of forthcoming Annual General Meeting till the conclusion of 15th Annual General Meeting, without being liable to retire by rotation.”

7) Re-appointment of Ms. Sharda Agarwal (DIN: 00022814) as an Independent Director of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 made there under and as amended from time to time, read with Schedule IV to the said Act and pursuant to the recommendation made by the Nomination and Remuneration/Compensation Committee and Board, the approval of members be and is hereby accorded to re-appoint Ms. Sharda Agarwal (DIN:00022814), as Independent Director of the Company whose period of office is liable to expire in forthcoming Annual General Meeting, who has submitted a declaration of satisfying the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made there under and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and in respect of whom a notice in writing proposing his candidature for the office of Independent Director has been received under section 160 of the Companies Act, 2013 by the Company, for a term of 3 years for holding office from conclusion of forthcoming Annual General Meeting till the conclusion of 15th Annual General Meeting, without being liable to retire by rotation.”

8) Authorisation to offer or invite subscription, issue and allot Secured / Unsecured Redeemable Non-Convertible Debentures (“NCDs”) including but not limited to subordinated debentures, bonds and / or other debt securities etc. aggregating up to ₹ 1000 Crores

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 42, 71, 180(1) (c) and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”), read with rules made thereunder, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, as amended from time to time and any other applicable Securities and Exchange Board of India (SEBI) regulation and guidelines, the Foreign Exchange Management Act, 1999, as amended, rules, regulations, guidelines, notifications, clarifications and circulars, if any, prescribed by the Government of India, Reserve Bank of India and in accordance with the enabling provisions of the Memorandum and Articles of Association of the Company and subject to such approvals, sanctions, consents and / or permissions of the Reserve Bank of India (“RBI”), SEBI, the Stock Exchange(s) and / or such other appropriate statutory and governmental authorities, institutions or bodies, as the case may be, and such other approvals, permissions and sanctions, as may be necessary, including the approval of any lenders of the Company and further subject to such terms, conditions, modifications, as may be prescribed or imposed while granting such approvals, permissions, and / or sanctions and as may be agreed to by the Board of Directors of the Company / any committee constituted / to be constituted by the Board of Directors to exercise its powers including (hereinafter referred to as the ‘Board’, which expression shall deem to include any committee thereof), approval of the members be and is hereby accorded to the Board to make offer or invite subscription to Secured / Unsecured Redeemable Non-Convertible Debentures (“NCDs”) including but not limited to subordinated debentures, bonds and / or other debt securities etc. on private placement basis, in one or more series / tranches, during the period of one year from passing of special resolution by members, within the overall limits up to ₹ 1000 crores (Rupees One Thousand Crores Only) and the NCDs may be listed on BSE Limited (“BSE”) and / or National Stock Exchange of India Limited (“NSE”) as per the terms and conditions as contained in the Information Memorandum prepared in accordance with the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time and subject to compliance with any other law, rules, regulations, directions, notifications, circulars issued by the Government or any other regulatory authority, in this regard.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution the Board of Directors through “Debenture Committee” be and is hereby authorized to determine the terms of the issue that are proper and most beneficial to the Company

including but not limited to the class of investors to whom NCDs are to be issued, time of the issue, nature of securities to be offered, the size of the issue, number of tranches, issue price, tenor, interest / coupon rate, discount / par / premium, allotment and listing of such security, utilization of the issue proceeds and to do all such acts and things and deal with all such matters and take all such steps as may be necessary and to sign and execute deeds / documents / undertakings / papers / writings and such nature of document(s) in this regard and matters connected therewith or incidental thereto."

9) **Approval of Motilal Oswal Financial Services Limited - Employees Stock Option Scheme – VIII for Issuance of Stock Options to the employees of the Company**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT in accordance with the provisions contained in the Articles of Association of the Company, Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the "Act") read with the Companies (Share Capital and Debenture) Rules, 2014 and all other applicable provisions including but not limited to the provisions contained in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the "Regulations"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), including any statutory modification(s) or re-enactment(s) thereof, and subject to such other approvals, and the provisions of the Regulations, if any, prescribed by any Authority from time to time and to the extent applicable, and subject to the provisions of all other applicable laws / guidelines for the time being in force, and subject to such approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee constituted by the Board to exercise its powers, including the powers, conferred by this resolution), consent of the Members of the Company be and is hereby accorded to the Board to create, offer, grant, issue, allot and cancel, from time to time, 30,00,000 (Thirty Lakhs) Stock Options under the 'Motilal Oswal Financial Services Limited - Employees Stock Option Scheme - VIII (hereinafter referred to as "ESOS - VIII"), convertible into equivalent number of equity shares of the Company in one or more tranches at such price and on such terms and conditions as may be fixed or determined by the Board in accordance with the prevailing law, the salient features of ESOS - VIII are furnished in the Explanatory Statement to this Notice in compliance with the statutory requirements as amended from time to time, to or for the benefit of such –

- a. Employees, who are in permanent employment of the Company, whether working in India or out of India.
- b. Directors of the Company, whether whole time or otherwise.
- c. Employees of the Company, who are citizen of the countries to whom issue / grant of Stock Options is restricted under the foreign exchange rules and regulations in India, upon obtaining prior permission of the Reserve Bank of India or such other authority, as may be applicable.
- d. Other persons as may from time to time be allowed to be eligible for the benefits of 'ESOS - VIII' under applicable laws and regulations prevailing from time to time but excluding -
 - i. Employee / Director who is a promoter or a person belongs to the promoter group.
 - ii. A director who either by himself or through his relative / any body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company.
 - iii. Independent Director of the Company.

