Knowledge First

MOTILAL OSWAL
Financial Services

ANNUAL REPORT 2010-2011

It's all about Knowledge.

If you know that there's a pitfall a few steps ahead, you've as good as built a bridge over it. If you know that you are going to hit a roadblock, you've already circumvented it. Knowing is everything.

It's your peek into seeing the future. It's your map out of a labyrinth. Most importantly, it's money.

But knowledge is much larger than what books can fit into themselves. It's also things that can't be written and learnt by rote. Like observation, experience and sensitivity.

Everybody at Motilal Oswal learns to put 'Knowledge First' from day one. With over 1500 employees and more than 24 years in the business of investing; that's a lot of observations, experience and in-depth study of how to make investments grow.

Since diversifying from broking to various other financial services like Wealth Management, Investment Banking, Private Equity and Asset Management; our knowledge has only increased.

It's this wealth of knowledge that helps us create wealth for our clients and partners. After all, the more knowledge we have, the richer we get.

BOARD OF DIRECTORS

Mr. Motilal Oswal
Chairman & Managing Director
Chief Executive Officer

Mr. Raamdeo Agrawal
Joint Managing Director

Mr. Navin Agarwal
Director

Mr. Ramesh Agarwal
Independent Director

Mr. Balkumar Agarwal
Independent Director

Mr. Madhav Bhatkuly
Independent Director

Mr. Vivek Paranjpe
Independent Director

Chief Financial Officer
Mr. Sameer Kamath

Company Secretary and Compliance Officer
Mr. Samrat Sanyal

Bankers
Citibank N.A.
HDFC Bank
Standard Chartered Bank
IDBI Bank
State Bank of India
HSBC
ICICI Bank
Yes Bank

Auditors
M/s Haribhakti & Co., Chartered Accountants

Registered Office
Palm Spring Centre, 2nd Floor,
Palm Court Complex, New Link Road,
Malad (West), Mumbai- 400 064.

Corporate Office
Hoechst House, 3rd Floor,
Nariman Point, Mumbai-400 021.

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Why does the salmon start to go against the flow, swim upriver, at times even leap over a waterfall; when every other fish are swimming towards the sea? Because it knows that the best place for its young to survive, is near the source of the river.

Dear Shareholders,

I write to you at the close of this roller-coaster year. The growth rate of the Indian economy saw some headwinds with rising input costs and high interest rates. The Indian markets delivered a moderate performance in FY11, as compared to the high returns last year. Although strong FII inflows boosted the markets, the DIIs remained net sellers. Average daily market volumes were ₹1.33 lakh crores in FY11, up 40% YoY. However, this was attributable to the disproportionate growth in the low-yield options segment of the market, while the high-yield cash segment saw year on year decline. Lack of a sustained, directional trend in the markets resulted in muted retail participation, which saw some traction only during a few PSU public issues. Thus, the growth in overall market volumes did not result in a corresponding growth in the overall brokerage revenue pool.

On a consolidated basis, our revenues declined 7% to ₹600.4 crores in FY11, and reported PAT declined 20% to ₹137.1 crores. Broking-related revenues fell 5% to ₹433.4 crores this year owing to the decline in the cash volumes in the market. The strategy of diversifying across business segments saw ~30% revenues being contributed by non-broking businesses. Fund based income grew 14% to ₹73.8 crores with an increase in the loan book. Asset management fees increased 7% to ₹42.7 crores with the launch of the new mutual funds, which saw active investor interest. Investment banking fees saw a 39% decline at ₹39.8 crores due to revenue booking of some large deals in advanced stage of execution getting postponed due to delays in obtaining certain regulatory approvals. FY11 EBITDA and Net Profit margins, at 38% and 23% respectively, were in line with the long term trend. Our Pan-India expansion is on track with total customers increasing to 709,041 and retail distribution at 1,644 outlets across 611 cities.

We remain a focused player in the capital markets space and continue to invest into building a strong franchise in this space. True to our philosophy of Knowledge First, we introduced several innovative products during the year, many of which were India's First. We continue to expand our client base and be a financial intermediary of choice for our clients. The approach of utilizing capital judiciously and a variable cost structure was successful in maintaining a healthy balance sheet and consistent profit margins in challenging times. A strong, unleveraged balance sheet with a net worth of ₹1,060 crores and a time tested business model, gives us the headroom to capture all viable opportunities in this space.

Our efforts to create a superior, value-driven business were recognized through various industry accolades this year:

- Motilal Oswal was adjudged the 'Best Performing Equity Broker' at the CNBC TV18 Financial Advisors Awards, 2010.
- We won 4 awards at the ET-Now Starmine Analyst Awards 2010-11, placing us amongst the Top 3 award winning brokers
- Motilal Oswal was also ranked No. 2 by AsiaMoney Brokers Poll 2010 in the Best Local Brokerage Category
- The M&A transaction of Shree Renuka Sugars (Brazil's Equipav SA acquisition) advised by our investment banking business won the "Asia Pacific Cross-Border Deal of the Year" award and our CEO won the "India M&A Investment Banker" award at the Asia Pacific M&A Atlas Awards, 2010
- We bagged the QualTech Prize for Improvement 2010 in Services for a DMAIC project on reducing account opening turnaround time
- Our M50 ETF, bagged the 'Most Innovative Fund of the Year' award at the CNBC TV18 CRISIL Mutual Funds Awards 2011

India's growth story remains intact and its GDP is expected to reach US$5 trillion by 2020. With the consequent growth in discretionary income and savings pool, there is a favourable opportunity for the financial intermediation space over the medium to long term. Our focus remains strong in our value-driven research approach, increasing distribution reach across India and growing our related business segments, together with maintaining a risk-free balance sheet. Due to these factors, we firmly believe that we are favourably poised to tap the resultant opportunities.

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 – customers, business associates, employees, vendors and shareholders, who have reposed their trust in us and given us constant support.

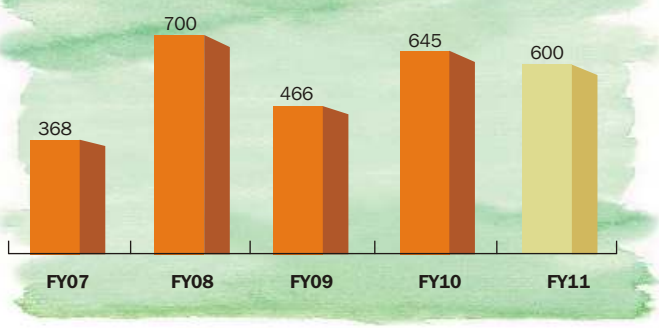
With best wishes,

Sincerely,

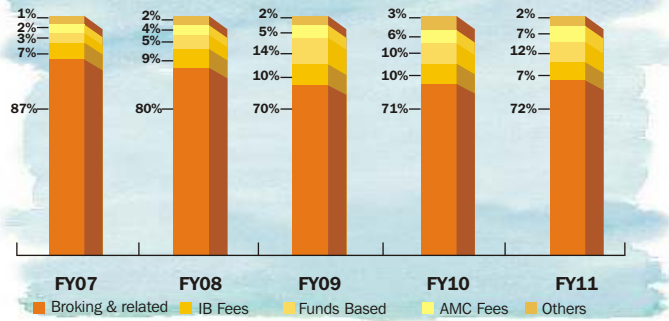
Motilal Oswal
Chairman and Managing Director
Mumbai, 20 June, 2011

The giant anteater raids termite and ant colonies for food. But why does it never eat up the entire colony and instead stops just short of that? Because it knows that in a very short time the ants and termites will rebuild and repopulate their colonies. This means, it ends up having a sustainable food supply.

Consolidated Revenues ₹Cr (CAGR 13%)

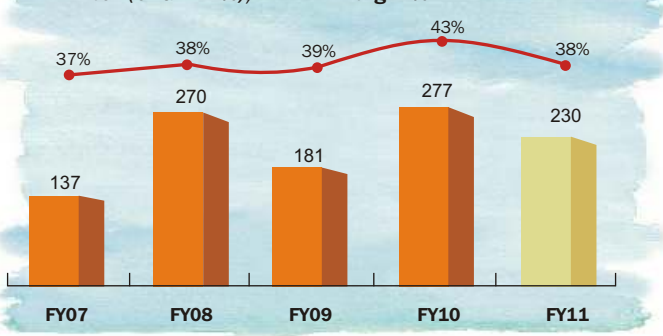


Revenue Composition %

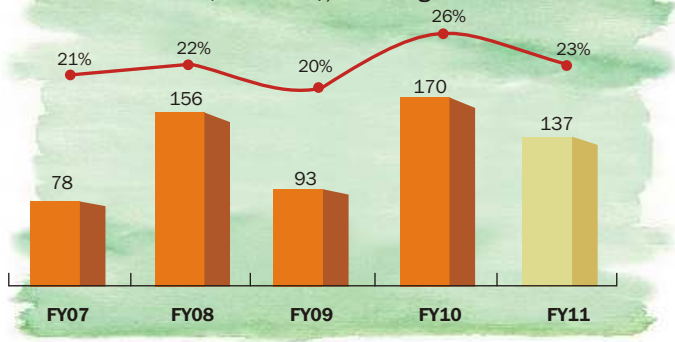


Figures may not always sum to 100% due to rounding

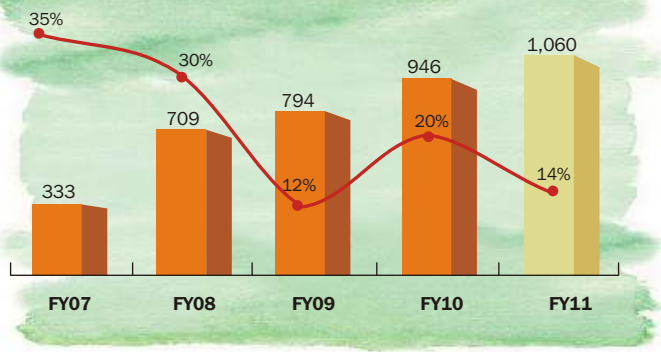
EBITDA ₹Cr (CAGR 14%); EBITDA Margin %



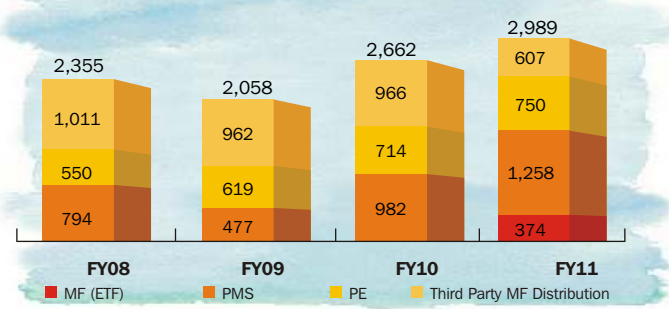
Profit After Tax ₹Cr (CAGR 15%); PAT Margin %



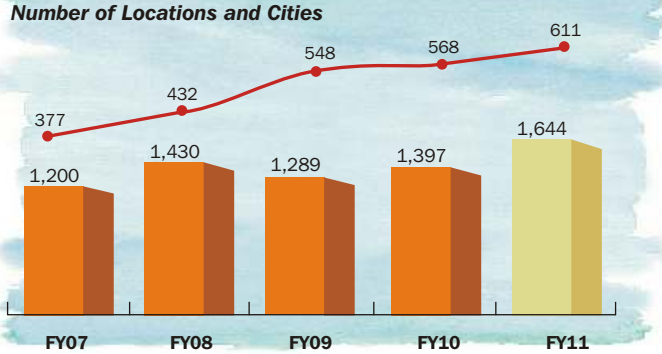
Net Worth ₹Cr; RONW (Average) %



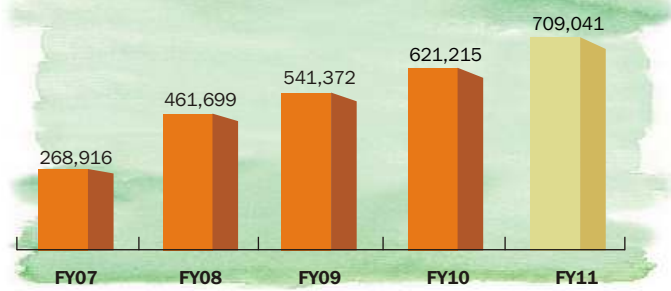
Assets under Management/Advice/Distribution ₹Cr



Number of Locations and Cities



Total Number of Clients



BUSINESS SNAPSHOT

BROKING & DISTRIBUTION

- Distribution expands to 1,644 business locations across 611 cities
- More than 700,000 registered customers
- Depository assets at ₹12,000 crores
- India's largest dealing room (over 26,000 sq feet)
- Over 175 investor education seminars conducted

INSTITUTIONAL EQUITIES

- Over 400 institutional clients, including over 300 FIIs
- Research covering over 200 companies in over 20 sectors and 25 commodities
- Introduced new research reports like 'The Policy Maker – Insights from Bureaucrats'; 'The Corner Office – Interactions With The CEO'; 'Wall Of Worry – The Whistleblower Series'; 'GasoLine – The Oil & Gas Monthly'; '3T Tele Talk Time – The Telecom Monthly'; 'The PORTrait – Monthly Picture of Indian Ports'; 'EcoScope – The Economy Observer' and many more

INVESTMENT BANKING

- 81 deals in 5 years across the product spectrum and sectors
- Cumulative revenues since inception of ₹245 crores
- Facilitated periodic thematic conclaves between corporates and investors

ASSET MANAGEMENT

- Portfolio Management Services had an AUM of ₹1,258 crores and the Mutual Funds business had an AUM of ₹374 crores across its three Exchange Traded Funds (ETFs)
- Launched MOSt Shares M50 ETF, India's 1st fundamentally weighted ETF; based on the Nifty Index
- Launched MOSt Shares Midcap 100 ETF, India's 1st midcap focused ETF; based on the CNX Midcap Index
- Launched MOSt Shares Nasdaq 100 ETF, India's 1st US equities based ETF

PRIVATE EQUITY

- India Business Excellence Fund (IBEF) has funds under management of US$ 125 million (₹550 crores), and has committed ~85% across 13 companies. Fund raising is currently underway for its 2nd growth capital fund - IBEF-II
- India Realty Excellence Fund (IREF) has funds under management/advice of ₹200 crores. It has committed ~71% of its funds under management across 6 deals

WEALTH MANAGEMENT

- AUM of ₹1,100 crores
- Presence in Mumbai, Delhi, Kolkata, Pune and Ahmedabad
- Unique Wealth Management offering (Purple Client Group) with advice on multi-asset classes including dedicated equity advisory services based on financial profiling and client need analysis
- Launched Motilal Oswal Wealth Management System (WMS), an online portal for clients to track their wealth portfolios

FUND-BASED BUSINESSES

- Margin Funding book of ₹296 crores
- Principal Strategies Group to optimize treasury yields

All data as of March 31, 2011

Motilal Oswal Securities was adjudged the 'Best Performing Equity Broker' at the CNBC TV18 Financial Advisors Awards, 2010. It also won 4 awards at the ET-Now Starmine Analyst Awards, 2010-11 (including the Best Earnings Estimator), placing it amongst the Top 3 award winning brokers. Was also ranked No.2 by the AsiaMoney Brokers Poll, 2010 in the Best Local Brokerage category.

Motilal Oswal Securities bagged the QualTech Prize for Improvement, 2010 in the services category for a DMAIC project on reducing account opening turnaround time.

Mr. Raamdeo Agrawal was honoured with an award for 'Special Contribution towards Indian Capital Markets' by Zee Business at 'India's Best Market Analyst Awards'.

Motilal Oswal Securities launched 'My Motilal Oswal' - a new web service using a unique widget-based framework that allows users to select what, where and how to see various information pieces; as per their individual needs.

Motilal Oswal 6th Annual Global Investor Conference held in Mumbai with 110 corporate participants and 500 investors attending the event.

The 15th Motilal Oswal Wealth Creation Study released with a theme on 'Unknown and Unknowable Investing'.

Motilal Oswal Private Equity organized the 1st Annual Investor Meet of its India Real Estate Fund (IREF).

Motilal Oswal MOSt Shares M50 ETF was adjudged the 'Most Innovative Fund of the Year' at the CNBC TV18-CRISIL Mutual Fund Awards, 2011. Motilal Oswal AMC also became the first Indian AMC to ring the opening bell at the Nasdaq exchange during the launch of the MOSt Shares Nasdaq 100 ETF.

Motilal Oswal Investment Advisors won the "Asia Pacific Cross-Border Deal of the Year" and its CEO, Mr Ashutosh Maheshvari, won the "India M&A Investment Banker" award at the Asia Pacific M&A Atlas Awards, 2010 for the transaction of Shree Renuka Sugar's acquisition of Brazil's Equipav SA .

As part of its ongoing CSR activities, a Pan-India blood donation drive was organized in June, 2010. The campaign saw a successful turnout of over 200 people donating approx 71,000 ml of blood. To further focus on CSR initiatives, the Board of Directors has decided to create the Motilal Oswal Foundation.

Why do the Canada geese form a 'V' when flying in a flock? Because they know that flying together in a 'V' formation can help them move faster and maintain flight longer than any one goose flying alone.

Mr. Motilal Oswal
Chairman and Managing Director

Mr. Raamdeo Agrawal
Joint Managing Director

Mr. Navin Agarwal
Director & CEO, Institutional Equities

Mr. Ashutosh Maheshvari
CEO, Investment Banking Business

Mr. Rajat Rajgarhia
Head, Research

Mr. Vishal Tulsyan
CEO, Private Equity Business

Mr. Nitin Rakesh
Managing Director & CEO,
Asset Management Business

Mr. Srikanth Iyengar
Head, Principal Strategies Business

Mr. Vijay Kumar Goel
Head, Broking and Distribution Business

Mr. Ajay Kumar Menon
Chief Operating Officer &
Wholetime Director (MOSL)

Mr. Harsh Joshi
Head, Wealth Management Business &
Wholetime Director (MOSL)

Mr. Sameer Kamath
Chief Financial Officer

Why does the buck run zigzag when being chased by a cheetah? That's because the nimble buck knows that the cheetah, as fast as he is, weighs more than the buck; and therefore can't change directions as quickly as it can.

To the Members

Your Directors have pleasure in presenting their 6th Report together with the audited Accounts of your Company for the year ended 31st March, 2011.