FURTHER RESOLVED THAT the consent of the Members be and is hereby accorded to the Board to grant such number of stock options which could give rise to issue of such number of Equity Shares of the Company of the face value of ₹ 1 each, in one or more tranches, for the purpose of making a fair and reasonable adjustment to the Stock Options, shares arising there from and / or to the Exercise Price in accordance with the provisions of the ESOS - VIII, in the event of any corporate action(s) such as rights issue, bonus issues etc.

FURTHER RESOLVED THAT the Board be and is hereby authorised to create, issue and allot Equity Shares upon exercise of Stock Options from time to time in accordance with ESOS - VIII and such Equity Shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.

FURTHER RESOLVED THAT the Board be and is hereby authorised to take necessary steps for listing of the Equity Shares allotted in accordance with the provisions of ESOS - VIII on the Stock Exchanges where the Shares of the Company are listed as per the applicable provisions of the Listing Regulations, 2015, the SEBI Regulations and other applicable Laws and Regulations.

FURTHER RESOLVED THAT subject to and in accordance with the provisions of law, as may be applicable from time to time, the Board be and is hereby authorised on behalf of the Company to make any modifications, changes, variations, alterations or revisions in the ESOS - VIII from time to time or to suspend, withdraw or revive the ESOS - VIII from time to time and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the shareholders of the Company."

10) Approval of Motilal Oswal Financial Services Limited - Employees Stock Option Scheme – VIII for Issuance of Stock Options to the employees of present / future subsidiary companies / holding Company the Company

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-

“RESOLVED THAT in accordance with the provisions contained in the Articles of Association of the Company, Section 62 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the “Act”) read with the Companies (Share Capital and Debenture) Rules, 2014 and all other applicable provisions including but not limited, to the provisions contained in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the “Regulations”), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to such other approvals, and the provisions of the Regulations, if any, prescribed by any Authority from time to time to the extent applicable and subject to the provisions of all other applicable laws / guidelines for the time being in force, and subject to such approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee constituted by the Board) to exercise the powers conferred by this resolution, consent of the Members be and is hereby accorded to the Board to create, offer, grant, issue, allot and cancel 30,00,000 Stock Options under the ‘Motilal Oswal Financial Services Limited - Employees’ Stock Option Scheme - VIII’ (hereinafter referred to as “ESOS - VIII”, subject to the overall ceiling of 30,00,000 stock options as mentioned in Resolution 9 above, convertible into equivalent number of equity shares of the Company in one or more tranches at such price and on such terms and conditions as may be fixed or determined by the Board in accordance with the prevailing law, the salient features of which are furnished in the Explanatory Statement to this Notice, in compliance with the statutory requirements as amended from time to time, to or for the benefit of such –

- a. Employees, who are in permanent employment of the present and future subsidiaries / holding company of the Company, whether working in India or out of India.
- b. Director of the present and future subsidiaries / holding company of the Company, whether whole time or otherwise.
- c. Employees of the present and future subsidiaries / holding company of the Company, who are citizen of the countries to whom issue / grant of Stock Options is restricted under the foreign exchange rules and regulations in India, upon obtaining prior permission of the Reserve Bank of India or such other authority, as may be applicable.
- d. Other persons as may from time to time be allowed to be eligible for the benefits of ‘ESOS - VIII’ under applicable laws and regulations prevailing from time to time but excluding –
 - i. Employee / Director of present and future subsidiaries / holding company of the Company who is a promoter or belongs to the promoter group.
 - ii. A director of present and future subsidiaries / holding company of the Company who either by himself or through his relative / any body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company.
 - iii. Independent Director of present and future subsidiaries / holding company of the Company.

FURTHER RESOLVED THAT the consent of the Members be and is hereby accorded to the Board to grant such number of stock options which could give rise to issue of such number of Equity Shares of ₹ 1 each, in one or more tranches, for the purpose of making a fair and reasonable adjustment to the Stock Options, shares arising there from and / or to the Exercise Price in accordance with the provisions of the ESOS - VIII, in the event of any corporate action(s) such as rights issue, bonus issues etc.

FURTHER RESOLVED THAT the Board be and is hereby authorised to create, issue and allot Equity Shares upon exercise of Stock Options from time to time in accordance with ESOS - VIII and such Equity Shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.

FURTHER RESOLVED THAT the Board be and is hereby authorised to take necessary steps for listing of the Equity Shares allotted in accordance with the provisions of ESOS - VIII on the Stock Exchanges where the Equity Shares of the Company are listed as per the applicable provisions of the Listing Regulations, 2015, the SEBI Regulations and other applicable Laws and Regulations.

FURTHER RESOLVED THAT subject to and in accordance with the provisions of law, as may be applicable from time to time, the Board be and is hereby authorised on behalf of the Company to make any modifications, changes, variations, alterations or revisions in the ESOS - VIII from time to time or to suspend, withdraw or revive the ESOS - VIII from time to time and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the shareholders of the Company.”

11) Payment of Remuneration to Non-Executive Directors

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 149, Section 197 of the Companies Act, 2013 read with rules there under and Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and recommendation of Nomination and Remuneration / Compensation Committee and Board, a sum not exceeding 1% of the net profits of the Company per annum, calculated in accordance with the provisions of Section 198 of the Act, be paid and distributed to the Non Executive Directors of the Company, in such manner and in all respects as may be decided by the Nomination an Remuneration / Compensation Committee and such payments shall be made with respect to the profits of the Company for each year, for a period of five years with effect from 1st April, 2017.”

By Order of the Board
Motilal Oswal Financial Services Limited

Place: Mumbai
Date: 20th June, 2017
Email: shareholders@motilaloswal.com

Motilal Oswal
Chairman and Managing Director
(DIN: 00024503)

Notes:-

- 1) An Explanatory Statement in respect of the above Special Businesses as required under Section 102 of the Companies Act, 2013 is annexed hereto.
- 2) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER. Pursuant to provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than ten percent of the total share capital of the Company. Member holding more than ten percent of the total share capital of the company may appoint single person as proxy who shall not act as proxy for any other person or shareholder. The instrument appointing a proxy in order to be effective must be deposited, duly completed and signed, with the company at its registered office not less than 48 hours before the time for holding the Meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution / authority, as applicable.
- 3) Members / proxies should bring the Attendance Slip duly filled in for attending the Meeting. The attendance slip and proxy form are attached as annexure to the Notice.
- 4) The Notice is being sent to the Members, whose names appear in the Register of Members / List of Beneficial owners as at the end of business hours on 16th June, 2017.
- 5) The Company's Registrar and Transfer Agent for its Share Registry Work (Physical and Electronic) is Link Intime India Private Limited having their office at C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (west), Mumbai 400083.
- 6) Interim dividend for the year ended 31st March, 2017@ ₹ 2.50 per equity share was paid by 23rd February, 2017.
- 7) In case of joint holders attending the meeting only such joint holder who is higher in the order of names will be entitled to vote.
- 8) **Voting through electronic means –**

In compliance with the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and the Regulation 44 of the Listing Regulations, 2015, the Company is pleased to offer remote e-voting facility to its Members to exercise their right in respect of the businesses to be transacted at the 12th Annual General Meeting ("AGM") by casting vote using an electronic voting system from a place other than the venue of the AGM ("remote e-voting").

The facility for voting through ballot paper shall also be made available at the meeting and those members who have not cast their vote through remote e-voting shall be able to exercise their right at the meeting.

Provided, the members who have cast their vote by remote e-voting prior to the meeting may attend the meeting but shall not be entitled to cast their vote again. If a member casts vote by both modes, then voting done through remote e-voting shall prevail and the Ballot form shall be treated as invalid. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) as the authorised agency to provide remote e-voting facilities. The detailed process, instructions and manner for availing remote e-voting facility is provided herein below:-

- A.** The E-voting period begins on 24th July, 2017 at 9.00 a.m. and ends on 26th July, 2017 at 6.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21st July, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL after aforesaid period.
- B. In case of members receiving Notice through e-mail:**
 - (i) If you are holding shares in Demat form and have earlier logged on to www.evotingindia.com and have cast your vote earlier through E-voting for any Company earlier, then in such case your existing Login Id and Password are to

be used. If Demat Account holder has forgotten the password then enter the user id and captcha code and click on forgot password and enter the details as prompted by the system.

- (ii) The shareholders should log on to the e-voting website www.evotingindia.com
- (iii) Click on "Shareholders" tab to cast your votes.
- (iv) a. If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- b. If you are a first time user follow the steps given below and, fill up the following details in the appropriate boxes.

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
USER ID	For NSDL: 8 character DP ID Followed by 8 digit Client ID For CDSL: 16 digits beneficiary ID Enter the Image Verification as displayed and click on login.	Folio number registered with the Company & enter the Image Verification as displayed and click on login.
PAN*	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (in Capital) (Applicable for both Demat shareholders as well as physical shareholders)	
Any one of the following two:		
DOB#	Enter the Date of Birth as recorded in your Demat account or in the company records for the said Demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned above.	

* Members who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number.

CDSL users can enter any one of the details viz. dividend bank details or date of birth, in order to login;

NSDL users mandatorily have to mention their bank account number in order to login. In case bank details are not recorded with the depository, please enter the number of shares held by you as at the end of the business hours on 21st July, 2017 in the Dividend Bank details field.

- (v) After entering these details appropriately, click on "SUBMIT" tab.
- (vi) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field.
 The new password has to be minimum eight characters consisting of at least one upper case [A-Z], one lower case [a-z], one numeric value [0-9] and a special character [@ # \$ % & *].
 Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (viii) Click on the relevant EVSN along with "MOTILAL OSWAL FINANCIAL SERVICES LIMITED" on which you choose to vote.
- (ix) On the voting page, you will see RESOLUTION DESCRIPTION and against the same the option "YES / NO" for voting. Select the option YES or NO as desired.
 The option YES implies that you Assent to the Resolution.
 The option NO implies that you Dissent to the Resolution.
- (x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolutions.
- (xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xiv) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xv) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

C. Please follow all steps from Sr. No. [i] to Sr. No. [xi] herein above to cast vote, in case of members receiving the physical copy of Notice of Annual General Meeting [for members whose e-mail IDs are not registered with the Company / Depository Participant [s] or requesting physical copy].

D. For Institutional Shareholders (Non- Individual Shareholders and Custodians):

1. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporate.
2. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
3. After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
4. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
5. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

(xvi) Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of AGM and holding shares as of the cut-off date i.e. 21st July, 2017, are requested to refer the notes and instructions to the E-Voting included in the notice which is uploaded on the website of CDSL and of Company and cast their votes accordingly. In case, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details / Password" option available on <https://www.evotingindia.com>.