Financial Highlights

Summary of Financial results for the year is as under: -

Motilal Oswal Financial Services Limited (Standalone)

₹ in Crores

	Year ended 31st March, 2011	Year ended 31st March, 2010
Income	64.25	64.26
Profit before Interest and Taxation	57.70	60.16
Interest	(1.16)	(2.85)
Profit before Taxation	56.54	57.31
Less : Provision for Taxation		
Current Tax	12.73	13.74
Deferred Tax Asset	1.15	1.17
Profit for the year	42.66	42.40
Balance brought forward from previous year	35.13	22.41
Profit Available for appropriation	77.79	64.81
Less: Appropriations		
Transfer to Statutory Reserve	8.53	8.48
Proposed Dividend	20.23	17.18
Dividend Distribution Tax	3.28	0.63
Transfer to General Reserve	4.27	3.39
Balance of Profit carried forward	41.48	35.13

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

₹ in Crores

	31st March, 2011	31st March, 2010
Income	600.37	645.32
Profit before Interest, Depreciation and Taxation and Exceptional Items	229.56	276.98
Interest	(5.69)	(9.62)
Depreciation	(13.13)	(14.19)
Profit before Taxation and Exceptional Items	210.74	253.17
Exceptional Items	–	0.06
Profit before Taxation	210.74	253.23
Less : Provision for Taxation		
Current Tax	67.25	80.19
Deferred Tax Asset / (Liability)	3.30	(1.79)
Wealth Tax	0.03	0.02
Tax for the prior year	0.66	0.39

₹ in Crores

	31st March, 2011	31st March, 2010
Profit after tax before Minority Interest	139.50	174.42
Minority Interest in profits	(2.44)	(3.97)
Profit after Tax and Minority Interest	137.06	170.45
Profit brought forward from previous year	418.98	282.09
Profit available for the Appropriations	556.04	452.54
Less: Appropriations		
Transfer to Statutory Reserve & Capital Redemption Reserve	9.13	8.48
Pre acquisition (Profits) / Loss	–	(0.51)
Proposed Dividend	21.54	17.18
Distribution tax on Proposed Dividend	6.76	2.85
Transfer to General Reserve	15.64	5.56
Balance of Profit carried to Balance Sheet	502.96	418.98

Dividend

Keeping in view the overall performance during the year, your Directors are pleased to recommend a dividend of ₹ 1.40 per Equity Share on the face value of ₹ 1 each being 140% dividend, payable to those members whose names appear in the Register of Members as on the Book Closure Date. The Dividend and dividend distribution tax will absorb a sum of ₹ 23.5 crores.

Results of Operations (MOFSL Standalone)

The standalone revenues for the year were ₹ 64.25 crores, largely flat as compared to ₹ 64.26 crores last year. Interest income went up by 55% to ₹ 39.66 crores, on account of an increase in the average loan book size, as well as participation in certain IPO financing transactions for the Coal India, Power Grid and MOIL issues. Income from arbitrage operations was lower as compared to last financial year due to lower deployment of surplus funds in arbitrage.

Due to higher operating expenses and provisioning for standard loan assets as required by the RBI, the total expenses (before depreciation and interest) registered a 59.44% jump to ₹ 6.54 crores this year. Profit before depreciation, interest, and taxation (EBITDA) decreased by 4.07% this year, from ₹ 60.16 crores to ₹ 57.71 crores. With a reduction in the Company's average borrowing this year, interest and finance charges fell by 59.40%. Hence, the Company's net profit increased marginally by 0.62% to ₹ 42.66 crores.

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

Consolidated Results of Operations

The Consolidated Revenues of the Company for the year were ₹ 600.37 crores, a decline of 6.97% as compared to the previous year.

- Broking and related revenues declined by 4.78% to ₹ 433.37 crores this year. The market volumes have seen a dramatic shift towards the low-yield options segment which contributed 57% of total volumes, as compared to 37% a year back. This disproportionate rise of low yielding options segment has resulted in a drop of our overall market share from 3.2% to 2.5% this year. However, our market share in the cash segment remains stable. As of 31st March, 2011 we had a total of 709,041 customers, including 628,012 retail and distribution clients. Our retail distribution stands at 1,644 outlets across 611 cities.
- Investment banking fees fell by 38.70% to ₹ 39.81 crores this year. This is attributed to revenue booking on few deals in advanced stages of execution getting postponed to the next year. However, the deal pipeline remains robust for the next year.

- Fund-based income for the year was ₹ 73.79 crores, a growth of 13.73%. This was boosted by a 53.89% growth in interest income to ₹ 38.94 crores, as a result of the increase in the average loan book size this year.
- Asset management fees increased by 6.66% to ₹ 42.73 crores. With ₹ 374 crores of assets managed under our three ETFs, the mutual fund fees increased this year. PMS fees went up by 18.08% to ₹ 29.28 crores, as PMS assets grew from ₹ 981.7 crores to ₹ 1,258.4 crores this year.
- Other income declined by 47.45% to ₹ 10.67 crores, as the previous year included profit on sale of investments of ₹ 11.23 crores.

Total expenses remained largely flat for the year, at ₹ 370.81 crores. The decline in brokerage commission earned reduced the brokerage shared with intermediaries by 10.95% to ₹ 138.96 crores. On the other hand, other operating costs and marketing/ brand promotion expenses increased, due to the launch of the three mutual funds this year. Due to the lower revenues and constant costs level this year, Profit before depreciation, interest, exceptional items and taxation (EBITDA) decreased by 17.12% to ₹ 229.56 crores. EBITDA margin reduced from 43% to 38%. Net profit for the year after minority interest stood at ₹ 137.06 crores, a decline of 19.59%.

The Consolidated Financial Statements of the Company and its subsidiaries prepared in accordance with 'Accounting Standard - 21' prescribed by The Institute of Chartered Accountants of India, form part of the Annual Report and the Accounts. The Balance Sheet, Profit and Loss Account, Reports of the Board of Directors and Auditors of the subsidiaries have not been attached with the Balance Sheet of the Company as per the general exemption provided under Section 212(8) of the Companies Act, 1956 by the Ministry of Corporate Affairs, issued vide General Circular No. 2/2011 dated 8th February, 2011.

The Company hereby undertakes that annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholders of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholders in the registered office of the Company and of the subsidiary companies concerned. The Company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand.

The detailed results of operations of the Company and its subsidiaries are given in the Management Discussion & Analysis forming part of this report.

Future Outlook

Indian capital markets witnessed a challenging year with volatile FII net flows, muted retail participation in equities, growing shift towards low-yielding options and lower value of ECM deals. These were reflected in the overall market performance as well as in our own business performance.

We strongly believe that India is a great growth story and is likely to become a US$ 5 trillion economy by 2020. Backed by strong savings, there would be tremendous growth opportunities for the firms operating in the financial services space.

During the current year, we have laid a strong foundation for each of our business to scale up and grab a meaningful share of these opportunities.

Credit Rating

The Company continues to enjoy the highest rating of 'P1+' assigned by CRISIL Limited to the Short-term Debt Programme of ₹ 400 crores of your Company. The rating indicates the highest degree of safety with regard to timely payment of interest and principal on the instrument.

CRISIL Limited also reaffirmed the rating of 'P1+' to the Short-term Debt Programme of ₹ 400 crores of Motilal Oswal Securities Limited, a subsidiary of the Company.

Finance

During the year under review, to meet the working capital requirements, the Company has issued Commercial Papers and Unsecured Non-convertible Debentures.

Employees' Stock Option Schemes (ESOS)

Details required to be provided under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure to this Report.

Directors

Mr. Ramesh Agarwal and Mr. Madhav Bhatkuly, Independent Directors retire by rotation at the forthcoming Annual General Meeting and due to their respective preoccupations do not offer themselves for re-appointment.

The Board of Directors re-appointed Mr. Motilal Oswal as the Managing Director of the Company, for a further period of 5 years, with effect from 18th January, 2011, subject to the approval of the Members at the forthcoming Annual General Meeting of the Company.

Mr. Vivek Paranjpe was appointed as an Additional Director on 28th January, 2011 by the Board of Directors. It would be required to appoint him as a Director by the Members at the forthcoming Annual General Meeting.

Directors' Responsibility Statement

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the Profit of the Company for the year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) the annual accounts have been prepared on a going concern basis.

Audit Committee

The Audit Committee presently comprises of Mr. Balkumar Agarwal (Chairman of the Committee), Mr. Ramesh Agarwal, Mr. Madhav Bhatkuly and Mr. Raamdeo Agrawal.

Remuneration / Compensation Committee

The Remuneration/Compensation Committee of the Board of Directors presently comprises of Mr. Balkumar Agarwal (Chairman of the Committee), Mr. Ramesh Agarwal and Mr. Motilal Oswal.

Shareholders / Investors' Grievance Committee

The Shareholders/Investors Grievance Committee of the Board of Directors presently comprises of Mr. Balkumar Agarwal (Chairman of the Committee), Mr. Motilal Oswal and Mr. Raamdeo Agrawal.

Nomination Committee

The Nomination Committee of the Board of Directors presently comprises of Mr. Motilal Oswal and Mr. Raamdeo Agrawal.

Risk Management Committee

The Risk Management Committee of the Board of Directors presently comprises of Mr. Motilal Oswal and Mr. Navin Agarwal.

Corporate Governance

A report on the Corporate Governance along with a certificate from the Auditors of the Company regarding the compliance of conditions of Corporate Governance as also the Management Discussion and Analysis Report as stipulated under Clause 49 of the Listing Agreement are annexed to this Report.

Auditors

Messrs Haribhakti & Co., Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting and have given their consent for re-appointment. The members will be required to appoint Auditors for the current year and fix their remuneration.

Fixed Deposits and Loans / Advances

The Company has not accepted any deposits from the public or employees during the year under review.

The particulars of loans/advances and investment in its own shares by listed companies, their subsidiaries, associates, etc., required to be disclosed in the annual accounts of the company pursuant to Clause 32 of the Listing Agreement with the Company, are furnished separately.

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, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 concerning conservation of energy and technology absorption respectively are not applicable to the Company.

There was no inflow of foreign exchange during the year under review. Details of the foreign exchange outflow are given in the notes to Accounts.

Particulars of employees as required under section 217(2A) of the Companies Act, 1956 and Rules framed thereunder

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the Rules framed thereunder, the names and other particulars of employees are set out in the Annexure to the Directors' Report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the Shareholders of the Company excluding the aforesaid Annexure. The Annexure 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.

Acknowledgements

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

Motilal Oswal
Chairman & Managing Director

Mumbai, 30th April, 2011

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies.

Particulars	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	
	Motilal Oswal Securities Ltd.	Motilal Oswal Commodities Broker Pvt. Ltd.	Motilal Oswal Private Equity Advisors Pvt. Ltd.	Motilal Oswal Investment Advisors Pvt. Ltd.	Motilal Oswal Insurance Broker Pvt. Ltd.	Motilal Oswal Capital Markets Pvt. Ltd.	Antop Traders Pvt. Ltd.	Motilal Oswal Asset Management Company Ltd.	Motilal Oswal Trustee Company Ltd.	Total
The Financial Year of the Subsidiary ended on	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	
Number of Shares in the Subsidiary Company held by Motilal Oswal Financial Services Limited at the above date										
Equity (Nos.)	1,318,218	400,000	50,000	875,000	990,000	350,000	3	30,000,000	100,000	
Extent of holding (%)	99.95%	97.55%	85.00%	87.50%	99.00%	99.95%	99.95%	99.95%	99.95%	
The net aggregate of profits/ (losses) of the Subsidary Company for its financial period so far as they concern the member of Motilal Oswal Financial Services Limited										
(a) Dealt with in the accounts of Motilal Oswal Financial Services Limited for the year ended 31st March, 2011	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) Not dealt with in the accounts of Motilal Oswal Financial Services Limited for the year ended 31st March, 2011	1,007,549,339	24,753,489	19,321,673	113,627,104	(1,667,279)	3,881,519	3,462,313	(85,429,803)	(14,010)	1,085,484,345
The net aggregate of profits/ (losses) of the Subsidiary Company for its previous financial periods so far as they concern the member of Motilal Oswal Financial Services Limited										
(a) Dealt with in the accounts of Motilal Oswal Financial Services Limited for the year ended 31st March, 2011	NIL	NIL	NIL	134,062,500	NIL	NIL	NIL	NIL	NIL	134,062,500
(b) Not dealt with in the accounts of Motilal Oswal Financial Services Limited for the year ended 31st March, 2011	4,658,317,188	20,455,572	45,488,531	131,151,102	(2,285,757)	(2,495,870)	6,211,057	(44,841,925)	(113,278)	4,811,886,621

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

Motilal Oswal
(Chairman & Managing Director)

Raamdeo Agrawal
(Jt. Managing Director)

Samrat Sanyal
(Company Secretary and Compliance Officer)

Place : Mumbai
Dated : 30th April, 2011

Particulars of loans / advances and investment in its own shares by listed companies, their subsidiaries, associates, etc., required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the parent company, Motilal Oswal Financial Services Limited.

Loans and advances in the nature of loans to subsidiaries:

(₹ in Crores)

Name of the Company	Balance as on 31st March, 2011	Maximum outstanding during the year
Motilal Oswal Commodities Broker Pvt. Ltd.	–	3.00
Motilal Oswal Private Equity Advisors Pvt. Ltd.	–	2.30
Motilal Oswal Investment Advisors Pvt. Ltd.	–	2.60
Motilal Oswal Capital Markets Pvt. Ltd.	–	8.86
Motilal Oswal Securities Ltd.	–	69.10
Motilal Oswal Insurance Brokers Pvt. Ltd.	–	0.05
Motilal Oswal Asset Management Co. Ltd.	–	0.70

Except as indicated above, the Company has not made any loans and advances in the nature of loans to associates or loans and advances in the nature of loans where there is no repayment schedule or repayment beyond seven years or no interest or interest below Section 372A of the Companies Act, 1956.

Investment by the loanee in the shares of the Company and the subsidiary companies when the Company has made loans or advances in the nature of loans: NIL.

Information disclosed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as at 31st March, 2011:-

S. No.	Particulars	'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme – III' (ESOS – III)	'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme – IV' (ESOS – IV)	'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme – V' (ESOS – V)	'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme – VI' (ESOS – VI)
a)	Options granted	12,61,500	2,00,000	58,17,500	50,84,000
b)	The pricing formula	Price at which shares are issued to Private Equity Investor i.e. at the Rate of ₹ 518.90 per share.	Price arrived at with reference to the expected Issue Price i.e. at ₹ 775 per share.	The closing price of the Company's Equity Shares quoted on the 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.	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	10,12,575	5,000	57,000	40,750
d)	Options exercised	6,41,475	5,000	54,500	40,750
e)	The total number of shares arising as a result of exercise of option	12,82,950	25,000	54,500	40,750
f)	Options lapsed (as at 31.03.11)	5,93,175	1,90,000	33,52,500	5,88,500
g)	Variation of terms of options	N. A.	N. A.	N. A.	N. A.
h)	Money realised by exercise of options	₹ 13,31,44,551	₹ 38,75,000	₹ 90,82,238	₹ 67,43,375
i)	Total number of options in force (as at 31.03.11)	26,850	5,000	24,10,500	44,54,750
j)	Employee-wise details of options granted to:				
	(i) Senior managerial personnel	N.A.	N.A.	Nil	Mr. Sudhir Dhar 10,000 Options
	(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.	N.A.	N.A.
	(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.	N. A.
k)	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'	₹ 2.96	₹ 2.96	₹ 2.96	₹ 2.96

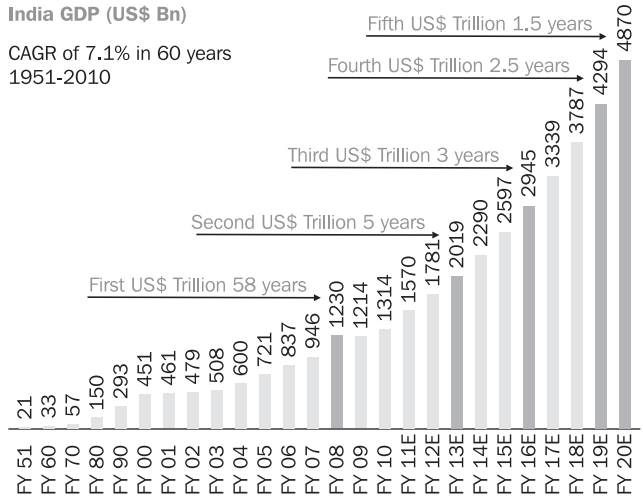
S. No.	Particulars	'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme – III' (ESOS – III)	'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme – IV' (ESOS – IV)	'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme – V' (ESOS – V)	'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme – VI' (ESOS – VI)
l)	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 and ESOS - VI, the employee compensation cost would have been higher by ₹ 10,48,86,857/- Profit after tax lower by ₹ 10,48,86,857/- and the basic earnings per share would have been lower by ₹ 0.73.	
m)	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: 20th October, 2010 for 2,75,000 options ii) Exercise Price: ₹ 208.70 per option iii) Fair Value: ₹ 46.18 per option	(I) i) Option Grant Date: 27th April 2010 for 9,20,000 options. ii) Exercise Price: ₹ 165 per option iii) Fair Value: ₹ 33.28 per option (II) i) Option Grant Date: 20th October 2010 for 8,49,000 options. ii) Exercise Price: ₹ 208.70 per option iii) Fair Value: ₹ 46.18 per option.
n)	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:-	N. A.	N. A.	The fair-value of the stock options granted on 20th October, 2010 have 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 27th April 2010 and 20th October, 2010 have 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%	6%
	(ii) expected life	N. A.	N. A.	3 years	3 years
	(iii) expected volatility	N. A.	N. A.	20%	20%
	(iv) expected dividends, and	N. A.	N. A.	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.	₹ 208.70 per share	i) ₹ 164.55 per share for grant date 27.04.2010 ii) ₹ 208.70 per share for grant date 20.10.2010

Economic growth in the NTD era set to unleash the potential of financial services

India's GDP to witness phenomenal growth of 3x; expected to reach US$ 5 trillion by 2020

Since 1980, the Indian economy has achieved an average growth rate higher than both developed and emerging economies, second only to China.

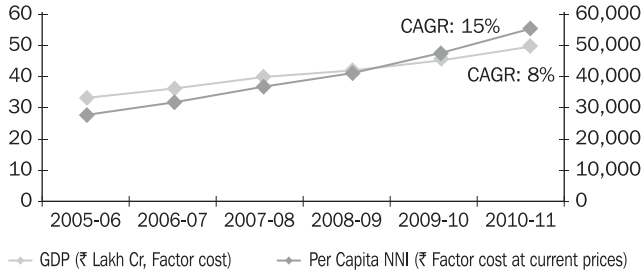
While India took 60 years since independence to reach its first US$ trillion of GDP in 2008, the next US$ trillion of GDP (NTD) is expected to be achieved within 5 years, assuming a nominal GDP growth rate of 14-15% and constant US$ exchange rates. Furthermore, India's GDP is expected to triple from current levels to reach US$ 5 trillion by 2020. Such a high and sustained economic growth will raise income, investment allocations and discretionary spending further.