- 9) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company. The facility of E-voting would be provided once for every folio/ client id, irrespective of the number of joint holders.
- 10) Mr. Umashankar Hegde, Practicing Company Secretary bearing Membership No. ACS 22133 and Certificate of Practice No.11161 has been appointed as the scrutinizer to scrutinize the e-voting process.
- 11) The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- 12) The results of e-voting and voting at Annual General Meeting shall be declared by the Chairman or his authorized representative on / or after Annual General Meeting within two days of passing of the resolutions and communicate to BSE Limited and National Stock Exchange of India Limited where the shares of the Company are listed. The resolutions passed through e-voting shall be deemed to be passed at the Annual General Meeting of the Company.
- 13) The result of the e-voting along with the scrutinizer's report will also be placed at the website of the Company viz. www.motilaloswalgroup.com.
- 14) The scrutinizer's decision on the validity of e-voting will be final.
- 15) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

Contact Point	Contact Details
Company	Motilal Oswal Financial Services Limited Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel S.T Depot, Prabhadevi, Mumbai- 400 025. Email: shareholders@motilaloswal.com
Registrar & Transfer Agent	Link Intime India Private Limited C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083. Email: rnt.helpdesk@linkintime.co.in
E-voting Agency	Central Depository Services [India] Limited Email: helpdesk.evoting@cdslindia.com
Scrutinizer	Mr. Umashankar Hegde, Practising Company Secretary. Email: umashankar.hegde@gmail.com

- 16) Members wishing to claim dividend that remain unclaimed are requested to correspond with the Registrar and Share Transfer Agent as mentioned above, or the Company Secretary, at the Company's registered office. Members are requested to note that

dividend that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be as per section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund (IEPF). The shares on which dividend remains unclaimed for seven consecutive years will also be transferred to IEPF as per section 124 of the Act and the applicable rules. Members are requested to approach the Company or Registrar and Share Transfer Agent for claiming the same and are also requested to update Bank Account Details with Depository participant so that the dividend amount will directly get credited to your Bank Account.

- 17) Members can avail the facility of nomination in respect of the Equity Shares held by them in physical form pursuant to the provisions of section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination in the prescribed format duly filled in to the Registrar & Share Transfer Agent.
- 18) Members holding the Equity Shares in electronic form may kindly note that their Bank Account details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion of / change in such Bank details. Further, instructions, if any, already given by them in respect of the Equity Shares held in physical form will not be automatically applicable to Equity Shares held in the electronic mode.
- 19) Members are requested to:
 - a. Intimate to the Company's Registrar and Transfer Agent, Link Intime India Private Limited, changes, if any, in their registered addresses at an early date, in case of shares held in physical form;
 - b. Intimate to the respective Depository Participants, changes, if any, in their registered addresses at an early date, in case of shares held in electronic mode; and
 - c. Quote their folio numbers / Client ID / DP ID in all correspondence.
- 20) Members holding the Equity Shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
- 21) The information in respect of Mr. Navin Agarwal, being the Director proposed to be re-appointed, forms part of the Notice.
- 22) The Consolidated Financial Statement of the Company pursuant to the provisions of Regulation 33 of the Listing Regulations, 2015 and section 129 of the Companies Act, 2013, prepared in accordance with 'Accounting Standard - 21' prescribed by The Institute of Chartered Accountants of India, form part of the Annual Report.
- 23) The Register of Directors' and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of contracts or arrangements in which Directors are interested under Section 189 of Companies Act, 2013 will be available for inspection at the Annual General Meeting.
- 24) Members desirous of obtaining any information / clarification on the Accounts are requested to submit their query in writing to the Company at least 10 days before the date of the Annual General Meeting.
- 25) The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to M/s. Link Intime India Private Limited.
- 26) Rule 18 of the Companies (Management and Administration) Rules, 2014 allows companies to give notice through electronic mode. Further, in line with circular issued by the Securities and Exchange Board of India (SEBI), Regulation 36 of Listing Regulations, 2015 read with Rule 11 of the Companies (Accounts) Rules, 2014 companies can send Annual Report in electronic mode to Members who have registered their e-mail addresses for the purpose.

In view of the above, the Company proposes to send henceforth the documents like the notices, annual report, etc. in electronic form, to the email address of the respective members.

To support this initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses in the following manner:

- a. In respect of electronic holdings with the Depository, through their concerned Depository Participants.
- b. Members who hold shares in physical form are requested to mail your e-mail record to shareholders@motilaloswal.com quoting your name and folio number.

This initiative would enable the members to receive communication promptly besides paving way for reduction in paper consumption and wastage. You would appreciate this initiative taken by SEBI and MCA and your Company's desire to participate in the initiative.

- 27) The Notice of the 12th Annual General Meeting and Annual Report for Financial Year 2016-2017 will also be available on the website of the Company at www.motilaloswalgroup.com. The physical copy will also be available at the Company's registered office for inspection during the normal business hours on working days.
- 28) Route Map showing directions to reach to the venue of the 12th AGM is given at the reverse side of attendance slip as per the requirement of the Secretarial Standards-2 on General Meeting.

Annexure to the Notice dated 20th June, 2017**ITEM NO. 3**

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

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

Mr. Navin Agarwal is the Non Executive Director of Motilal Oswal Financial Services Limited. He is responsible for the Institutional Broking & Investment Banking Businesses business and has been instrumental in building a market leading position in the Institutional Broking business. Under his leadership, the firm has been rated as The Best Indian Brokerage House by Asia money. Leveraging on the dominant positioning in institutional business, he has also been instrumental in building an Institutional Derivatives business when derivative products were introduced in the Indian markets. As a member of the Board, Mr. Agarwal believes in leveraging the core strengths of a strong brand, a vast distribution network and unmatched research capabilities and has been closely involved in strategizing and reviewing all the other business of the MOFSL.

He started his career as a Senior Analyst with Insight Asset Management in 1994. In the year 1996, he was appointed the Head of Research and subsequently took up the additional responsibility of Portfolio Management in 1998. Mr. Navin Agarwal is affiliated with prestigious organizations like Institute of Chartered Accountants of India, Institute of Cost and Works Accountant of India, Institute of Company Secretaries of India and CFA Institute, Virginia.

ITEM NO. 5 TO 7

The members at the 9th Annual General Meeting held on 22nd August, 2014 approved the appointment of Mr. Vivek Paranjpe, Mr. Praveen Tripathi and Ms. Sharda Agarwal as Independent Directors of the Company for a period of 3 years for holding office from 9th Annual General Meeting (AGM) until conclusion of 12th AGM of the Company. Accordingly, the first term of Independent Directors is set to expire in forthcoming Annual General Meeting of the Company.

The Board of Directors of the Company, on basis of performance evaluation carried by the members of the Committee and considering the experience and knowledge of said Independent Directors and on recommendation of the members of Nomination and Remuneration / Compensation Committee, recommended the re-appointment of aforesaid Independent Directors for second term for the period of 3 years for holding office from forthcoming AGM till the conclusion of 15th AGM to be held in 2020.

Brief Profile of Mr. Vivek Paranjpe

Mr. Vivek Paranjpe has done B.Sc. (Hons.) from Ferguson College, Pune with distinction in Botany and Postgraduate Honors Diploma in Industrial relations and welfare from XLRI, Jamshedpur, India. He served various companies in India and Abroad and he was in Hewlett Packard from 1988 to 2003 wherein his last role was Director HR- Asia Pacific Region, based at Singapore. He has held a post of honorary CEO, National HRD Network of India from 2004 to 2005. Mr. Vivek Paranjpe was a member of National Wages Council from 2000 to 2001, Tripartite Committee on Executive Unions and Domestic services study group. He has held the position of Vice President in Delhi Management Association and Vice Chairman in ISTD, New Delhi. He was group President HR in Reliance Industries Limited from 2009 to 2014. He has also authored two books viz. HR Management in India - A Legal Perspective and Strategic HR Planning. Currently, he is also on the Board of Power Mech Projects Limited, Board of Governors of ITM University and Advisory Board of SHRM for South East Asia. He is the recipient of NHRDN's President's award for distinguished services and contribution to HR fraternity and Recognized by SHRM in 2015 as amongst the top 25 influencers in Social media.

Brief Profile of Mr. Praveen Tripathi

Mr. Praveen Tripathi has done Post Graduate Diploma in Management (PGDM) from Indian Institute of Management, Ahmedabad and B. Tech (Electrical Engineering) from Indian Institute of Technology, Kanpur. He has been Research Consultant to Ministry of Rural Development and has also been on Awareness and Communications Advisory Council of UID Authority of India. He has held position of President of Market Research Society of India. He has held the position of President-Marketing and Sales services in Pidilite Industries Limited from August 2009 to August 2010. He has held the post of Strategic Planning Director, P&G, Greater China from September 2002 to September 2003 and was member of Publicis Groups P&G Global Media Team. He worked in MARG

Marketing and Research Group Private Limited from April 1986 to September, 1996. He is also the visiting faculty at Indian Institute of Management, Ahmedabad and Mudra Institute of Communication, Ahmedabad. He is currently holding the post of Chief Executive Officer in Magic9 Media and Consumer Knowledge Private Limited.

Brief Profile of Ms. Sharda Agarwal

Ms. Sharda Agarwal is Post Graduate Diploma in Management from IIM Bangalore and B.Sc Hons (Economics) from St. Xavier's College, Kolkata.

Ms. Agarwal had an illustrious career in the area of Marketing wherein she held various roles during her stay with Johnson and Johnson, India & United States-Consumer Business for the period from 1992 to 2002. She has held the position of Director, Marketing at Coca Cola India for the period from 2002-2005 wherein she was responsible for all brands, media and consumer activation.

She co-founded India's Premier Strategy Business and Marketing Consulting firm in the year 2005. She has consulted more than 100 Companies in over 175 assignments in more than 25 sectors like Financial Services, Food and Beverages, Automobile, Petrochemicals, FMCG, Media, Entertainment, Apparel, etc.

She had also set up a consulting oriented Market Research company called Market Gate Dimensions in 2011. Majority stakes in both the Companies were divested to Publicis Group in December 2012.

In 2016, Ms. Agarwal co-founded a health website, www.sepalika.com, to help people deal with root causes of chronic diseases and counter drug side effects through diet, lifestyle changes and research backed dietary supplements. She also serves on the Board of Future Lifestyle Fashions Ltd.

The Company has received notices in writing under the provisions of Section 160 of the Companies Act, 2013, from members along with a deposit of ₹ 1,00,000/- proposing the candidature of above Directors for the office of Independent Directors, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Vivek Paranjpe, Mr. Praveen Tripathi and Ms. Sharda Agarwal (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that they are not disqualified for being appointed as Directors under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. Vivek Paranjpe, Mr. Praveen Tripathi and Ms. Sharda Agarwal fulfill the conditions specified in the Companies Act, 2013 and rules made thereunder for appointment as an Independent Director of the Company. Copy of the draft letter for re-appointment of Independent Directors setting out their terms and conditions would be available for inspection at the Registered Office of the Company during business hours on any working day up to the date of AGM.

None of the Independent Directors are holding any shares in the Company.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, other than Mr. Vivek Paranjpe, Mr. Praveen Tripathi and Ms. Sharda Agarwal for their respective re-appointment, is concerned or interested, financial or otherwise, in these Resolutions. The Board recommends the Special Resolution set out at item nos. 5, 6 and 7 for approval of the Members.

ITEM NO. 8

In terms of Section 42 of the Companies Act, 2013 ("the Act") and rules made thereunder, a Company offering or making an invitation to subscribe to Non Convertible Debentures (NCD's) on a private placement basis is required to obtain the prior approval of the Members by way of Special Resolution. Such approval by special resolution can be obtained once in a year for all the offers and invitations for such NCDs to be made during the year.