Source: MOSL Estimates

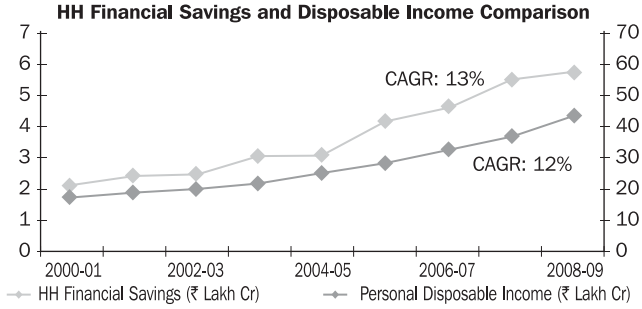
Robust growth in per capita income and personal disposable income levels

Per capita net national income (PCI) is growing at a faster rate, as compared to GDP. Both the 5 year CAGR and 2010-11 YoY growth of PCI are almost double to that of GDP. This signifies a proportionally higher growth of money in the people's pockets and a potential to increase discretionary spending.



Source: Economic Survey

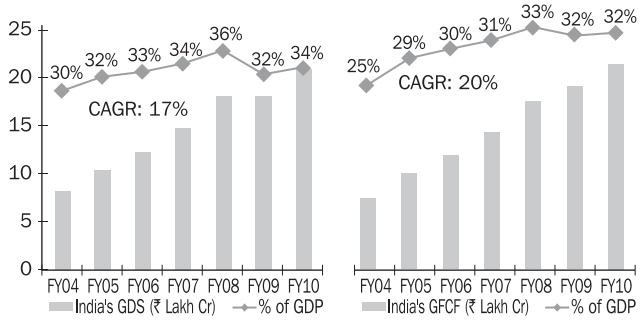
While personal disposable income has been growing at a rapid rate, the historic growth in India's household financial savings has been higher than that in personal disposable income, indicating a rising allocation towards financial investments. This bodes well for financial services companies.



Source: RBI

GDP growth to increase gross domestic savings further; which will give a boost for the demand of financial services

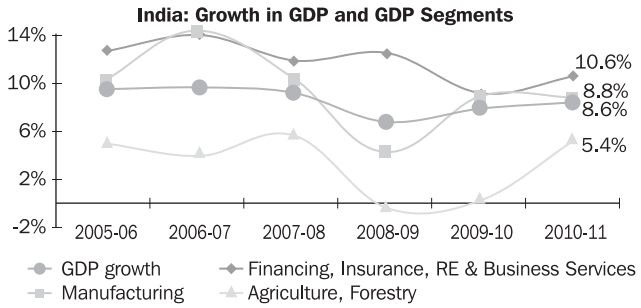
India is a high savings-oriented country. The country's gross domestic savings (GDS) to GDP ratio increased from 30% in FY04 to 34% in FY09, a CAGR of 17%. In the same period, gross fixed capital formation (GFCF) grew from 25% to 32% to GDP, a CAGR of 20%. Based on the long term GDP trends, GDS is expected to rise even further, up to 40% of GDP by 2020. This translates into cumulative savings of US$ 9-10 trillion in the decade ending 2020, higher than the US$ 2.7 trillion in the previous decade, an immense opportunity for financial services.



Source: RBI, Economic Survey

BFSI segment outperforming amongst Indian GDP segments

Looking at GDP segments specifically, the output of Financing, Insurance, Real Estate and Business Services segment has outperformed the entire GDP, as well as the traditional segments like manufacturing and agriculture, on a consistent basis. As per the Economic Survey's advance estimates, this outperformance will continue even in FY11.



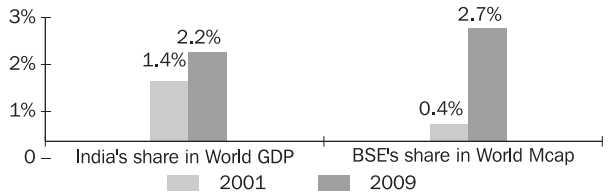
Source: Economic Survey

Indian equity markets deliver strong performance buoyed by GDP growth; a sustained economic performance bodes well for equity activity

Indian exchanges are now amongst the top 10 exchanges globally, in terms of equity market capitalization in 2010, as per WFE data.

Robust economic performance is expected to enhance the market performance as corporate bottom-lines, fund-raisings and listings increase. The encouraging feature here is that India's share (BSE) to world market capitalization has increased by a larger proportion than its share to world's GDP over the last decade.

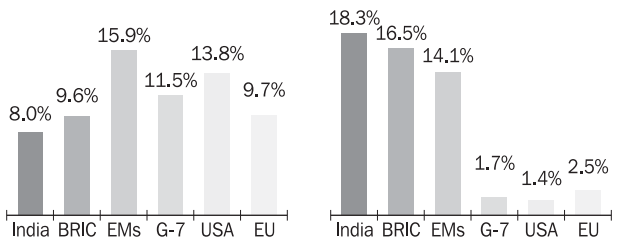
India's Share to World Average



Source: IMF, WFE data

MSCI indices data shows that India has delivered stellar performance over the long-term. The historical 10 year return in India is higher, as compared to most global peers. Although, it started 2011 on a shaky note over input costs and interest rates concerns, the recent upward trend in the beginning of FY12 is a sign that the investor confidence in India is strong.

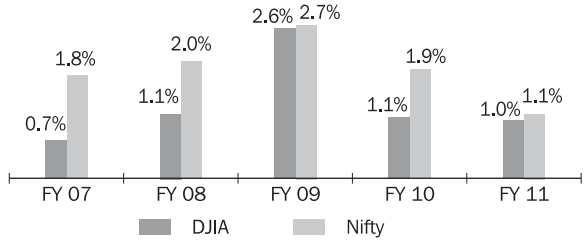
1 Year till 31 Mar 2011 **10 Years till 31 Mar 2011**



Source: MSCI Barra data

Along with performance, the markets are gradually seeing lower levels of volatility since the last 2-3 years. Volatility (standard deviation) of Nifty and DJIA Indices shows that while Nifty has been more volatile than DJIA, however, the level itself is coming down since FY09. Lower volatility can help investors gain confidence to participate with the long-term objective.

Volatility (St Dev)



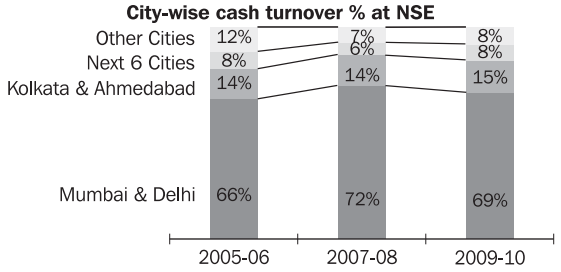
Source: NSE, Yahoo Finance

With rising income pool across the country, the opportunity is broad-based across India; however, certain challenges persist

Opportunity outside the four cities

Mumbai, Delhi, Kolkata, Ahmedabad have traditionally dominated equity participation in India, while the remaining cities have largely lagged. However, a recent FICCI-McKinsey report stated that almost 75% of India's income pool lies outside Delhi-Mumbai. With such a broad-based income pool across all cities, there exists an opportunity to tap these for equity participation. Companies with a vast pan-India reach are best poised to tap this opportunity.

City-wise cash turnover % at NSE

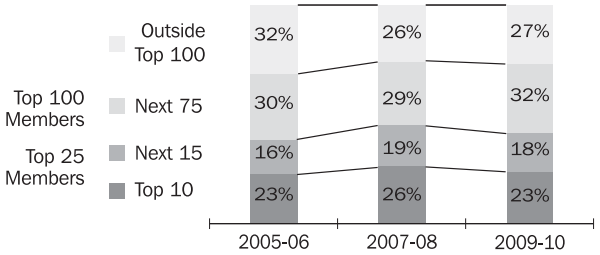


Source: NSE Factbook

Pressure to maintain market-shares amid competition may force consolidations

Despite the growth in equity participation, industry consolidation has remained quite slow. Assuming that consolidation follows periods of downturns, there was a trend following the bear period in 2000, but this has not continued since 2008. As competition increases and market shares of companies comes under pressure, the twin objectives of cost minimization and higher investment outlays will force further industry consolidation.

% Turnover by Top 'X' Members in NSE

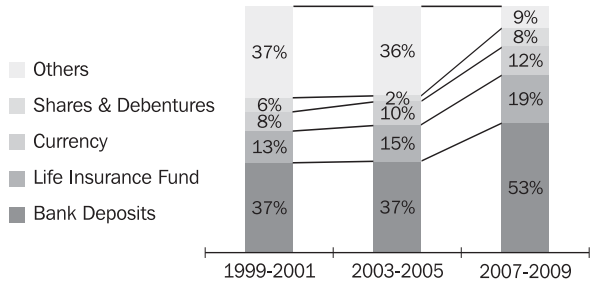


Source: NSE Factbook

Equity investing by households still low

Although the growth in Indian income levels has given a fill-up to financial services, however it is yet to be fully visible in the case of equity investments specifically. RBI data on changes in financial assets of households shows that the proportion of shares and debentures increased to 8% in 2007-09, just a marginal increase from the 6% seen a decade ago in 1999-2001. This is very low when compared to the growth in bank deposit and life insurance segments.

Changes in financial assets of households



Source: RBI data

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:

(i) Build on a financing infrastructure that can best customize risk adjusted products, have simple and compliant documentation, and prompt loan approval procedures; and

(ii) A strong structure in place that can most efficiently source funds and manage resources.

There is a clearly 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. A lot of emphasis is placed on tailoring finance to customer needs. MOFSL's objective is to ensure appraisal and disbursement within the shortest possible time, without compromising on asset quality.

The company also raises resources through short-term borrowings. During FY11, CRISIL Limited assigned a rating of 'P1+' the highest rating, for the company's short-term borrowing programme of ₹ 400 crores. CRISIL Limited also assigned the rating of 'P1+' to MOSL's short-term borrowing program of ₹ 400 crores.

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

	Name of the Company	Business	MOFSL's Shareholding
1	Motilal Oswal Securities Limited (MOSL)	Stock Broking (Institutional & Retail) and Wealth Management	99.95%
2	Motilal Oswal Investment Advisors Private Limited (MOIA)	Investment Banking	87.50%
3	Motilal Oswal Asset Management Company (MOAMC)	Mutual Funds, PMS, Offshore Funds	99.95%*
4	Motilal Oswal Private Equity Advisors Private Limited (MOPE)	Private Equity Management and Advisory	85.00%
5	Motilal Oswal Commodities Broker Private Limited (MOCB)	Commodities Broking	97.55%
6	Motilal Oswal Capital Markets Private Limited (a subsidiary of MOSL)	Stock Broking (membership of NSE)	99.95%*
7	Motilal Oswal Insurance Brokers Private Limited (MOIB)	Insurance Brokers (has applied to IRDA for Insurance Broker License)	99.00%
8	Antop Traders Private Limited (a subsidiary of MOSL)	Lease Rental	99.95%*
9	Motilal Oswal Trustee Company Limited (MOTC) (a subsidiary of MOSL)	Trustee to Mutual Fund	99.95%*

* through MOSL

Business streams

Business Stream	Primary products and services
Broking & Distribution Wealth Management	• Equity (cash and derivatives) and commodity broking • Distribution of financial products like Mutual Funds, PMS, IPO and Insurance • Financing • Depository services
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
Private Equity	• Private equity investment management and advisory
Asset Management	• Portfolio Management Services • Mutual Funds • Offshore Funds

Broking Business

Industry Facts

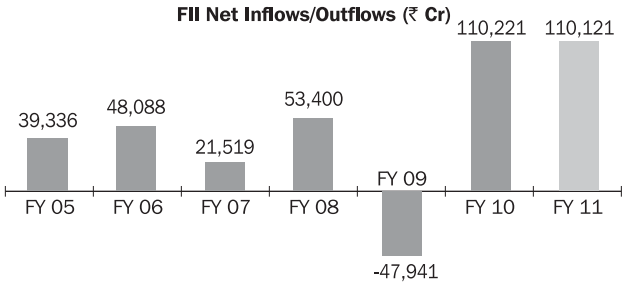
In FY11, the benchmark BSE Sensex rose 11%, as compared to the 80% growth in FY10. Market capitalization on BSE also went up 11%, from ₹ 61.66 lakh crores in March 2010 to ₹ 68.39 lakh crores in March 2011, buoyed by the large public issues during the year.

India continues to remain a top destination for FIIs

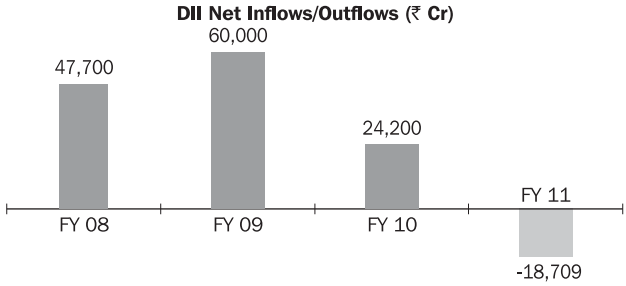
High FII net inflows continued in FY11, boosting the markets to reach all-time highs in November, since 2008. Despite the FII outflows between Jan and March 2011, the inflow from March-end signifies the conviction of the foreign investors in the long-term potential of the Indian markets.

Participation from Indian DIIs yet to reach a scale comparable to its foreign counterparts

DII participation remained muted throughout this fiscal, with net outflows seen in FY11. The recent changes in guidelines for mutual funds hit their inflows hard. However, the recent sell-off by FIIs between Jan and March 2011 saw corresponding buying by DIIs, affirming the belief that DIIs increase their participation during market downturns, thus offering support at lower levels.



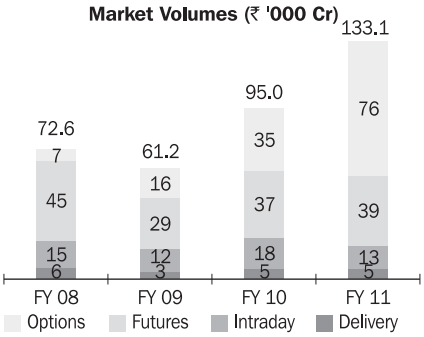
Source: SEBI

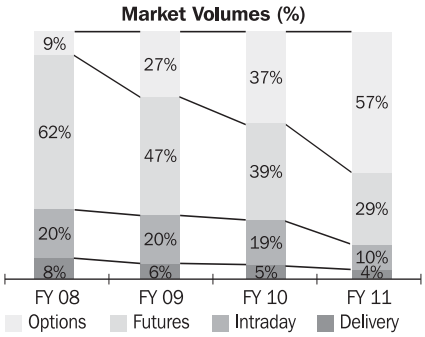


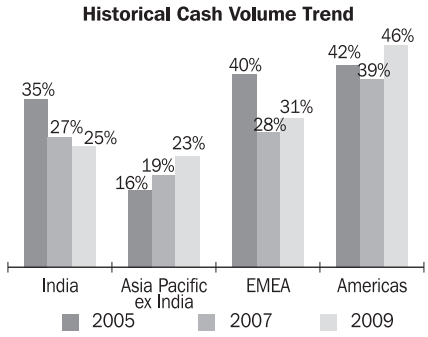
Source: NSE

Growth in equity market volumes led by the F&O segment, especially options, while cash volumes are drying

The equity market's average daily volumes increased for the second successive year to ₹ 1.33 lakh crores in FY11, up 40% from FY10. The main contributor to this growth was the F&O segment, which grew 58% to reach ₹ 1.15 lakh crores in FY11. The proportion of F&O to total volumes increased from 72% in FY08 to 86% in FY11. Options contributed 57% of total volumes in FY11, significantly higher than the 9% back in FY08. Given the decline in cash volumes, the only silver lining is that the proportion of delivery volumes has gone up to 27% of cash volumes in FY11, from 22% in FY10. But despite this stellar growth in overall market volumes, the brokerage business has remained under pressure. This is because F&O, especially options, is a low-yield segment as compared to the high-yield cash segment. Thus, the overall broking pool has not shown a corresponding growth, as compared to that seen in market volumes.



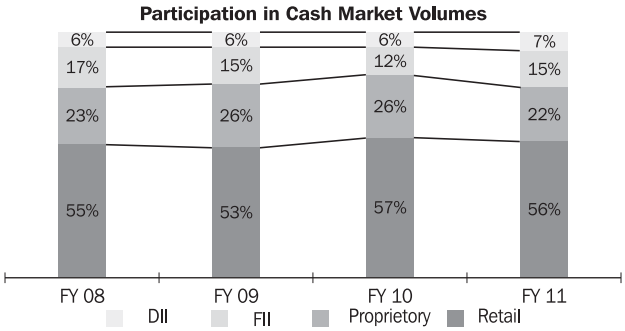




Historical trends show that the proportion of cash volumes in advanced markets like America and Europe, where both cash and F&O segments are developed, is about 30-40%. In India, it has been close to the ~25% mark. It is only last year that the F&O volumes have picked up. The cash volumes in India are expected to mirror the global markets and return to its historical average over the medium to long term. As the Indian markets show a sustained, directional trend, positive sentiments will drive up retail participation directly or through IPOs, which augers well for the cash market volumes. As players focusing on the cash side of the business have traditionally seen higher profitability levels, they are expected to witness higher profitability growth as the above trend reversal unfolds.

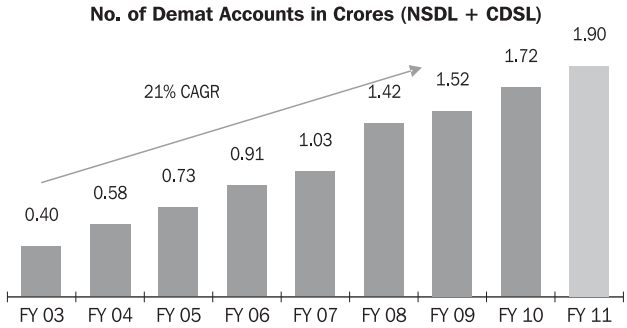
Retail participation in cash markets marginally reduced in FY11

Record FII flows into India saw FII participation rising in cash volumes, from 12% in FY10 to 15% in FY11. Proportion of retail participation, which touched a high last year, declined marginally to 56% in FY11, while that of proprietory reduced from 26% to 22%.



Demat accounts expected to pick up with PSU IPOs lined up

Between FY03 and FY11, demat accounts grew at a CAGR of 21%. With quality PSU stocks lined up for IPOs and structural changes like mutual fund transactions being facilitated through exchanges, the growth in demat accounts should pick up further.



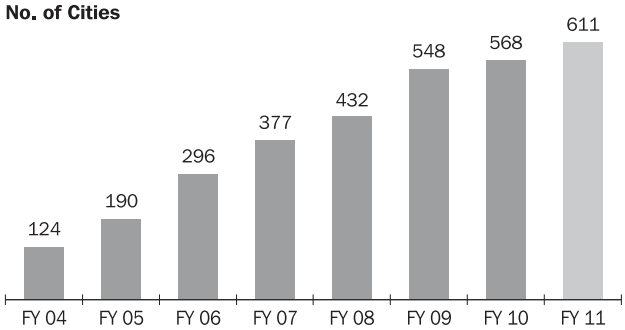
Source: CDSL & NSDL

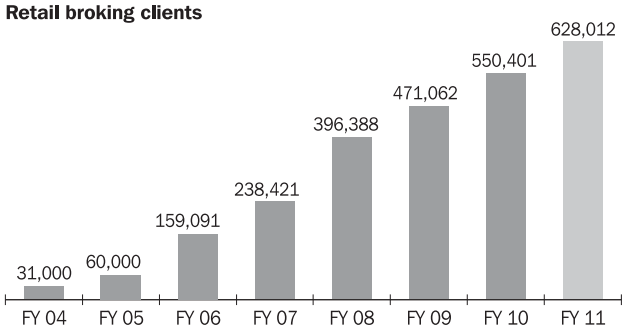
Our Broking Business

Backed by award winning research capabilities, the company's broking business covers an entire spectrum of participants, ranging from FIIs to domestic institutions, HNIs to retail clients. This large clientele base is addressed through distinctly positioned business units – Retail Broking & Distribution and Institutional Equities business.

Retail Segment:

Services offered under the "Broking and Distribution business" include equities, derivatives, commodities, depository services, distribution of portfolio management services, mutual funds, primary equity offerings and insurance products.





As of 31st March, 2011, MOFSL had over 700,000 registered customers, which included over 628,000 broking clients with almost 540,000 having depository accounts. The company serves its clients through strong branches and franchisee network spread across India. It has a large Pan-India network with presence in 611 cities comprising 1,644 business locations, spanning the franchise network and 26 branches. This extensive network provides opportunities to cross-sell products as the company diversifies into new business streams. In addition, there is a strong online platform to help clients use the company's services at their convenient location.

Giving priority to enhancing customer experience, MOFSL launched 'My Motilal Oswal' in FY11, a new web service using a unique widget-based framework that allows users choose what, where and how to see various information pieces, as per his individual needs.

The company's superior execution of broking services was recognized when it was adjudged as the 'Best Performing Equity Broker' at the CNBC TV18 Financial Advisors Awards in 2010. It also bagged the QualTech Prize for Improvement - 2010 in the services category in September, 2010. The award winning project was a DMAIC project done to reduce the account opening turnaround time.

During the year, MOSL entered into a strategic alliance with Barclays Bank, for an equity trading platform for Barclays customers.

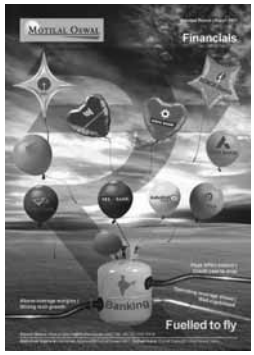
With an aim to provide best research and advisory, a core focus of the company, the clients are advised by the centralized advisory and dealing desk based in Mumbai, situated in 26,500 sq.ft of area. With Knowledge First as the guiding philosophy, the company has actively conducted investor education and financial awareness seminars across the country covering various aspects of investing.

With its core strength of providing excellent research and advisory, the company continues to focus on the high-yielding cash segment. As the market performance and retail participation picks up, the company will be best poised to capture the resultant upside.

Institutional Broking

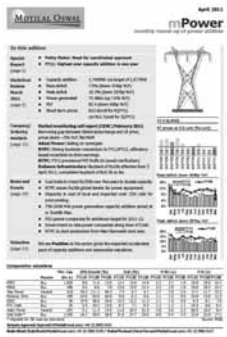
The company offers Institutional Broking services in cash and derivatives segment to a large institutional clientele in India and abroad. These include mutual funds, banks, financial institutions, insurance companies, and FIIs. As on 31st March, 2011, we were empanelled with over 400 institutional clients, including over 300 FIIs. The Institutional Team comprises Sales and Dealing, Research and Corporate Access staff. The research team consists of 29 research analysts and covers over 200 companies across 20 sectors and 25 commodities, and provides a complete bouquet covering Thematic, Sectoral, Company Updates, Periodicals, Expert Speak and Ground Reality.

Quarterly India Strategy



Detailed Sector

Company Updates



Informative Periodicals

Not Just Desk Research

MOSL won 4 awards at the ET-NOW Starmine Analyst Awards 2010-2011 putting it amongst the Top 3 award winning brokers at the awards. It was also ranked No. 2 by AsiaMoney Brokers Poll 2010 in the Best Local Brokerage category. The company conducted the 6th Annual Global Investor Conference in Mumbai during August 2010, with almost 110 corporate participants and 500 investors.

India continues to lead as one of the favoured investment destinations for global funds. MOSL's strong clientele base spread across the globe and its constant endeavour to provide best in-class research, advice, corporate access and execution support will also help to tap these emerging opportunities and gain higher market share across all the institutional client segments.

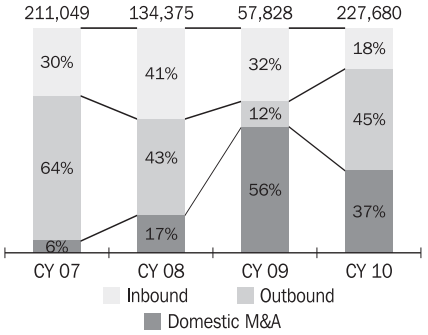
Investment Banking

Industry Facts

With robust economic growth and improved performance of earlier cross-border transactions, M&A deal activity picked up in CY10. Deal value increased almost 4x to ₹ 2.28 lakh crores and deal volumes doubled to 662 in CY10, as compared to CY09. The average deal value was ₹ 343.9 crores in CY10, double to that of CY09. Within deal segments, the biggest proportional rise was in outbound deals. Domestic M&A and inbound deals also doubled in terms of total deal value, on a YoY basis. In terms of sectors, the largest deal values this year were in telecom, oil & gas, healthcare and pharmaceuticals.

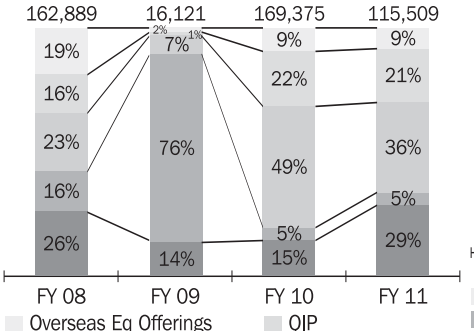
With corporate expansions, total capital raisings picked up in FY11. But this was led by fund raising only through the debt route, while fund raising through equity slipped in FY11. Within equity capital markets, the proportion raised through IPOs doubled in FY11, as compared to the previous year, following the successful Coal India issue, one of the largest public issues in India. Amount raised via QIPs, the largest gaining segment last year, saw a fall in FY11. Within debt markets, the loan segment, both INR and foreign, continues to be the preferred debt capital source for Indian businesses, while the proportion of bonds issued declined this year.

Mergers and Acquisitions (₹ Cr)



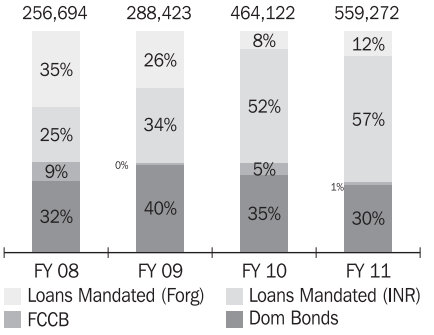
Source: Grant Thornton M&A Tracker

Fund Raising - Equity Markets (₹ Cr)



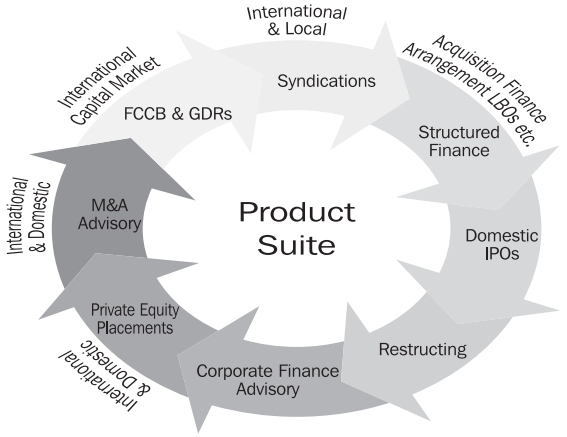
Source: Bloomberg League Tables

Fund Raising - Debt Markets (₹ Cr)



Source: Bloomberg League Tables

Our Investment Banking Business



The team at Motilal Oswal Investment Advisors (MOIAPL) comprises multi-disciplinary professionals with a collective banking and corporate finance advisory experience of more than twelve decades. An extensive understanding of different sectors within the Investment Banking team underpinned by the strong research pedigree of the Group enables it to provide customized financial solutions to clients across industries.

Since inception in 2006, the investment banking unit has executed milestone transactions in equity capital market as well as in financial advisory, thereby establishing a solid track record in the investment banking space.

An established track record, strong corporate relationships, experienced team and synergies within the group sets the right impetus to capture the opportunities emerging from Corporate India as it heads into the Next Trillion Dollar era; helping to build a strong and profitable franchisee in this business.

Select deals of FY11

Shree Renuka Sugars ltd.
Acquisition of Equipav S.A. Acucare Alcool, Brazil
USD 1,147 Million
Strategic & Financial Advisor
July 2010

MOIAPL won the "Asia Pacific Cross-Border Deal of the Year" award, and its CEO won the "Indian M&A Investment Banker" award at the Asia Pacific M&A Atlas Awards with this deal

DHFL
Dewan Housing Finance Corporation Ltd.
Qualified Institutions Placement of Equity Shares
₹ 375 Crores
Book Running & Lead Manager
May 2010

ASHOKA™
Ashoka Buildcon Ltd.
Initial Public Offer
₹ 225 Crores
Co Book Running Lead Manager
September 2010

SevenHills HOSPITAL
Debt Syndication
₹ 857 Crores
Sole Arranger
September 2010

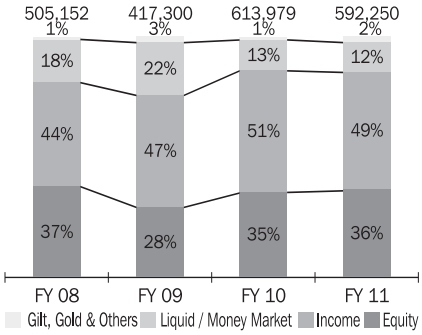
IBPIL
Ind-Barath Energy (Utkal) Ltd.
Private Placement of Equity
₹ 200 Crores
Sole Arranger
March 2011

Asset Management

Industry Facts

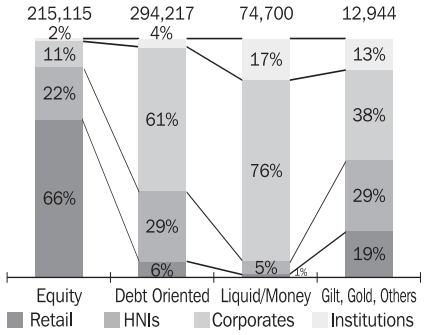
The mutual funds industry endured a tough FY11, with regulations like banning of entry load, as well as redemptions of debt funds by corporates, banks to fund 3G licenses, negatively impacting inflows. However, the long-term prospects remain positive. According to research by RNCOS, mutual funds are set to be a preferred investment option, with increasing income, awareness and risk appetite giving a fill-up to personal financial assets. Mutual funds AUM is expected to reach ₹ 13.25 lakh crores by 2014, a CAGR of 15%.

Mutual Fund AUM by Asset Class (₹ Cr)



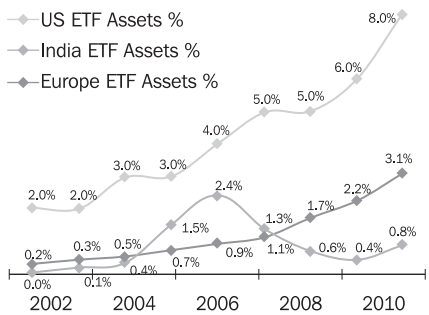
Source: AMFI

Mutual Fund AUM by Participants (₹ Cr)



Source: AMFI

Share of ETF assets in the AMC industry



Source: Blackrock ETF Industry Highlights, Bloomberg, ICI Factbook

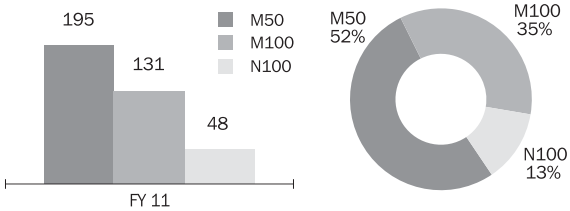
Assets under management of Indian mutual funds fell 3.5% to ₹ 5.92 lakh crores as on 31st March, 2011, as compared to ₹ 6.14 lakh crores a year back. While the proportion of income and liquid assets fell this year, the proportion of equity and balanced funds rose, as well as of ETFs. ETF assets grew from ₹ 2,547 crores to ₹ 6,916 crores in the same period.

In terms of participants, retail investors comprise the largest participant group in equity funds, holding 66% of equity fund assets, as on 31th March 2011. Conversely, corporates are the largest investor group in liquid, money market and income funds, holding 76% of liquid/ money market funds alone. Retail and HNIs together hold half the assets in new fund classes, like gold, ETF etc.

Share of ETFs assets in the AMC industry is growing. ETF assets in US have increased to 8%, while ETF assets comprise about 3% of total European investment funds. India is also showing an uptrend. Despite being a late entrant in the ETF space, Indian ETFs comprise about 1% of the total AUM of mutual funds. With ETFs gaining popularity, this is set to grow further.

Our Asset Management Business

Mutual Funds: MOSt Shares ETF Assets (₹ Cr)



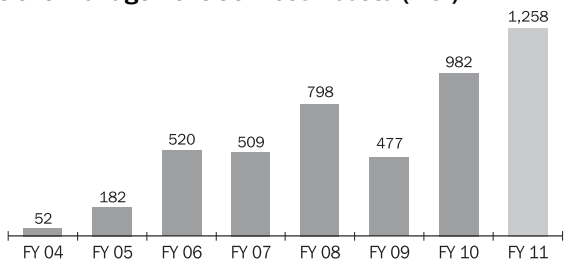
The company's asset management arm, MOAMC, launched 3 funds in FY11. Given the high-growth prospects in the ETF space, all the 3 funds were ETFs and were ground-breakers within the AMC space.

Launched in July 2010, MOSt Shares M50 ETF was India's 1st fundamentally weighted ETF. Based on Nifty Index, the constituent securities are rebalanced as per the stock's fundamentals using proprietary methodology. It raised ₹ 235 crores in its NFO; the largest amount raised in any equity ETF's NFO in the past 5 years. The fund bagged the 'Most Innovative Fund of the Year' award at CNBC TV18-CRISIL Mutual Fund Awards 2011, held in Mumbai.

Next was the MOSt Shares Midcap 100 ETF in Feb 2011, a passive product focused on midcaps, replicating the CNX Midcap Index. A first-of-its-kind in India, it mobilized ₹ 125 crores during its NFO.

Lastly, MOAMC launched MOSt Shares Nasdaq 100 ETF in March 2011, an innovative product giving Indian investors exposure to the US stocks of Nasdaq 100 Index. During its launch, MOAMC became the first Indian AMC to ring the opening bell at the Nasdaq exchange.

Portfolio Management Services Assets (₹ Cr)



The Portfolio Management Services (PMS) business attracted significant investor interest with the AUM reaching ₹ 1,258 crores, as of 31st March, 2011. With an objective to spread awareness of the benefits of long-term investing, the company held its 1st Value Investing Forum in March 2010.

The strong investment culture entrenched within the Group has helped to deliver superior returns to the investors. A Morning Star report on the flagship product under the PMS umbrella attributed the fund's long term outperformance versus benchmark to superior stock selection capabilities of the fund manager.

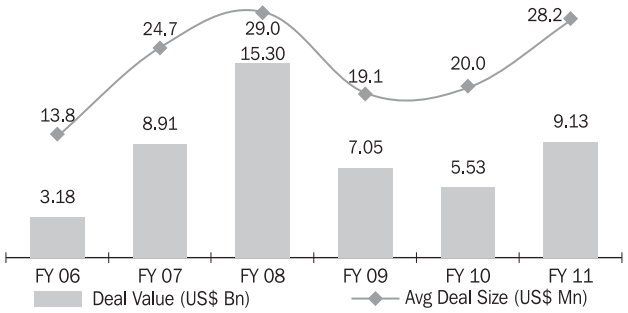
PMS products were hitherto distributed through captive distribution channels within the Group. During the year the distribution network got a solid impetus with arrangements with national distributors and several private banks for selling the company's PMS products on their platforms.

Private Equity

Industry Facts

With companies looking to expand, private equity activity in India saw higher deal values in FY11. Total private equity deal value increased by a whopping 65% to reach US$ 9.13 billion in FY11, as compared to FY10. The average value per deal went up 41% from US$ 20.0 million to US$ 28.2 million during the same period, to match the high seen in FY08. The last 3 months of FY11 itself saw deals worth US$ 3.3 billion. Most of the private equity interest this year was generated in areas like infrastructure, manufacturing, engineering etc.

PE Deal Value (US$ Bn) and Average Deal Size (US$ Mn)

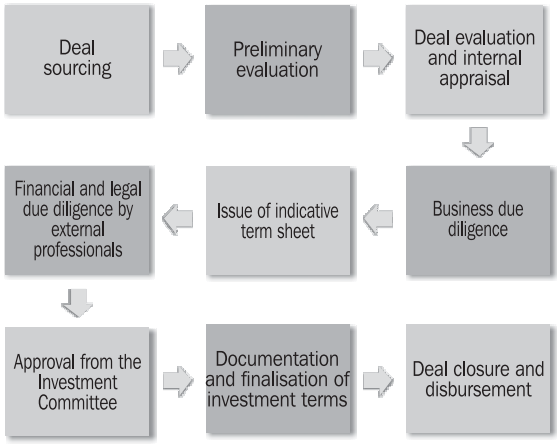


Source: Venture Intelligence

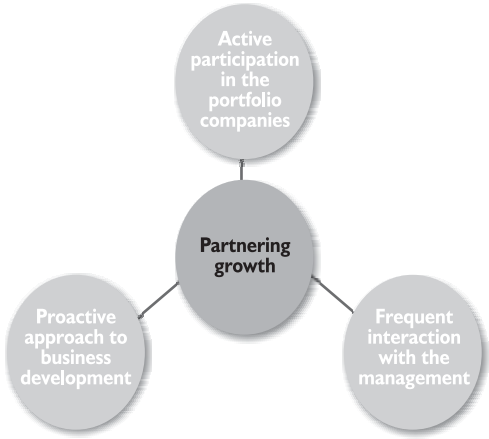
Our Private Equity Business

The private equity subsidiary, MOPE currently manages and advices funds in the growth capital and the real estate space.