The Company had obtained approval of members in Annual General Meeting held on 21st July, 2016 for offering or making an invitation to subscribe to Non Convertible Debentures (NCDs) on a private placement basis upto an aggregate amount of ₹ 1000 crores (Rupees One Thousand Crores). Since said approval is valid for period of one year and Company would be in need of additional funds, accordingly, the Board of Directors of the Company proposes to offer or making an invitation to subscribe to Non Convertible Debentures (NCDs) on a private placement basis subject to approval of members. Hence, approval of members by way of Special Resolution is being sought to issue NCDs up to ₹ 1000 crores.

NCDs including but not limited to subordinated debentures, bonds and / or other debt securities etc. issued on a private placement basis would constitute one of the source of borrowings for the Company. In order to augment resources for, inter alia, financing its business activities including lending business, all types of investments including investment in capital markets subject to applicable

statutory and / or regulatory requirements, to repay our existing loans and fund our business operations, the ongoing capital expenditure, long term working capital / short term working capital and for general corporate purposes, the Company may offer or invite subscription for securities including but not limited to secured / Unsecured Redeemable Non-Convertible Debentures within the overall limits upto ₹ 1000 crores in one or more series / tranches on private placement, issuable / redeemable at discount / par / premium. Accordingly, the approval of the members is being sought by way of a special resolution under Section 42 and other applicable provisions, if any, of the Act and its rules thereunder as set out in Item No. 8 appended to this notice.

The Board of Directors, accordingly recommend the Special Resolution set out at Item No. 8 of the accompanying Notice for the approval of the Members.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested, financially or otherwise, in this resolution.

ITEM NOS. 9 & 10

The Company believes in rewarding its employees which are the backbone of the organization for their long term association, continuous hard work, dedication and support which has led to the progress of the Company.

The Company had earlier granted stock options to the employees of the Company under Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme - III' and 'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme - IV', Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme - V', Motilal Oswal Financial Services Limited - 'Employee Stock Option Scheme – VI and Motilal Oswal Financial Services Limited - 'Employee Stock Option Scheme – VII. The Stock Options available with the Company through the aforesaid Stock Option Schemes are nearly exhausted.

Hence, the Company proposes to introduce "Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme - VIII" (hereinafter referred to as the "Scheme") for the benefit of the permanent employees of the Company and its subsidiary companies, its directors, and such other persons / entities as may be prescribed by the Securities and Exchange Board of India ("SEBI") and Companies Act, 2013 from time to time, and in accordance with the provisions of prevailing rules and regulations.

The following is the explanatory statement which sets out various disclosures as required in terms of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as Regulations).

The salient features of the Scheme are as under:

(a) Total number of Stock Options to be granted and maximum number of Stock Options to be issued per employee.

The total number of Stock Options to be granted under Scheme (together with the Securities proposed to be created / offered / issued / allotted for the benefit of such persons who are in permanent employment of the Company or Company's subsidiary / holding companies in terms of Scheme) shall not exceed 30,00,000 (Thirty Lakhs) Stock Options. Each Stock Option when exercised would be converted into one Equity Share of ₹ 1 each fully paid-up. The Stock Options will lapse if not exercised within the specified exercise period as specified under the Scheme. Vested Stock Options that lapse due to non-exercise or unvested Stock Options that get cancelled due to resignation of the employees or otherwise, would be available for re-grant at a future date.

(b) Identification of classes of employees entitled to participate and be beneficiaries in the Scheme:

All permanent employees (including a director, whether whole-time or not) of the Company and its subsidiary companies working in India or outside India shall be eligible to participate in the Scheme. Provided however that the following persons of the Company and its subsidiary companies shall not be eligible to participate in the Scheme:

- An employee who is a "Promoter" or belongs to "Promoter Group" as defined under the Regulations or
- A Director who either by himself or through his relatives or through any body corporate holds more than 10% of the issued and subscribed Equity Shares of the Company or
- Independent Directors

Before granting the Stock Options to the employees under the Scheme, the Nomination and Remuneration / Compensation Committee of the Company would, apart from evaluating overall group corporate performance, inter alia, take into consideration grade, performance, merit, key position, future potential contribution and conduct of the employees and such other factors as may be deemed appropriate by it.

(c) Requirements of vesting, period of vesting and maximum period within which the Stock Options shall be vested:

All the Stock Options granted on any date shall vest in tranches from the date of grant of Stock Options as may be determined by the Nomination and Remuneration / Compensation Committee (hereinafter be referred as Committee). The Committee may extend, shorten or otherwise vary the vesting period from time to time, in accordance with the applicable law. The Stock Options would vest in an employee only if he continues to be in the employment with the Company or its subsidiaries. In addition to this, the Board / Committee may specify performance criteria / conditions to be met subject to which Stock Options would vest in the employee. The Stock Options would vest in a Director only if he / she continue to remain a Director on the date of Vesting of the Stock Options. The Stock Options may vest in tranches subject to the terms and conditions stipulated by the Board of Directors or its Committee. The vesting dates in respect of the Stock Options granted under the Scheme shall be determined by the Committee and may vary from an employee to employee or any class thereof and / or in respect of the number or percentage of stock options granted to an employee.

Stock Options eligible for vesting on the basis of performance parameters, if any, such percentage or such number of Stock Options as may be specified by the Committee in the grant letter or any of the other writings, having regard to the performance of the optionee evaluated in accordance with such performance criteria as may be laid down by the Committee, shall vest in the optionee. The vesting period would be 1 year to 6 years or as may be decided by the Nomination and Remuneration / Compensation Committee subject to the requirements of the Regulations or all other applicable statutory requirements.

(d) Exercise price or Pricing Formula:

The exercise price payable under the Scheme by the Eligible Employees for exercising the vested Stock Options shall be decided by Board / Committee from time to time at a premium or at a discount or at market price. (Market price means the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted / shares are issued, on the stock exchange on which the shares of the company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.)