Investment Process



Nurturing Process



MOPE is an investment manager and advisor to the India Business Excellence Fund (IBEF), which has commitments of US$ 125 million (~₹ 550 crores) from investors in India and overseas. The fund is aimed at providing growth capital to small and medium enterprises in India, with investments typically in the range of US$ 5-15 million. As of March 2011, the fund has made investments in 13 companies, and has committed 84.7% of its funds under management.

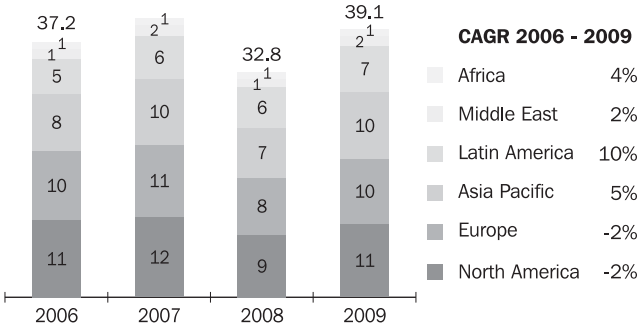
MOPE was appointed as Investment Manager to India Realty Excellence Fund (IREF), a domestic real estate fund, in FY09. IREF had its final closing in December 2009 with total assets under management/advice at ₹ 200 crores. The fund has already made investments across 6 deals till 31st March, 2011, committing about 71.3% of its funds under management. MOPE has been able to build a strong deal pipeline for IREF and is evaluating several investment opportunities. MOPE also organized the First Annual Investor Meet of IREF in August 2010 in Mumbai, providing a platform for investors to interact with the investment team, MOPE's partner developers and discuss the fund's investment strategy.

The strong investment culture within the Group of identifying companies with sustainable business models and strong management teams has helped MOPE identify companies which can deliver good returns for the stakeholders. The company is working on raising the second growth capital fund, India Business Excellence Fund (IBEF-II). The track record established through successful advisory mandates of these two funds has given the company, the confidence to grow the private equity business to much bigger scale in the coming years.

Wealth Management

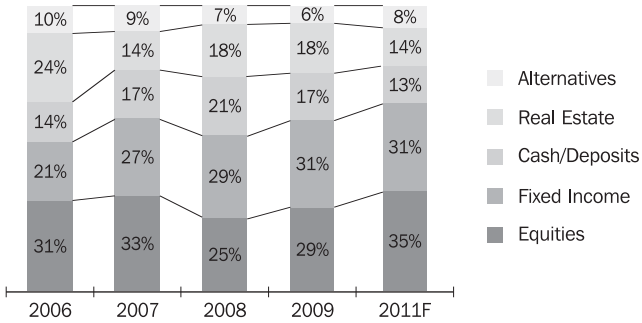
Industry Facts

Distribution of HNWI Wealth by Market (US$ Tn)



Source: Capgemini Merrill Lynch World Wealth Report 2010

Breakdown of HNWI Financial Assets, 2006-2011F

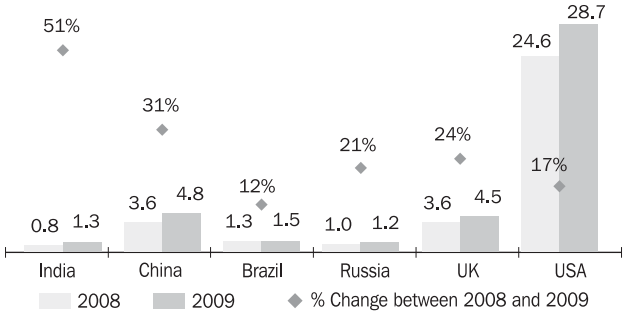


Source: Capgemini Merrill Lynch World Wealth Report 2010

With buoyant market performance, the number of HNWIs in India grew 51% to reach 126,700 in 2009. Although it is still less in absolute terms, nevertheless the growth rate was amongst the highest, as compared to that seen in the other BRIC countries or the advanced countries like USA, UK.

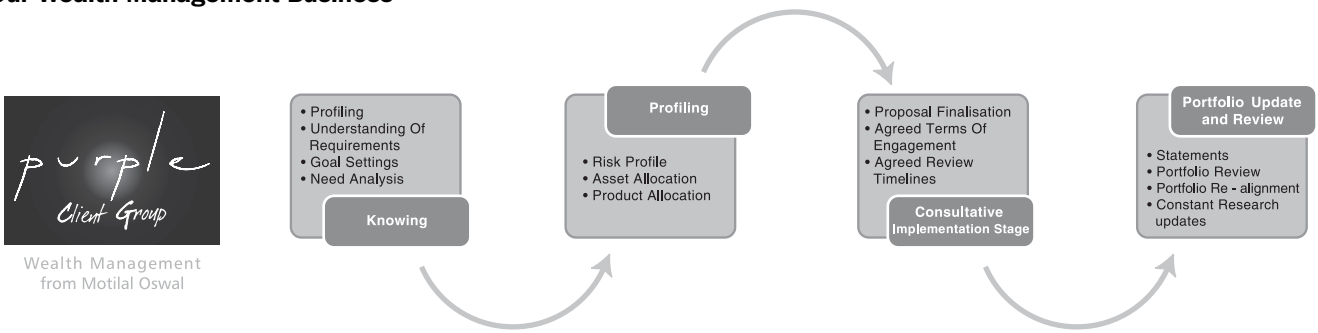
Asia Pacific has seen the second highest growth in HNWI wealth amongst regional markets, during 2006 to 2009. In terms of absolute values, it came third after North America and Europe in 2009. With Asian economies on a fast growth phase, the region will witness only further wealth accumulation. The World Wealth Report 2010 forecasts the proportion of equities of total HNWI financial assets allocation to grow from 29% to 35%, between 2009 and 2011, the highest amongst any other asset classes.

Comparing % growth of HNWIs (Lakhs): BRICs vs USA and UK



Source: Capgemini Merrill Lynch World Wealth Report 2010

Our Wealth Management Business



The company's Wealth Management platform caters to High Networth and mass affluent clients through an offering called "Purple" providing a complete range of financial products best suited to client needs using an advisory model and an asset allocation approach.

With assets under management of ₹ 1,100 crores as of 31st March, 2011, and a presence across Mumbai, Delhi, Kolkata, Pune and Ahmedabad, the company believes that its holistic wealth management offering and strong relationship management skills will enable it to build a scalable and profitable wealth management business.

A study done by Celent estimates that the players in the unorganized market have approximately 1.5 times the assets under management of the organized sector. This presents both a challenge and an opportunity. With customer needs for products and services getting more sophisticated with growing income levels, organized players will drive the consolidation within this industry.

Opportunities and Threats

Opportunities

- Economy is growing at healthy rate leading to investment / capital requirement
- Growing Financial Services industry's share of wallet for disposable income.
- Huge market opportunity for wealth management service providers as Indian wealth management business is transforming from mere wealth safeguarding to growing wealth.
- 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
- Slowdown in global liquidity flows
- Increased intensity of competition from local and global players
- Unfavorable economic conditions

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 Agrawal 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 Principal Strategies 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 in-house 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. MOSL won 4 awards at the ET-Now Starmine Analyst Awards 2010-2011 putting it amongst the Top 3 award winning brokers at the awards. It was also ranked No. 2 by AsiaMoney Brokers Poll 2010 in the Best Local Brokerage category.

One of largest distribution network - 1,644 outlets across 611 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 1,644 business locations operated by business associates or directly through own branches in 611 cities and towns. This extensive distribution 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 the customers.

Established leadership in Franchisee business

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

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.

The company has a low gearing ratio as at 31 March 2011 which augers well to manage market volatilities. During FY11, CRISIL Limited reaffirmed the rating of 'P1+' the highest rating, for MOFSL short term borrowing program of ₹ 400 crores. CRISIL Limited has also reaffirmed the rating of 'P1+' to MOSL's short term borrowing program of ₹ 400 crores. This facility provides MOFSL the flexibility to avail funds at competitive rates when business opportunities arise.

Risks and concerns

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

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

Internal control systems and their adequacy

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

Internal audit is conducted by M/s. Pricewaterhouse, 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 and operational performance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, and Generally Accepted Accounting Principles (GAAP) in India.

Table 1: Abridged profit and loss account (₹ Crores) - Standalone

Particulars	2010-2011	% to Total income	2009-2010	% to Total income
Revenue				
Income from operations	49.53	77.09	51.09	79.51
Other income	14.72	22.91	13.17	20.49
TOTAL	**64.25**	**100.00**	**64.26**	**100.00**
Expenditure				
Financial Expenses	1.16	1.80	2.85	4.43
Employee Cost	2.68	4.17	1.53	2.38
Other Expenses	3.87	6.02	2.58	4.01
TOTAL	**7.70**	**11.99**	**6.95**	**10.81**
Profit Before Tax	56.54	88.01	57.31	89.19
Tax - Current Tax & Deferred	13.89	21.61	14.91	23.21
PAT	**42.66**	**66.40**	**42.40**	**65.98**
Earnings per share (Basic) ₹	2.96		2.97	
Earnings per share (Diluted) ₹	2.96		2.97	

The standalone revenues for the year were ₹ 64.25 crores, largely flat as compared to ₹ 64.26 crores last year. Interest income went up by 55% to ₹ 39.66 crores, on account of an increase in the average loan book size, as well as participation in certain IPO financing transactions for the Coal India, Powergrid and MOIL issues. Income from arbitrage operations was lower as compared to last financial year due to lower deployment of surplus funds in arbitrage.

Reduction in the Company's average borrowing this year and capitalization of finance cost to the extent related/attributed to the acquisition/construction of qualifying fixed assets during the year led to an decrease in financial expenses. Interest and finance charges fell by 59%. i.e. from ₹ 2.85 crores in 2009-10 to ₹ 1.16 crores in 2010-11.

Due to higher operating/personnel costs and provisioning for standard loan assets as required by the RBI, the total expenses registered an 11% jump to ₹ 7.70 crores this year.

Profit before Tax (PBT) was down marginally by 1% from ₹ 57.31 crores in 2009-10 to ₹ 56.54 crores in 2010-11. Profit after Tax (PAT) was up marginally by 1%, from ₹ 42.40 crores in 2009-10 to ₹ 42.66 crores in 2010-11. Basic earnings per share (face value ₹ 1) marginally decreased from ₹ 2.97 in 2009-10 to ₹ 2.96 in 2010-2011.

As at March 31, 2011, investments consisted principally of long-term investments, totaling ₹ 83.26 crores. Investments have increased by ₹ 25.03 crores from March 31, 2010, primarily on account of higher deployment in other investments based on commitments given in private equity funds and acquisition of further stake in subsidiary company MOIAPL.

Current assets mainly comprised of stock in trade, cash and bank balances and other current assets. As at March 31, 2011, cash and bank balances were ₹ 1.61 crores, of which ₹ 1.0 crore was in fixed deposits with banks.

Loans and Advances increased from ₹ 297.11 crores as at March 31, 2010 to ₹ 367.70 crores as at March 31, 2011, on account of an increase in the loan book size.

Current liabilities and Provisions principally consist of liability in respect of provision for expenses, tax deduction at source, proposed dividend and provision for tax. It increased from ₹ 54.96 crores as at March 31, 2010 to ₹ 66.61 crores as at March 31, 2011, predominantly due to an increase in provision for taxes, proposed dividend and tax thereon.

Table 2: Abridged profit and loss account (₹ crores) - Consolidated

Particulars	2010-2011	% to Total income	2009-2010	% to Total income
Revenue				
Income from operations	589.70	98.22	625.01	96.85
Other income	10.67	1.78	20.31	3.15
TOTAL	**600.37**	**100.00**	**645.32**	**100.00**
Expenditure				
Operating Exp.	145.52	24.24	162.97	25.25
Financial Expenses	5.69	0.95	9.62	1.49
Employee Cost	142.19	23.68	136.66	21.18
Depreciation	13.13	2.19	14.19	2.20
Administrative & other Expenses	83.11	13.84	68.72	10.65
TOTAL	**389.63**	**64.90**	**392.15**	**60.77**
Profit Before Tax and Exceptional Items	210.74	35.10	253.17	39.23
Exceptional Items - Income / (Exp.)	0.00	0.00	0.06	0.00
Profit Before Tax	210.74	35.10	253.23	39.24
Current Tax	67.28	11.21	80.21	12.43
Deferred Tax (Income) / Exp	3.30	0.55	(1.79)	(0.28)
Tax - Earlier years	0.66	0.11	0.39	0.06
Profit after Tax (PAT)	**139.50**	**23.24**	**174.42**	**27.03**
Earnings per share (Basic) ₹	9.52		11.91	
Earnings per share (Diluted) ₹	9.52		11.90	

Due to volatile market conditions, the consolidated financial revenues and profitability of MOFSL has decreased.

During 2010-11, MOFSL recorded a 7% decline in total revenues from ₹ 645.32 crores in 2009-10 to ₹ 600.37 crores in 2010-11.

Total borrowings outstanding decreased from ₹ 108.32 crores as at March 31, 2010 to Nil as at March 31, 2011. The average borrowings during the year have also decreased as compared to last year. Decline in borrowings and capitalization of finance cost to the extent related/attributed to the acquisition / construction of qualifying fixed assets during the year led to a decrease in financial expenses from ₹ 9.62 crores in 2009-10 to ₹ 5.69 crores in 2010-11.

Employee costs increased 4% from ₹ 136.66 crores in 2009-10 to ₹ 142.19 crores in 2010-11, mainly on account of a general increase in salaries and benefits and new hires. Administrative and other expenses increased from ₹ 68.72 crores in 2009-10 to ₹ 83.11 crores in 2010-11, mainly on account of an increase in marketing/brand promotion expenses, due to the launch of the three mutual funds this year.

The Company recorded a decline of 17% in Profit before Tax and Exceptional Items, which is down from ₹ 253.17 crores in 2009-10 to ₹ 210.74 crores in 2010-11.

Profit after Tax (PAT) is also down by 20%, from ₹ 174.42 crores in 2009-10 to ₹ 139.50 crores in 2010-11. Consequently, basic earnings per share decreased from ₹ 11.91 during 2009-10 to ₹ 9.52 during 2010-11.

As at March 31, 2011, investments principally consisted of long-term investments, totaling ₹ 58.84 crores. Investments have increased by ₹ 7.43 crores from March 31, 2010, primarily on account of higher deployment of other investments in private equity funds.

Current assets mainly comprised of sundry debtors, stock-in-trade, cash and bank balances, and other current assets. As at March 31, 2011, cash and bank balances were ₹ 266.51 crores, of which ₹ 185.52 crores was in fixed deposits.

Loans and Advances increased from ₹ 493.74 crores as at March 31, 2010 to ₹ 616.08 crores as at March 31, 2011, mainly on account of an increase in the loan book size.

Current liabilities principally consist of current liabilities in connection with margin monies deposited by customers to facilitate trading on their behalf and amounts payable to customers on whose behalf we undertake trades as well as amounts payable to exchanges. It increased from ₹ 539.61 crores to ₹ 560.77 crores as at March 31, 2011. Provisions include provision for taxation and provision for proposed dividend, which decreased from ₹ 240.51 crores to ₹ 233.08 crores.

Performance of Subsidiaries

Motilal Oswal Securities Limited (MOSL)

(₹ in crores)

Particulars	FY11	FY10	Growth (YoY)
	As on Mar 31, 2011	As on Mar 31, 2010	
Total Revenues	487.1	515.9	-6%
EBIDTA	166.7	192.7	-14%
PBT	149.0	172.2	-14%
PAT	100.8	119.2	-15%

Motilal Oswal Private Equity Advisors Pvt. Ltd. (MOPEAPL)

Particulars	FY11	FY10	Growth (YoY)
	As on Mar 31, 2011	As on Mar 31, 2010	
Total Revenues	12.8	15.4	-17%
EBIDTA	3.4	3.9	-11%
PBT	3.3	3.7	-11%
PAT	2.3	2.5	-9%

Motilal Oswal Investment Advisors Pvt. Ltd. (MOIAPL)

Particulars	FY11	FY10	Growth (YoY)
	As on Mar 31, 2011	As on Mar 31, 2010	
Total Revenues	41.8	65.5	-36%
EBIDTA	19.7	32.8	-40%
PBT	19.6	32.6	-40%
PAT	13	21.7	-40%

Motilal Oswal Commodities Broker Pvt. Limited (MOCBPL)

Particulars	FY11	FY10	Growth (YoY)
	As on Mar 31, 2011	As on Mar 31, 2010	
Total Revenues	9.6	6.4	50%
EBIDTA	3.9	1.9	103%
PBT	3.8	1.7	124%
PAT	2.5	1.3	94%

Motilal Oswal Asset Management Company Limited (MOAMC)

Particulars	FY11	FY10	Growth (YoY)
	As on Mar 31, 2011	As on Mar 31, 2010	
Total Revenues	19.5	0.5	4041%
EBIDTA	(8.4)	(5.9)	-43%
PBT	(8.5)	(5.9)	-45%
PAT	(8.5)	(4.1)	-108%

Segment Wise Performance

The Company's operation predominantly relate to equity broking and other related activities, financing and other activities & investment banking. Below table shows performance of equity broking and other related activities, financing and other activities & investment banking.

(₹ in Crores)

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
1. Segment Revenue		
(a) Equity Broking & Other related activities	482.99	501.30
(b) Financing & Other activities	50.84	55.90
(c) Investment Banking	40.52	65.03
(d) Unallocated	48.93	37.96
TOTAL	**623.28**	**660.19**
Less: Inter Segment Revenue	22.91	14.87
Income From Operations, Other Operating income & Other Income	**600.37**	**645.32**
2. Segment Results Profit / (Loss) before tax and interest from each segment		
(a) Equity Broking & Other related activities	149.55	164.50
(b) Financing & Other activities	43.14	48.95
(c) Investment Banking	18.32	32.17
(d) Unallocated	5.24	14.72
TOTAL	**216.25**	**260.34**
Less: Interest	5.51	7.17
Profit / (Loss) from Ordinary Activities before Exceptional Items & Tax	**210.74**	**253.17**
3. Capital Employed (Segment assets – Segment Liabilities)		
(a) Equity Broking & Other related activities	518.42	478.57
(b) Financing & Other activities	541.49	494.17
(c) Investment Banking	10.50	5.00
(d) Unallocated	(10.90)	(31.76)
TOTAL	**1,059.51**	**945.98**

Human Resources

We believe that an engaged employee is a more productive and empowered employee. Health of the employees was of prime focus in the last financial year. A Doctor@Work programme has been initiated, wherein a doctor visits the corporate offices twice a week. This was initiated keeping in mind the employee's convenience and to ensure that the employee keeps a check on his / her health, while not having to miss office. Employee health camps were organized Pan India where blood tests, health talks, dietician sessions were conducted. Throughout the year various health check up camps such as vision screening, audiometry, skin analysis, dental check were conducted. Yoga and aerobics classes are held twice a week, apart from the gym being available to all employees. Some innovative sessions such as Tai-chi and Salsa were organized to introduce employees to new forms of exercise in a fun way.

An important initiative we continue to associate with till date is the Employee Assistance Programme called Wellness and Wellbeing with ICAS India. It is a counselling service for Pan India employees, which also extends to their families, and is completely confidential. The service aims at addressing the employees' emotional needs and assists them to stay emotionally and mentally stress-free and healthy.

Sports events such as cricket, badminton, carom were organized to promote team-bonding and a healthy competitive spirit in which employees whole-heartedly participate.

All major festivals such as Diwali, Navratri, Christmas, Holi are celebrated across the Group with great enthusiasm.

In our endeavour to recognize and reward superior employee performance, employee awards are presented across various categories at the Foundation Day function. The process of deciding the winners is well evolved and democratic; one that gives each department a fair platform to recognize high performers.

Cautionary statement

Certain statements in the Management Discussion and Analysis describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

Corporate Governance Philosophy

The philosophy on corporate governance is an important tool for shareholder protection and maximization of their long term values. It has been a constant endeavour on the part of the Company to achieve excellence in Corporate Governance by following the principles of transparency, accountability and integrity in functioning, so as to constantly striving to enhance value for all stakeholders and the society in general. As a good corporate citizen, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success. We are making continuous efforts to adopt the best practices in corporate governance and we believe that the practices we are putting into place for the company shall go beyond adherence to regulatory framework. The cardinal principles such as independence, accountability, responsibility, transparency serve as the means for implementing the philosophy of corporate governance in letter and spirit.

This chapter, along with the chapters on Management Discussion and Analysis and General Shareholders' Information, reports the Company's compliance with the Clause 49 of the listing agreement with the Stock Exchanges.

Board of Directors

The Board consists of seven members, out of which two members hold Executive positions and five Members hold Non-Executive positions. Out of the five Non-Executive Directors four are Independent Directors. The Company has an Executive Chairman, and thus, more than 50% of the total number of Directors are Independent. The management of the Company is headed by the 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 stakeholder value are met.

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

Mr. Navin Agarwal, the Non-Executive Director of your Company is in the whole-time employment of Motilal Oswal Securities Limited (hereinafter referred to as MOSL), a material unlisted subsidiary of the Company, and draws remuneration from MOSL. Apart from the reimbursements of expenses incurred in discharge of their duties and the remuneration that the Independent Directors would be entitled to receive under the Companies Act, 1956, none of the Independent Directors has any other material pecuniary relationship or transactions with the Company, its Promoters, its Directors, its Management, its subsidiary and its Associates which in their judgment would affect their independence. There are no inter-se relationships amongst our Board of Directors.

The Senior Management have made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

Number of Board Meetings

The Board of Directors met four times during the year ended 31st March, 2011, on 27th April, 2010, 23rd July, 2010, 20th October, 2010 and 28th January, 2011. The maximum gap between any two meetings was not more than four months. All Meetings were well attended.

Directors' Attendance Record and Directorships Held

As mandated by the Clause 49, none of the Directors are members of more than ten Board level Committees nor are they Chairman of more than five Committees in which they are members.

Composition of the Board

As at 31st March, 2011, the Company's Board comprised of seven members. Mr. Motilal Oswal, Chairman of the Board is the Managing Director of the Company, Mr. Raamdeo Agrawal is the Joint Managing Director of the Company and five other members are Non-Executive Directors. The names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting (AGM) of the Company which was held on 24th July, 2010 as also the number of Directorships and Committee positions held by them in companies are given herein below :-

Details of the composition of the Board, number of Board Meetings held and the attendance of the Directors thereat:

Name of the Directors	Category	Number of Board meetings		Attendance at the Previous AGM	Number of Directorships and Committee Membership / Chairmanship		
		Held	Attended		Directorships $	Committee Membership $$	Committee Chairmanship $$
Mr. Motilal Oswal	Chairman & Managing Director (Promoter)	4	4	Yes	6	1	–
Mr. Raamdeo Agrawal	Joint Managing Director (Promoter)	4	4	Yes	6	2	–
Mr. Navin Agarwal	Non-independent Non-executive	4	4	Yes	3	–	–
Mr. Ramesh Agarwal	Independent	4	4	Yes	2	1	–
Mr. Madhav Bhatkuly	Independent	4	4	Yes	2	1	–
Mr. Balkumar Agarwal	Independent	4	4	Yes	5	–	3
Mr. Vivek Paranjpe	Independent	N.A.	N.A.	N.A.	1	–	–

$ Includes Directorships in Motilal Oswal Financial Services Limited (MOFSL) but excludes Directorships in private limited companies, foreign companies, companies registered under Section 25 of the Companies Act, 1956.

$$ For the purpose of Clause 49, the Committees considered are Audit Committee and Shareholders / Investors Grievance Committee of Public Limited Companies including in MOFSL.

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 apprises the Board at every meeting on the overall performance of the Company, followed by the detailed presentation.

A detailed functional report is also placed at Board Meetings. 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' value 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 and information on recruitment of officers just below the Board level, including the Compliance Officer.

The Board periodically reviews compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any. In addition to the above, pursuant to the Clause 49, the minutes of the Board meetings of your Company's subsidiaries and a statement of all significant transactions and arrangements entered into by the subsidiaries are also placed before the Board.

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, Remuneration/Compensation Committee decides on the remuneration to be paid to the Non-Executive Directors.

While deciding on the remuneration to the Directors, the Board 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.

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. No sitting fee is paid to Mr. Navin Agarwal, the Non-independent Non-Executive Director of the Company.

During, 2010-2011 the Company did not advance any loans to any of its Directors.

Details of the Sitting Fees & Commission paid to the Non-executive Directors during the year ended 31st March, 2011 :-

Name of the Directors	Category	Sitting Fees (₹)	Commission (₹)
Mr. Navin Agarwal	Non-independent Non-executive	Nil	Nil
Mr. Ramesh Agarwal	Independent	150,000	400,000
Mr. Madhav Bhatkuly	Independent	120,000	400,000
Mr. Balkumar Agarwal	Independent	150,000	400,000
Mr. Vivek Paranjpe	Independent	Nil	100,000

No Stock Option was granted to the Directors during the year ended 31st March, 2011.

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

No remuneration is paid to Mr. Motilal Oswal, Chairman & Managing Director during the financial year 31st March, 2011. Mr. Oswal till 31st March, 2011 was also designated as the Chairman & Managing Director of Motilal Oswal Securities Limited (MOSL), a Material Non-listed Indian Subsidiary of the Company and drew remuneration from MOSL.

Mr. Raamdeo Agrawal – Joint Managing Director received a remuneration of ₹ 1,00,00,000 from the Company for the period 1st November, 2010 to 31st March, 2011. Mr. Agrawal till 30th September, 2010 was also designated as the Joint Managing Director of Motilal Oswal Securities Limited (MOSL), a Material Non-listed Indian Subsidiary of the Company and drew remuneration from MOSL till 30th September, 2010.

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, 2011.

Name of the Directors	Category	Number of Equity Shares of ₹ 1 each held
Mr. Navin Agarwal	Non-independent Non-executive	78,04,010
Mr. Ramesh Agarwal	Independent	Nil
Mr. Madhav Bhatkuly	Independent	Nil
Mr. Balkumar Agarwal	Independent	Nil
Mr. Vivek Paranjpe	Independent	Nil

Code of Conduct

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

CEO / CFO Certification

As required under Clause 49 V of the Listing Agreement with the Stock Exchanges, Mr. Motilal Oswal, Chief Executive Officer and Chief Financial Officer of the Company has certified to the Board regarding the Financial Statements for the financial year ended 31st March, 2011.

Risk Management

The Company has a well-defined risk management framework in place. The risk management framework adopted by the Company is discussed in the Management Discussion and Analysis chapter of this Annual Report. The Board assesses the risk and the procedures being followed by the Company and steps taken by it to mitigate these risks.

The Board has also constituted a Risk Management Committee and Asset Management Liability Committee, which ensure that the management controls risks through means of a properly defined framework.

Committees of the Board

Your Company has five major Board level Committees –

i) Audit Committee;

ii) Shareholders / Investors Grievance Committee;

iii) Remuneration / Compensation Committee;

iv) Nomination Committee; and

v) Risk Management 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

As on 31st March, 2011, the Audit Committee comprised of one Executive Director and three Non-Executive Directors, of which all three are Independent. The Committee comprises of:-

i) Mr. Balkumar Agarwal, Independent Director (Chairman),

ii) Mr. Ramesh Agarwal, Independent Director,

iii) Mr. Madhav Bhatkuly Independent Director, and

iv) Mr. Raamdeo Agrawal, Executive Director.

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. It is authorised to select and establish accounting policies, review reports of the Statutory Auditors and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. The Committee is empowered to review, *inter alia*, the remuneration payable to the Statutory Auditors and to recommend a change in Auditors, if felt necessary. It is also empowered to review Financial Statements and investments of unlisted subsidiary companies, Management Discussion & Analysis, Material individual transactions with related parties not in normal course of business or which are not on an arm's length basis. Generally all items listed in Clause 49 II D of the Listing Agreement are covered in the terms of reference. The Audit Committee has been granted powers as prescribed under Clause 49 II C of the Listing Agreement. Mr. Balkumar Agarwal, the Chairman of the Committee was present at the previous Annual General Meeting of the Company.

The Audit Committee met four times during the year on 27th April, 2010, 23rd July, 2010, 20th October, 2010 and 28th January, 2011. The time gap between any two meetings was less than four months. 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	Category	Status	No. of meetings	
			Held	Attended
Mr. Balkumar Agarwal	Independent	Chairman	4	4
Mr. Ramesh Agarwal	Independent	Member	4	4
Mr. Raamdeo Agrawal	Executive	Member	4	4
Mr. Madhav Bhatkuly	Independent	Member	4	4

Mr. Motilal Oswal (Chairman & Managing Director, Chief Executive Officer and the Chief Financial Officer), Internal Auditors and Statutory Auditors attend the Audit Committee meetings. The Company Secretary is the Secretary to the Committee.

All the members of the Audit Committee possess strong accounting and financial management expertise.

ii. Remuneration / Compensation Committee

As of 31st March, 2011, the Remuneration / Compensation Committee comprised of 3 members. The Committee comprises of:-

i) Mr. Ramesh Agarwal, Independent Director, (Chairman);

ii) Mr. Balkumar Agarwal, Independent Director; and

iii) Mr. Motilal Oswal, Chairman & Managing Director.

The terms of reference of the Remuneration / Compensation Committee is to look into the entire gamut of remuneration package for the Executive Director(s) and revise their remuneration suitably within the limits prescribed under the Companies Act, 1956, decide on commission payable to the Directors within the prescribed limits and as approved by the shareholders of the Company and to formulate and administer Employees' Stock Option Schemes.

The Committee met three times during the year under review on, 27th April, 2010, 20th October, 2010 and 28th January, 2011. 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	Category	Status	No. of meetings	
			Held	Attended
Mr. Ramesh Agarwal	Independent	Chairman	3	3
Mr. Balkumar Agarwal	Independent	Member	3	3
Mr. Motilal Oswal	Chairman & Managing Director	Member	3	3

iii. Shareholders / Investors Grievance Committee

The Company's Shareholders/Investors Grievance Committee comprises of the following 3 members:-

i) Mr. Balkumar Agarwal, Independent Director, (Chairman)

ii) Mr. Motilal Oswal, Chairman & Managing Director and

iii) Mr. Raamdeo Agrawal, Non-Executive Director.

Mr. Samrat Sanyal, Company Secretary is the Compliance Officer.

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

Details of queries and grievances received and attended to by the Company during the year 2010-2011 are given herein below: -

S. No.	Nature of complaint	Pending as on 1st April, 2010	Received during the year	Pending as on 31st March, 2011
i.	SEBI / Stock Exchange Complaints	–	1	–
ii.	Non-receipt of Dividend warrant	–	9	–
iii.	Non-receipt of Annual Report	–	–	–
iv.	Others	–	–	–
	TOTAL	**–**	**10**	**–**

iv. Nomination Committee

The Nomination Committee comprises of 2 members - Mr. Motilal Oswal, Chairman & Managing Director and Mr. Raamdeo Agrawal, Joint Managing Director.

The Committee was constituted in accordance with the Corporate Governance guidelines promulgated by the Reserve Bank of India and is primarily responsible to assist the Board of Directors in fulfilling its responsibilities by recommending to the Board the composition and structure of the Board, criteria for Board membership, evaluation of the corporate policies relating to the recruitment of Board members and to establish, implement and monitor policies and processes regarding principles of corporate governance.

v. Risk Management Committee

The Risk Management Committee comprises of 2 members - Mr. Motilal Oswal, Chairman & Managing Director and Mr. Navin Agarwal, Non-Executive Director.

The Risk Management Committee is required to manage the integrated risk and inform the Board from time to time the progress made in putting in place a progressive risk management system, risk management policy and strategy followed by the Company.

Subsidiary Companies

Clause 49 defines a "Material Non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. Under this definition, the Company has one 'Material Non-listed Indian subsidiary' i.e. Motilal Oswal Securities Limited (MOSL). As on 31st March, 2011 Mr. Ramesh Agarwal, an Independent Director on the Board of the Company is also a Director on the Board of MOSL.

Management

Management Discussion and Analysis

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

Disclosures:

i) There have been no materially significant transactions, pecuniary transactions or relationships between the Company and Directors, management, subsidiaries or related parties except those disclosed in the financial statements for the year ended 31st March, 2011. Further the details of the Related Party Transactions are presented in the Notes to Accounts.

ii) The Company has complied with all the requirements of regulatory authorities. No penalties / strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital market since the listing of the Company's equity shares.

iii) The Company has complied with the mandatory requirements of Clause 49.

iv) The Company has complied with the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of the Listing Agreement: -

a) The Company has set up a Remuneration / Compensation Committee long before it got listed. Please see the section on Remuneration / Compensation Committee for details.

b) The financial statements of the Company are unqualified.

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.

Code for Prevention of Insider-Trading Practices

In compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 1992 (SEBI Regulations), the Company has framed a comprehensive Code of Conduct for prevention of Insider Trading for its designated employees. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautioning them of the consequences of violations.

Shareholders

Re-appointment of Directors

Pursuant to the Articles of Association of the Company, at every Annual General Meeting of the Company, one-third of the rotational Directors retire by rotation.

Mr. Ramesh Agarwal and Mr. Madhav Bhatkuly, Independent Directors retire by rotation at the forthcoming Annual General Meeting and due to their respective preoccupations do not offer themselves for re-appointment.

The Board of Directors re-appointed Mr. Motilal Oswal as the Managing Director of the Company, for a further period of 5 years, with effect from 18th January, 2011, subject to the approval of the Members at the forthcoming Annual General Meeting of the Company.

Mr. Vivek Paranjpe was appointed as an Additional Director on 28th January, 2011 by the Board of Directors. It would be required to appoint him as a Director by the Members at the forthcoming Annual General Meeting. The details of Mr. Vivek Paranjpe is as under :-

Appointment of Mr. Vivek Paranjpe as an Independent Director

Mr. Paranjpe, has a very rich experience of over 34 years in all facets of Human Resources and Strategic Management in the global environment. He also has extensive experience of leading and managing high caliber teams of professionals of several nationalities. He has worked in areas of Development of People like Executive Coaching to improve Organisation effectiveness. He also has hands on experience of Strategic planning, Culture Building, Organisation structures, Business excellence / Quality interventions.

He is presently engaged as consultant in Companies like Reliance Industries, Blackstone Advisors, Forbes etc.

It is proposed to appoint Mr. Paranjpe as the Director by the members of the Company in the forthcoming Annual General Meeting of the Company.

Name of Director	Mr. Vivek Paranjpe
Date of Birth	8th September, 1952
Date of Appointment on the Board	28th January, 2011
Expertise in specific functional area	Human Resource Development
Qualifications	B. Sc. (Hons); Postgraduate Honours Diploma in Industrial Relations & Welfare (XLRI, Jamshedpur)
Directorships in Public Limited Companies	Motilal Oswal Financial Services Limited
Shareholding of Director in the Company	Nil

Membership of Committees in Public Limited Companies

Audit Committee	Nil
Shareholders / Investors Grievance Committee	Nil
Remuneration / Compensation Committee	Nil

Means of Communication with Shareholders

The Company publishes quarterly, half-yearly and annual results in national and local dailies. The Company's results and official news releases are displayed on the Company's website http://www.motilaloswal.com. Presentations made to the investors and analysts are also put-up on its website. The Company has also a designated E-mail id, namely investors@motilaloswal.com for the purpose of registering complaints by investors. The E-mail id is displayed on the Company's website.

General Body Meetings

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

- The Third Annual General Meeting of the Company was held on Tuesday, 8th July, 2008 at 2.00 p.m. at Y. B. Chavan Centre, General Jagannathrao Bhosale Marg, Next to Sachivalaya Gymkhana, Nariman Point, Mumbai - 400 021.

- The Fourth Annual General Meeting of the Company was held on Saturday 1st August, 2009 at 1.30 p.m. at Indian Education Society's Manik Sabhagriha, 'Vishwakarma' M. D. Lotlikar Vidya Sankul, Opp. Lilavati Hospital, Bandra Reclamation, Bandra (West), Mumbai – 400 050.
- The Fifth Annual General Meeting of the Company was held on Saturday, 24th July, 2010 at 10.00 a.m. at Y. B. Chavan Centre, General Jagannathrao Bhosale Marg, Nariman Point, Mumbai - 400 021.

Year	Date	Time	Special Resolutions passed
2008	8th July, 2008	2.00 p.m.	1. Alteration of the Articles of Association of the Company consequent upon the sub-division of equity shares of ₹ 5 each into ₹ 1 each.
			2. Approval of 'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme – VI'.
			3. Authority to extend the benefits of the 'Motilal Oswal Financial Services Limited – Employees' Stock Option Scheme – VI' to the employees of the Subsidiaries of the Company.
2009	1st August, 2009	1.30 p.m	1. Issue of 989066 Equity Shares of ₹ 1 each at a premium of ₹ 137.74 per share on preferential basis as a purchase consideration for acquisition of 62,500 Equity Shares of Motilal Oswal Investment Advisors Pvt. Ltd.
2010	24th July, 2010	10.00 a.m	1. Issue of 984463 Equity Shares of ₹ 1 each at a premium of ₹ 166.93 per share on preferential basis as a purchase consideration for acquisition of 62,500 Equity Shares of Motilal Oswal Investment Advisors Pvt. Ltd.