(e) Exercise period and process of exercise:

The Exercise period would be as decided by the Nomination and Remuneration / Compensation Committee. The Stock Options will be exercisable at one time or at various points of time within the exercise period by the employees by a written application to the Company to exercise the Stock Options, in such manner, and on execution of such documents, as may be prescribed by the Committee from time to time. The Stock Options will lapse if not exercised within the specified exercise period.

(f) Appraisal / Assessment Process for determining the eligibility of employees to the Scheme:

The appraisal process for determining the eligibility would be determined by the Committee from time to time based on broad criteria for appraisal and selection such as parameters like tenure of association with the Company, performance during the previous years, contribution towards strategic growth, contribution to team building and succession, cross functional relationship, corporate governance, Company's values, etc. As regard the new joiners especially appointed in the senior cadre, the Nomination and Remuneration / Compensation Committee shall have the discretion to decide the criteria for ascertaining the eligibility for grant of stock options.

(g) Maximum number of stock options to be issued per employee and in aggregate:

The number of stock options that would be granted to an employee under the Scheme shall be decided by the Nomination and Remuneration / Compensation Committee. Total number of stock options that may be granted to any specific employee under the Scheme shall not exceed 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of stock options.

(h) Transferability of Employee Stock Options:

The Options granted to an employee shall not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of the Option grantee, the right to exercise all the Options granted to him till such date shall be transferred to his legal heirs or nominees within the period as may be prescribed under the Scheme.

(i) Compliance with Accounting Policies:

The Company shall comply with the disclosure and the accounting policies prescribed by the Regulations, including but not limited to the accounting policies specified in Regulation 15 and any authorities concerned, from time to time.

(j) Method of valuation:

To calculate the employee compensation cost, the Company shall use the Intrinsic Value Method for valuation of the stock options granted. Since the Company is calculating the employee compensation cost using the Intrinsic Value of the stock options, the difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the Fair Value of the stock options, shall be disclosed in the Boards' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Boards' Report. As the Scheme provides for issue of shares to be offered to employees other than existing shareholders of the Company, consent of the shareholders is being sought pursuant to section 62 and all other applicable provisions, if any, of the Companies Act, 2013 and as per the Regulations. On exercise of vested Stock Options by the employees / directors, subject to the terms of the Scheme, the Board of Directors or its Committee will approve the issue and allotment of Equity Shares to the Employees / Directors.

Regulation 6 of the Regulations requires that any ESOP Scheme for offering Stock Options to the employees of the subsidiary/holding companies must be approved by the Members by way of a special resolution. Accordingly, the resolution set as Item No. 10 is being placed for the approval of the Members pursuant to the provisions of the Companies Act, 2013 and Clause 6 of the Regulations and all other applicable provisions of law for the time being in force.

Only those Non Promoter, Non-Independent Directors of the Company who may be eligible and granted Stock Options under the Scheme may be regarded as concerned or interested in the resolutions in Item Nos. 9 & 10 to the extent of Stock Options, which may be granted to them pursuant to the Scheme.

Other than aforesaid, none of the other Directors / Key Managerial Personnel of the Company / their relatives is in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the resolution as set out in Item Nos. 9 & 10 of the Notice for the approval by the Members by Special Resolutions.

ITEM NO. 11

Section 197 of the Companies Act, 2013 permits payment of remuneration to Non-Executive Directors of a Company by way of commission, if the Company authorises such payment by way of a resolution of members. The members of the Company at the 7th Annual General Meeting held on 28th July, 2012, approved the remuneration payable to Non-Executive Directors of the Company by way of commission not exceeding one per cent of the net profits of the Company for each year for a period of five years commencing from 1st April, 2012 and ending with 31st March, 2017. Pursuant to Section 309 (7) of the erstwhile Companies Act, 1956 such approvals obtained from shareholders are valid only for a period of 5 years. Since the validity of the earlier resolution passed by the shareholders expires in the ensuing financial year i.e., 2016-17, approval is sought from Shareholders for renewal of the resolution for a further period of 5 years commencing from 1st April, 2017. Considering the rich experience and expertise brought to the Board by the Non-Executive Directors, it is proposed that pursuant to the provisions of section 197 of Companies Act, 2013 remuneration not exceeding one per cent of the net profits of the Company calculated in accordance with provisions of the Act, be continued to be paid and distributed amongst the Non-Executive Directors of the Company in accordance with the recommendations of the Nomination and Remuneration / Compensation Committee of the Board and approval by the Board of Directors of the Company, for a further period of five years commencing from 1st April, 2017. Such payment will be in addition to the sitting fees for attending Board / Committee meetings. Details of commission and sitting fees paid to Non-Executive Directors during the Financial Year 2016-17 is provided in the Corporate Governance Report forming part of Annual Report 2016-17 of the Company. None of the Directors, Key Managerial Personnel or their respective relatives, except all of the Non-Executive Directors of the Company to whom the resolution relates are concerned or interested in the Resolution mentioned at Item No. 11 of the notice. The Board recommends the resolution set forth in Item No. 11 for the approval of the Members.

Annexure to Items 3, 5, 6 and 7 of the Notice

Details of Directors Seeking Re-appointment as required under Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and Secretarial Standards - 2:

Particulars	Mr. Navin Agarwal	Mr. Vivek Paranjpe	Mr. Praveen Tripathi	Ms. Sharda Agarwal
Date of Birth	4th June, 1971	8th September, 1952	4th June, 1957	16th October, 1968
Date of Original Appointment on the Board	18th May, 2005	28th January, 2011	22nd July, 2011	19th July, 2014
Expertise in specific functional area	Expertise in all the areas of Capital Markets	Human Resource Development	Expertise in Market Research, Branding and Marketing	Business Marketing
Qualifications	CA, CWA, CS, CFA	B. Sc. (Hons.) from Ferguson College, Pune; Postgraduate Honours Diploma in Industrial Relations & Welfare (XLRI, Jamshedpur)	B. Tech. from Indian Institute of Technology and PGDM from Indian Institute of Management, Ahmedabad	– Post Graduate Diploma in Management, Indian Institute of Management, Bangalore – B.Sc Hons (Economics), St. Xavier's College, Kolkata
Directorships in Other Companies / Chairmanship / Membership of Committees of other Board	Directorship: i) Motilal Oswal Investment Advisors Limited ii) Motilal Oswal Real Estate Investment Advisors Private II Limited iii) Motilal Oswal Capital Markets Private Limited iv) Motilal Oswal Capital Limited Membership / Chairmanship of Committee Nil	Directorship: Power Mech Projects Limited Membership / Chairmanship of Committee Nil	Directorship: i) Motilal Oswal Securities Limited ii) Indigo Paints Private Limited iii) Magic9 Media and Consumer Knowledge Private Limited iv) Magic9 Media and Analytics Private Limited Membership / Chairmanship of Committee <u>Motilal Oswal Securities Limited</u> Audit Committee – Chairman Nomination and Remuneration Committee – Chairman Corporate Social Responsibility Committee – Chairman	Directorship: i) Future Lifestyle Fashions Limited ii) Demeter Advisors Private Limited iii) Moonjur Health Care Private Limited Membership / Chairmanship of Committee <u>Future Lifestyle Fashions Limited</u> Audit Committee - Member Remuneration / Compensation Committee – Member Corporate Social Responsibility - Member
Shareholding of Director in the Company	78,04,010 Equity Shares of ₹ 1 each	Nil	Nil	Nil
Relationships between Directors inter-se	Nil	Nil	Nil	Nil

By Order of the Board
Motilal Oswal Financial Services Limited

Place: Mumbai
Date: 20th June, 2017
Email: shareholders@motilaloswal.com

Motilal Oswal
Chairman and Managing Director
(DIN: 00024503)



MOTILAL OSWAL FINANCIAL SERVICES LIMITED

CIN : L67190MH2005PLC153397

Registered Office: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot,
Prabhadevi, Mumbai-400025

Tel : +91 22 39804200 ; Fax : +91 22 33124997 ; Website : www.motilaloswalgroup.com

ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

Folio No. / DP ID No.: _____
No. of Shares held: _____
Name of the Member / Proxy: _____ (IN BLOCK LETTERS)
Address of the Member : _____ _____ _____
Email ID : _____

I / We hereby record my / our presence at the 12th ANNUAL GENERAL MEETING of MOTILAL OSWAL FINANCIAL SERVICES LIMITED at Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025 on Thursday, 27th July, 2017 at 4.30 p.m.

Signature(s) of the Member(s) or Proxy

NOTES:

- No duplicate Attendance Slip will be issued at the Meeting Venue.
- You are requested to bring your copy of the Annual Report to the Meeting.

ROUTE MAP



FORM NO. MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	L67190MH2005PLC153397
Name of the Company	MOTILAL OSWAL FINANCIAL SERVICES LIMITED
Registered Office	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai- 400 025.

Name of the member(s)	
Registered Address	
E-mail ID	
Folio No. / DP & Client ID	

I / We, being the member(s) of _____ shares of the above named company, hereby appoint

Name		Signature
Address		
E-mail ID		

OR FAILING HIM;

Name		Signature
Address		
E-mail ID		

OR FAILING HIM;

Name		Signature
Address		
E-mail ID		

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 12th Annual General Meeting of the Company, to be held on Thursday, 27th July, 2017 at Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai- 400 025 at 4.30 p.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	RESOLUTIONS
1.	Adoption of Annual Financial Statement for the Financial Year 2016-17 together with report of Board of Directors and Auditors thereon
2.	Declaration of final dividend of ₹ 3 per equity share and confirmation of the interim dividend paid @ ₹ 2.50 per equity share to its equity shareholders for the year ended 31st March, 2017.
3.	Re-appointment of Mr. Navin Agarwal (DIN: 00024561), Non Executive Director who retires by rotation.
4.	Appointment of Statutory Auditors and fix their remuneration
5.	Re-appointment of Mr. Vivek Paranjpe (DIN:03378566) as an Independent Director of the Company
6.	Re-appointment of Mr. Praveen Tripathi (DIN: 03154381) as an Independent Director of the Company
7.	Re-appointment of Ms. Sharda Agarwal (DIN: 00022814) as an Independent Director of the Company
8.	Authorisation to offer or invite subscription, issue and allot Secured / Unsecured Redeemable Non-Convertible Debentures ("NCDs") including but not limited to subordinated debentures, bonds and / or other debt securities etc. aggregating up to ₹ 1000 Crores
9.	Approval of Motilal Oswal Financial Services Limited - Employees Stock Option Scheme – VIII for Issuance of Stock Options to employees of the Company
10.	Approval of Motilal Oswal Financial Services Limited - Employees Stock Option Scheme – VIII for Issuance of Stock Options to the employees of present / future subsidiary companies / holding Company the Company
11.	Payment of Remuneration to Non-Executive Directors

Signed this _____ day of _____ 2017.

Affix ₹. 1/-
Revenue
Stamp

Signature of Shareholder : _____

Signature of Proxy holder(s) : _____

Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- The Proxy Form should be signed across the Revenue Stamp as per specimen signature(s) registered with the Company / Depository Participant.
- A Proxy need not be a Member.

[illegible]

Notes

[illegible]



MOTILAL OSWAL FINANCIAL SERVICES LTD.
Motilal Oswal Tower, Rahimtullah Sayani Road,
Opp. Parel ST Depot, Prabhadevi, Mumbai-400025
www.motilaloswalgroup.com