No resolution is proposed to be passed through Postal Ballot.

General Shareholder Information

(i) Details of the 6th Annual General Meeting of the Company:-

Date : Thursday, 21st July, 2011

Time : 4:00 p.m.

Venue : "Rama Watumull Auditorium, K. C. College",
124, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020.

(ii) Financial year of the Company

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

Calendar for the financial year ending 31st March, 2011: -

Financial reporting for the	Tentative dates of the Board Meeting
First quarter ending 30th June, 2011	Second fortnight of July 2011
Half year ending 30th September, 2011	First fortnight of October 2011
Third quarter ending 31st December, 2011	First fortnight of January 2012
Year ending 31st March, 2012	Second fortnight of April 2012

Annual General Meeting for the year ending 31st March, 2012 is likely to be held in the second fortnight of July 2012.

(iii) Date of Book Closure

From 13th July, 2011 to 21st July, 2011, inclusive of both days.

(iv) Dividend Payment Date

Subject to the approval of the members, the dividend of ₹ 1.40 per share recommended by the Board will be paid on or before 10th August, 2011.

(v) Listing on Stock Exchanges

The Company's Shares are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The requisite listing fees for 2011-2012 have been paid in full to BSE and NSE.

(vi) Stock Code / ISIN No.

BSE : 532892

NSE : MOTILALOFS

Demat International Security Identification Number (ISIN) in NSDL and CDSL for equity shares: INE338I01027.

(vii) Market Price Data

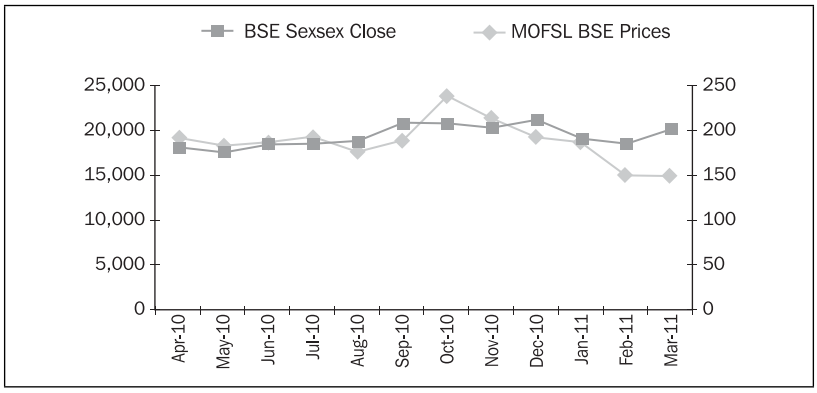
High, low during each month in the last financial year at BSE and NSE:-

Month	BSE (₹)		NSE (₹)	
	High	**Low**	**High**	**Low**
April 2010	186.00	135.35	186.70	159.00
May 2010	177.65	162.10	178.00	161.25
June 2010	179.15	155.00	177.90	139.00
July 2010	187.30	159.00	187.85	163.00
August 2010	171.50	151.00	170.50	150.25
September 2010	183.85	151.10	182.15	135.70
October 2010	231.50	179.30	231.70	178.20
November 2010	207.70	146.05	207.50	145.05
December 2010	188.00	152.00	189.85	154.00
January 2011	181.70	134.00	182.00	134.25
February 2011	144.00	117.50	149.00	116.25
March 2011	143.00	120.00	154.70	119.00

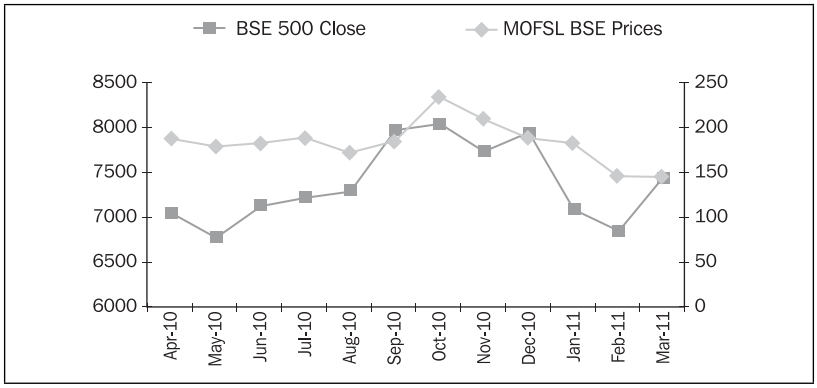
(viii) Performance in comparison to broad-based indices such as BSE Sensex, S&P CNX Nifty, etc.:

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:-

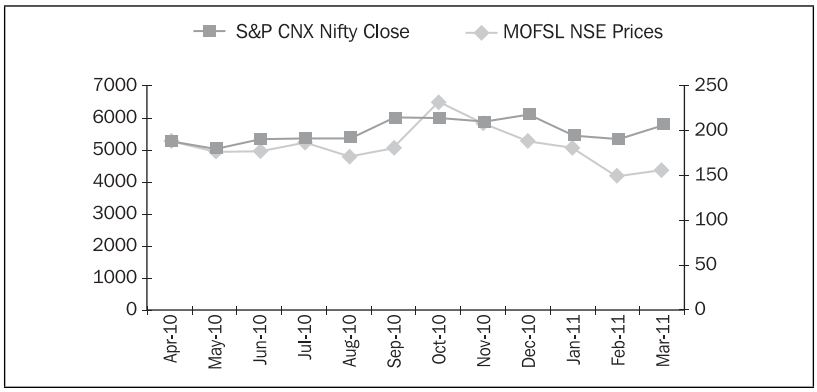
MOFSL Share performance versus BSE Sensex



MOFSL Share performance versus BSE – 500



MOFSL Share performance versus S&P CNX Nifty



(ix) Registrar and Transfer Agent

Link Intime India Private Limited
(formerly Intime Spectrum Registry Limited)
Unit: Motilal Oswal Financial Services Limited
C- 13, Pannalal Silk Mills Compound, LBS Marg,
Bhandup (West), Mumbai – 400 078.

Tel: +91 22 2596 38 38
Fax: +91 22 2594 69 69
E-mail: isrl@linkintime.co.in
Website: www.linkintime.co.in

The Registrars and Transfer Agent also have an office at:

Link Intime India Private Limited
Unit: Motilal Oswal Financial Services Limited
203, Davar House, 197/199 Next to Central Cameras,
D. N. Road, Fort, Mumbai - 400 001.

Tel.: +91 22 2269 41 27
Fax: +91 22 2269 41 27.

(x) 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 and returned within a period of thirty 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 Mr. Motilal

Oswal, Mr. Raamdeo Agrawal, Mr. Samrat Sanyal and Mr. Shalibhadra Shah are severally authorised to approve transfers of upto 50,000 equity shares per transfer, provided that the transferee does not hold 5,00,000 or more equity shares. The Shareholders / Investors Grievance Committee meets as and when required to consider the other transfer, transmission of shares etc. and attend to shareholder grievances.

(xi) Distribution of Shareholding

Distribution of the shareholding of the equity shares of the Company by size and by ownership class as on 31st March, 2011.

Shareholding pattern by size as on 31st March, 2011: -

Number of shares held	Number of shareholders	Total No. of shares held in the category	% of shareholding
1 – 500	13664	1184585	0.82
501 – 1000	325	234661	0.16
1001 - 2000	163	221129	0.15
2001 - 3000	72	174244	0.12
3001 - 4000	34	118620	0.08
4001 - 5000	34	162633	0.11
5001 - 10000	52	386899	0.27
10001 & Above	134	141936458	98.29
TOTAL	**14478**	**144419229**	**100**

Shareholding pattern by ownership class as on 31st March, 2011 : -

Sr. No.	Description	Number of Shares (as at 31st March, 2011)	% to capital
(i)	Promoters & promoter group	99887250	69.16
(ii)	Mutual Funds / Financial Institutions / Banks / Foreign Institutional Investors	17431081	12.07
(iii)	NRIs / OCBs	9543174	6.61
(iv)	Bodies Corporate	567663	0.39
(v)	Public	9113726	6.31
(vi)	Directors	7804010	5.41
(vii)	Others	72325	0.05
	TOTAL	**144419229**	**100.00**

(xii) Dematerialisation of Shares

As on 31st March, 2011, 99.14% 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.

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

As on 31st March, 2011, the Company did not have any outstanding GDRs / ADRs / Warrants or any Convertible instruments (excluding ESOPs).

(xiv) Plant Locations:

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

(xv) Address for Correspondence

Shareholders may correspond with the Registrars 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
Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road,
Malad (West), Mumbai-400 064.

Tel.: +91-22-3080 10 00 Fax:. +91-22-2844 90 44
e-mail: investors@motilaloswal.com

The Company can also be visited at its website http://www.motilaloswal.com

CHIEF EXECUTIVE OFFICER'S DECLARATION ON CODE OF CONDUCT

As required by Clause 49 of the Listing Agreement, the CEO declaration for Code of Conduct is given below:

To

The Members of
Motilal Oswal Financial Services Limited

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

Motilal Oswal Financial Services Limited

Motilal Oswal

Chief Executive Officer,
Chairman & Managing Director

Mumbai, 30th April, 2011

The Board of Directors
Motilal Oswal Financial Services Ltd.

Dear Sirs,

I have reviewed the financial statements and the cash flow statement of Motilal Oswal Financial Services Ltd. along with its subsidiaries for the year ended 31st March, 2011 and that to the best of my knowledge and belief:

- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- there are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- I have indicated to the Auditors and the Audit Committee:
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which I might be aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Thanking you

Yours faithfully,

Motilal Oswal
Chairman & Managing Director
Chief Executive Office and Chief Financial Officer

30th April, 2011

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 March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

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 and on behalf of **Haribhakti & Co.**
Chartered Accountants
FRN No. 103523W

Partner: **Rakesh Rathi**
Membership No. 45228

Place: Mumbai
Dated: 30th April, 2011

Constituents of 'Group' as defined in MRTP Act, 1969 for the purposes of SEBI (SAST) Regulations, 1997

Persons constituting group within the definition of "group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969, for the purpose of Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following:

Sr. No.	Name of the Person/ Entity
1.	Mr. Motilal Oswal
2.	Mr. Raamdeo Agrawal
3.	Mrs. Vimla Oswal
4.	Mrs. Suneeta Agrawal
5.	Passionate Investment Management Pvt. Ltd.
6.	OSAG Enterprises LLP
7.	VISU Associates

Note: Shareholding of HUFs, are held in the names of the respective individuals in the capacity of Karta. Hence, HUFs are not separately listed hereinabove.

Unclaimed Equity Shares in the Suspense Account

As per Clause 5A(I) of the Listing Agreement, the Company reports the following details in respect of equity shares lying in the suspense account .

	Number of Shareholders	Number of Equity shares
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on 1st April, 2010	7	655
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	1	40
Number of Shareholders to whom shares were transferred from the suspense account during the year	1	40
Aggregate Number of Shareholders and the outstanding shares in the suspense account lying as on 31st March, 2011	6	615

To
The Members of MOTILAL OSWAL FINANCIAL SERVICES LIMITED

1. We have audited the attached Balance Sheet of **MOTILAL OSWAL FINANCIAL SERVICES LIMITED** ('the Company') as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the paragraph 3 above, we report that:

   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

   v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;

      b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

      c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **Haribhakti & Co.**
Chartered Accountants
Firm's Registration No. 103523W

Rakesh Rathi
Partner
Membership No. 45228

Place: Mumbai
Date: April 30, 2011

Referred to in paragraph 3 of the Auditors' Report of even date to the members of MOTILAL OSWAL FINANCIAL SERVICES LIMITED on the financial statements for the year ended March 31, 2011

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical assets have been noticed. In our opinion, the frequency of verification is reasonable.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

(ii) (a) As informed to us, the inventories (shares) which are held in dematerialized form, have been verified by the management. In our opinion, the frequency of verification is reasonable.

(b) The procedures of verification of inventories (shares) followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory (shares). We are informed that no material discrepancies were noticed on physical verification between the dematerialised stocks and the book records.

(iii) (a) The Company has granted unsecured loan to seven subsidiary companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 866,189.58 (in thousands) and the year-end balance of loans granted to such parties was ₹ Nil.

(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not, *prima facie*, prejudicial to the interest of the Company.

(c) The loans are repayable on demand and whenever the loans are called for the Company has received the principal amount and interest accordingly.

(d) Since there is no stipulation as regards repayment schedule, clause 4(iii)(d) is not applicable.

(e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently sub-clause (f) and (g) of clause 4(iii) are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory (shares) and fixed assets and for the sale of service. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.

(v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed thereunder.

(vii) In our opinion, the Company has an adequate internal audit system commensurate with the its size and nature of its business.

(viii) Since the Company is engaged in service sector, clause 4(viii) in respect of maintenance of Cost records is not applicable to Company.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it. As explained to us, the provisions regarding sales-tax and excise duty are presently not applicable to the Company.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, customs duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, wealth-tax, service tax, customs duty, and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in thousands)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	₹ 656.17	A.Y. 2007-08	CIT (Appeal)

(x) There are no accumulated losses as at March 31, 2011. Further, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) We are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) According to the information and explanation given to us, we are of the opinion that the Company has maintained proper records in respect of trading transactions and contracts of shares, securities, debentures and other investments and timely entries have been made therein. Further, the investments have been held by the Company, in its own name.

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantee given by the Company, for one of its subsidiaries for obtaining loan from banks or financial institutions during the year, is not prejudicial to the interest of the Company.

(xvi) The Company has not obtained any term loans.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds amounting to ₹ 155,443.26 (in thousands) raised on short-term basis have been used for long-term investment. The Company's short term liabilities and provisions are increased to the extent of the stated amount. In the absence of relevant details, we are unable to comment upon their utilisation.

(xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.

(xix) According to the information and explanations given to us, during the year the Company had issued and redeemd unsecured non convertible debentures.

(xx) During the year, the Company has not raised any money by way of public issue.

(xxi) 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 on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **Haribhakti & Co.**
Chartered Accountants
Firm's Registration No. 103523W

Rakesh Rathi
Partner
Membership No. 45228

Place: Mumbai
Date: April 30, 2011

Balance Sheet as at 31st March, 2011

	Schedule No.	As at 31-Mar-2011 (₹ in '000)	As at 31-Mar-2010 (₹ in '000)
I SOURCES OF FUNDS			
Share Holder's Fund :			
Share Capital	A	144,419.23	143,172.22
ESOP Outstanding	B	747.95	532.23
Reserves and Surplus	C	4,980,585.30	4,591,149.21
Loan Funds :			
Unsecured Loans	D	-	593,209.20
Deferred Tax Liability		23,039.11	11,535.01
TOTAL SOURCES OF FUND		**5,148,791.59**	**5,339,597.87**
II APPLICATION OF FUNDS			
Fixed Assets (At Cost) :			
Gross Block		168,227.86	158,411.89
Less:- Depreciation		127.00	52.21
Net Block	E	168,100.86	158,359.67
Capital Work-in-Progress (Including Capital Advances)		1,204,859.02	874,789.93
		1,372,959.88	1,033,149.60
Investments	F	832,626.07	582,359.42
Current Assets, Loans and Advances :			
Stock in Trade	G	2,883.03	1,077,642.51
Cash and bank balances	H	16,079.49	250,608.03
Loans & Advances	I	3,677,026.25	2,971,074.39
Other Assets	J	210.29	40.69
	(i)	3,696,199.06	4,299,365.62
Current Liabilities and Provisions :			
Current Liabilities	K	86,922.48	25,632.37
Provisions	L	666,070.95	549,644.39
	(ii)	752,993.43	575,276.77
Net Current Assets	(i)-(ii)	2,943,205.64	3,724,088.85
TOTAL APPLICATIONS OF FUND		**5,148,791.59**	**5,339,597.87**
Significant Accounting Policies & Notes to Accounts	S		
Schedules referred to above form an integral part of the financial statements			

As Per Our Attached Report of Even Date

For **Haribhakti & Co.**
Chartered Accountants

For and on behalf of the Board of
MOTILAL OSWAL FINANCIAL SERVICES LTD.

Rakesh Rathi
Partner
M.No. 045228

Samrat Sanyal
Company Secretary

Motilal Oswal
Chairman & Managing Director

Raamdeo Agrawal
Joint Managing Director

Place : Mumbai
Dated : 30th April, 2011

Profit & Loss Account for the year ended 31st March, 2011

	Schedule No.	For the Year ended 31-Mar-11 (₹ in '000)	For the Year ended 31-Mar-10 (₹ in '000)
INCOME			
Income from operations	M	495,284.69	510,935.25
Other Income	N	147,172.18	131,650.59
TOTAL		**642,456.87**	**642,585.84**
EXPENDITURE			
Operating Expenses	O	7,582.66	777.38
Personnel Expenses	P	26,777.20	15,274.91
Administrative & Other Expenses	Q	31,019.35	24,954.40
TOTAL		**65,379.21**	**41,006.70**
Profit before Depreciation, Interest & Taxation		577,077.65	601,579.14
Depreciation		74.79	19.69
Profit before Interest & Taxation		577,002.86	601,559.45
Interest and Finance Charges	R	11,554.12	28,459.09
PROFIT BEFORE TAX		**565,448.74**	**573,100.37**
Provision for Tax			
Current Tax		126,651.95	137,435.03
Wealth Tax		66.06	–
Deffered Tax		11,504.09	11,709.27
for Previous year(s) (Income Tax)		630.10	–
		138,852.20	**149,144.30**
PROFIT AFTER TAX		**426,596.54**	**423,956.07**
Balance brought forward from Previous year		351,303.97	224,131.09
PROFIT AVAILABLE FOR APPROPRIATIONS		**777,900.51**	**648,087.16**
APPROPRIATIONS			
Transfer to Statutory Reserve for the year		(85,319.31)	(84,791.21)
Proposed Dividend		(202,261.80)	(171,806.66)
Provision for Proposed Dividend Distribution Tax		(32,812.21)	(6,268.83)
Transfer to General Reserve		(42,659.65)	(33,916.49)
Balance Carried to Balance Sheet		**414,847.54**	**351,303.97**
Earnings per share (₹)			
Basic Earnings per share (Face Value of share ₹ 1 each)		2.96	2.97
Diluted Earnings per share (Face Value of share ₹ 1 each)		2.96	2.97
Significant Accounting Policies & Notes to Accounts	S		

Schedules referred to above form an integral part of the financial statements

As Per Our Attached Report of Even Date

For **Haribhakti & Co.**
Chartered Accountants

For and on behalf of the Board of
MOTILAL OSWAL FINANCIAL SERVICES LTD.

Rakesh Rathi
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Company Secretary

Motilal Oswal
Chairman & Managing Director

Raamdeo Agrawal
Joint Managing Director

Place : Mumbai
Dated : 30th April, 2011

Cash Flow Statement for the year ended 31st March, 2011

Particulars	For the Year Ended 31-Mar-2011 (₹ in '000)		For the Year Ended 31-Mar-2010 (₹ in '000)	
CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Tax		**565,448.74**		**573,100.37**
Add :				
1) Employee Stock Option Compensation Cost	227.16		279.52	
2) Depreciation	74.79	301.95	19.69	299.21
		565,750.69		**573,399.57**
Less :				
Dividend Received	144,609.93	(144,609.93)	126,759.68	(126,759.68)
Operating Profit		421,140.76		446,639.90
Adjustment for working capital changes				
1) (Increase) / Decrease in Stock-in-trade	1,074,759.48		(750,428.82)	
2) (Increase) / Decrease in Loans & Advances	(664,086.08)		(763,914.55)	
3) Increase / (Decrease) in Provision	3,762.47		186.03	
4) (Increase) / Decrease in Other Current Assets	(169.60)		38.18	
5) Increase / (Decrease) in Current Liabilities	61,290.10	475,556.37	15,822.50	(1,498,296.67)
Cash Generated / (used) from Operations		**896,697.14**		**(1,051,656.77)**
Taxes Paid		(113,461.01)		(164,146.85)
Net Cash generated / (used) in Operating Activities		**783,236.13**		**(1,215,803.62)**
CASH FLOW FROM INVESTING ACTIVITIES				
(Increase)/Decrease In Investments	(84,945.78)		(268,847.77)	
(Increase)/Decrease in Fixed Assets (including capital WIP)	(339,885.07)		(1,033,120.06)	
Dividend Received	144,609.93		126,759.68	
Net Cash Flow from Investing Activities		**(280,220.92)**		**(1,175,208.15)**
CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Share capital	262.55		1,152.22	
Received of Securities Premium	33,565.71		153,642.76	
Proceeds / (Repayment) of Borrowing	(593,209.20)		593,209.20	
Dividend paid (including Dividend distribution Tax)	(178,162.81)		(118,712.97)	
Net Cash Flow from Financing Activities		**(737,543.75)**		**629,291.21**
Net Cash Flow for the Year Ended		**(234,528.54)**		**(1,761,720.57)**
Cash & Cash Equivalents as at beginning of period :				
Cash in hand		-		1.84
Scheduled Bank - In Current Account		245,476.95		2,001,056.40
Fixed Deposit with Banks (lien with stock exchange)		5,000.00		11,152.00
Scheduled Bank - Unpaid Dividend Account		131.09		118.37
Total Cash & Cash Equivalents as at beginning of period		**250,608.03**		**2,012,328.60**
Cash & Cash Equivalents as at end of period :				
Scheduled Bank - In Current Account		5,816.88		245,476.95
Fixed Deposit with Banks (lien with stock exchange)		10,000.00		5,000.00
Scheduled Bank - Unpaid Dividend Account		262.61		131.09
Total Cash & Cash Equivalents as at end of period		**16,079.49**		**250,608.03**

As Per Our Attached Report of Even Date

For **Haribhakti & Co.**
Chartered Accountants

For and on behalf of the Board of
MOTILAL OSWAL FINANCIAL SERVICES LTD.

Rakesh Rathi
Partner
M.No. 045228

Samrat Sanyal
Company Secretary

Motilal Oswal
Chairman & Managing Director

Raamdeo Agrawal
Joint Managing Director

Place : Mumbai
Dated : 30th April, 2011

Schedules to Balance Sheet as at 31st March, 2011

		As at 31-Mar-2011 (₹ in '000)		As at 31-Mar-2010 (₹ in '000)
Schedule A : Share Capital				
Authorised				
870,000,000 Equity Shares of ₹ 1 each		870,000.00		870,000.00
50,00,000 Preference Shares of ₹ 100 each		500,000.00		500,000.00
TOTAL		**1,370,000.00**		**1,370,000.00**
Issued, Subscribed & Paid-Up				
144,419,229 Equity Shares of ₹ 1/- each fully paid up (Previous Year 143,172,216 Equity Shares of ₹ 1/- each fully paid-up)		144,419.23		143,172.22
[Includes allotment of 19,73,529 Equity Shares for consideration other than cash (Previous Year - 989,066 Equity Shares)]				
TOTAL		**144,419.23**		**143,172.22**
Schedule B : ESOP Outstanding				
Opening	532.23		252.71	
Add: Deferred Employee Compensation	215.72	747.95	279.52	532.23
TOTAL		**747.95**		**532.23**
Schedule C : Reserves & Surplus				
Statutory Reserve (under Sec. 45IC of RBI Act, 1934)				
Opening balance	211,897.04		127,105.82	
Add : Transfer from Profit & Loss A/c for the year	85,319.31	297,216.35	84,791.21	211,897.04
Securities Premium Account				
Opening balance	3,943,949.03		3,790,306.27	
Addition during the period	197,902.12	4,141,851.14	153,642.76	3,943,949.03
Capital Redemption Reserve		1.03		1.03
Profit & Loss Account		414,847.54		351,303.97
General Reserve				
Opening balance	83,998.15		50,081.67	
Addition during the year	42,671.10	126,669.25	33,916.49	83,998.15
TOTAL		**4,980,585.30**		**4,591,149.21**
Schedule D : Unsecured Loans				
Commercial Paper			600,000.00	
Less: Discount not written off	–	–	(6,790.80)	593,209.20
Maximum outstanding during the year ₹ 3,250,000/- (Previous Year ₹ 1,000,000/-)				
TOTAL		–		**593,209.20**

Schedules to Balance Sheet as at 31st March, 2011

Schedule E : Fixed Assets

(₹ in '000)

No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01-Apr-10	Addition	Deduction	As on 31-Mar-11	As on 01-Apr-10	For the Period ended 31-Mar-2011	Deduction	As on 31-Mar-11	As on 31-Mar-11	As on 31-Mar-10
1	Car	–	9,606.16	–	9,606.15	–	6.81	–	6.81	9,599.34	–
2	Land	158,330.14		–	158,330.14	–	–	–	–	158,330.14	158,330.14
3	Computer	81.75	209.82	–	291.57	52.21	67.98	–	120.19	171.38	29.54
	TOTAL	**158,411.89**	**9,815.98**	**–**	**168,227.86**	**52.21**	**74.79**	**–**	**127.00**	**168,100.86**	**158,359.67**
	Previous Year	81.75	158,330.14	–	158,411.89	32.52	19.69	–	52.21	158,359.67	–
	CWIP									1,204,859.02	874,789.93

Schedule F : Investments

	Face Value	Quantity 31-Mar-11	As at 31-Mar-11 ₹ in '000	Quantity 31-Mar-10	As at 31-Mar-10 ₹ in '000
Long Term Investments					
Investment in Equity Shares (Fully Paid-Up)					
Unquoted Investments - Equity Shares in subsidiary companies (Non Trade)					
Motilal Oswal Securities Ltd.	10	1,318,218	13,182.18	1,318,218	13,182.18
Motilal Oswal Commodities Brokers Pvt. Ltd.	10	400,000	4,000.00	400,000	4,000.00
Motilal Oswal Investment Advisors Pvt. Ltd.	10	875,000	310,043.89	750,000	144,723.02
Motilal Oswal Private Equity Advisors Pvt. Ltd.	10	50,000	500.00	50,000	500.00
Motilal Oswal Insurance Brokers Pvt. Ltd.	10	990,000	9,900.00	990,000	9,900.00
			337,626.07		**172,305.20**
Unquoted Investments - Preference Shares (Non Trade)					
Motilal Oswal Commodities Brokers Pvt. Ltd.	10	–	–	600,000	6,000.00
Other Investments (Non Trade)					
Investments In India Business Excellence Fund (450 units of ₹ 900,000 each partly paid-up, Previous Year 450 units of ₹ 750,000 each partly paid-up, FV ₹ 1,000,000)	1,000,000	450	405,000.00	450	337,500.00
Investments in India Reality Excellence Fund (300 units of ₹ 300,000 each partly paid-up, Previous Year 300 units of ₹ 125,000 each partly paid-up, FV ₹ 500,000)	500,000	300	90,000.00	300	37,500.00
Investment Property			–		29,054.22
Total			**832,626.07**		**582,359.42**

Schedules to Balance Sheet as at 31st March, 2011

Schedule G : Stock in Trade

	Face Value	Quantity 31-Mar-11	31-Mar-11 ₹ in '000	Quantity 31-Mar-10	31-Mar-10 ₹ in '000
Equity Shares					
(Valued at Cost or Market Value whichever is lower)					
Aban Offshore Ltd.	2	–	–	8,800	10,564.72
ABB Limited	2	–	–	50,500	41,702.53
ACC Limited	10	–	–	11,280	10,822.80
Aditya Birla Nuvo Limited	10	6	4.89	4,806	4,262.55
Advanta India Limited	10	–	–	296	181.31
Agro Tech Foods Limited	10	1	0.37	–	–
AIA Engineering Limited	2	2	0.70	–	–
Alstom Projects India Limited	10	–	–	550	341.81
Ambika Cotton Mills Limited	10	–	–	1	0.16
Ambuja Cements Ltd.	2	–	–	14	1.76
Amtek Auto Ltd.	2	–	–	4	0.78
Andhra Bank	10	–	–	6,900	664.86
Asian Paints Limited	10	–	–	200	410.85
Aurobindo Pharma Ltd.	5	–	–	4	3.80
Axis Bank Limited	10	–	–	8,550	10,096.69
Bajaj Auto Limited	10	121	177.05	7,199	14,327.26
Bajaj Finserv Limited	5	–	–	1	0.34
Bajaj Hindusthan Ltd.	1	1	0.07	21,375	3,045.30
Bajaj Holdings & Investment Limited	10	–	–	1	0.62
Bank of Baroda	10	–	–	2,799	1,787.40
Bank of India	10	2	0.95	33,250	10,951.23
BEML Limited	10	–	–	3,375	3,562.07
Benchmark Mutual Fund	10	–	–	72,500	38,057.18
BGR Energy Systems Limited	10	–	–	1,600	853.41
Bharat Electronics Ltd.	10	–	–	7,728	16,865.47
Bharat Forge Ltd.	2	–	–	3	0.80
Bharat Heavy Electricals Ltd.	10	–	–	6,000	14,443.77
Bharti Airtel Limited	5	–	–	502	157.93
Bhushan Steel Limited	10	–	–	22,090	37,198.40
Binani Industries Limited	10	–	–	1	0.10
Biocon Limited	5	–	–	13,873	4,013.31
Blue Star Limited	2	–	–	6	2.14
Bombay Rayon Fashions Limited	10	–	–	4	0.91
Borax Morarji	10	3,211	140.00	–	–
C & C Constructions Limited	10	87	11.01	–	–
Canara Bank	10	–	–	16,794	6,905.89
Career Point Infosystems Limited	10	–	25.03	–	–
Century Textiles & Industries Ltd.	10	–	–	28,831	14,862.73
CESC Ltd.	10	–	–	6	2.31
Colgate Palmolive (India) Ltd.	1	–	–	2,202	1,549.79
Core Projects and Technologies Limited	2	–	–	7	1.68
Corporation Bank	10	–	–	5	2.43
Cummins India Ltd.	2	–	–	3	1.54
D B Realty Limited	10	4,091	484.37	–	–
Deccan Chronicle Holdings Ltd.	2	–	–	7	1.09

Schedules to Balance Sheet as at 31st March, 2011

Schedule G : Stock in Trade *(contd..)*

	Face Value	Quantity 31-Mar-11	31-Mar-11 ₹ in '000	Quantity 31-Mar-10	31-Mar-10 ₹ in '000
DLF Limited	2	–	–	20,802	6,496.96
Dolphin Offshore Enterprises (India) Limited	10	5	0.70	–	–
Dredging Corporation of India Limited	10	1	0.35	2	1.22
Dwarikesh Sugar Industries Limited	10	2	0.15	–	–
Easun Reyrolle Ltd.	2	–	–	600	56.54
Educomp Solutions Limited	2	20	8.39	20	15.22
Electrotherm (India) Limited	10	2	0.41	–	–
Ess Dee Aluminium Limited	10	7	2.94	–	–
Essar Oil Limited	10	–	–	36,109	5,018.76
ETC Networks Limited	10	–	–	129,624	28,433.30
Everest Kanto Cylinder Limited	2	–	–	12,000	1,467.83
Everonn Education Limited	10	–	–	500	185.34
Exide Industries Limited	1	1	0.14	–	–
Financial Technologies (India) Limited	2	–	–	9,449	15,223.55
GAIL (India) Limited	10	24	11.14	15,965	6,571.75
Ganesh Housing Corporation Limited	10	1	0.15	–	–
GlaxoSmithKline Consumer Healthcare Limited	10	–	–	1	1.54
Glenmark Pharmaceuticals Ltd.	1	–	–	2	0.54
GMR Infrastructure Limited	1	–	–	35,000	2,197.58
Grasim Industries Ltd.	10	–	–	17,074	49,141.38
Great Offshore Limited	10	–	–	14,379	5,989.28
Greycells Education Ltd.	10	–	–	14,666	796.13
GSS America Infotech Limited	10	–	–	118	35.31
Gujarat Gas Co. Ltd.	2	8	3.07	783	223.31
Gujarat Sidhee Cements Ltd.	10	1	0.01	1	0.02
Gujarat State Fertilizers & Chemicals Ltd.	10	–	–	1	0.22
GVK Power & Infrastructure Limited	1	–	–	150	6.53
HDFC Bank Ltd.	10	–	–	8,600	16,581.64
HEG Ltd.	10	–	–	696	236.40
Hero Honda Motors Ltd.	2	–	–	4,620	9,087.61
Himadri Chemicals and Industries Limited	1	2	0.09	–	–
Hinduja Ventures Limited	10	–	–	33	10.42
Hindustan Construction Co. Ltd.	1	1	0.04	12,601	1,658.84
Hindustan Petroleum Corporation Ltd.	10	–	–	14,299	4,569.36
Hindustan Zinc Ltd.	10	–	–	8,676	10,502.34
Hitachi Home and Life Solutions (India) Limited	10	1	0.22	–	–
Housing Development and Infrastructure Limited	10	–	–	51,858	16,597.18
Housing Development Finance Corporation Ltd.	10	–	–	8,850	23,390.63
Hyderabad Industries Limited	10	2	0.70	–	–
ICICI Bank Ltd.	10	–	–	21,449	20,369.39
ICSA (India) Limited	2	–	–	1,200	154.65
IDBI Bank Limited	10	–	–	16,800	2,025.25
India Infoline Limited	2	–	–	2,500	287.46
Indiabulls Real Estate Limited	2	–	–	1,300	198.83
Indian Oil Corporation Ltd.	10	–	–	1,195	357.18
Indian Overseas Bank	10	–	–	3	0.29
Indo Tech Transformers Limited	10	–	–	12	3.48

Schedules to Balance Sheet as at 31st March, 2011

Schedule G : Stock in Trade *(contd..)*

	Face Value	Quantity 31-Mar-11	31-Mar-11 ₹ in '000	Quantity 31-Mar-10	31-Mar-10 ₹ in '000
Indraprastha Gas Limited	10	1	0.30	–	–
IndusInd Bank Limited	10	1	0.26	1	0.17
Infosys Technologies Ltd.	5	–	–	6,010	16,271.30
Infrastructure Development Finance Company Limited	10	–	–	2,950	478.43
IOL Netcom Limited	10	5	0.03	23,023	454.63
IVRCL Infrastructures & Projects Ltd.	2	2	0.16	2	0.33
Jain Irrigation Systems Limited	10	–	–	2,250	2,153.33
Jaipan Industries Ltd.	10	–	–	13,433	345.24
Jaiprakash Associates Limited	2	–	–	33,760	4,424.54
Jayshree Tea & Industries Limited	5	1	0.16	–	–
Jet Airways (India) Ltd.	10	5	2.24	5	2.41
Jindal Steel & Power Ltd.	1	–	–	22,080	14,895.11
JSW Steel Limited	10	–	–	36,666	44,788.41
Jubilant Foodworks Limited	10	1	0.54	156	48.67
Jupiter Bioscience Limited	10	100	1.98	369	30.59
K Sera Sera Productions Ltd.	10	299	3.98	368,250	4,464.11
Kalyani Steels Limited	10	2	0.56	–	–
Khaitan Electricals Limited	10	3	0.34	–	–
Kingfisher Airlines Limited	10	–	–	12,764	607.39
Kiri Dyes and Chemicals Limited	10	–	–	471	332.12
Kirloskar Brothers Limited	2	3	0.40	–	–
Kotak Mahindra Bank Limited	10	–	–	16,479	12,392.66
Kotak Mahindra Mutual Fund–Kotak Nifty ETF	10	–	–	13,000	6,426.80
Koutons Retail India Limited	10	–	–	1	0.35
KPIT Cummins Infosystems Limited	2	–	–	306	35.64
Larsen & Toubro Limited	2	–	–	14,000	22,375.11
Lupin Limited	10	–	–	7,706	12,467.37
Magma Fincorp Limited	10	–	–	1	0.28
Mahindra & Mahindra Ltd.	5	–	–	13,728	7,396.64
Mahindra Holidays & Resorts India Limited	10	–	–	14	7.74
Man Infraconstruction Limited	10	1	0.14	505	183.53
Maruti Suzuki India Limited	5	–	–	18,200	26,464.01
Mastek Ltd.	5	–	–	1,908	638.94
Moser–Baer (I) Ltd.	10	–	–	2,477	187.87
MphasiS Limited	10	–	–	799	495.29
Mundra Port and Special Economic Zone Limited	10	–	–	18,001	13,992.95
Nalwa Sons Investments Limited	10	2	1.53	–	–
Neyveli Lignite Corporation Limited	10	2	0.21	–	–
NIIT Limited	2	1	0.06	–	–
Nitin Fire Protection Industries Limited	10	–	–	1	0.34
Northgate Technologies Limited	10	–	–	13,664	261.97
NTPC Limited	10	–	–	84,500	17,078.02
Oil & Natural Gas Corpn. Ltd.	10	–	–	10,350	11,302.83
OnMobile Global Limited	10	–	–	1,627	634.91
Opto Circuits (India) Limited	10	–	–	8,160	1,784.35
Oracle Financial Services Software Limited	5	–	–	2	4.61
Orchid Chemicals & Pharmaceuticals Limited	10	1	0.30	–	–

Schedules to Balance Sheet as at 31st March, 2011

Schedule G : Stock in Trade *(contd..)*

	Face Value	Quantity 31-Mar-11	31-Mar-11 ₹ in '000	Quantity 31-Mar-10	31-Mar-10 ₹ in '000
Oriental Bank of Commerce	10			26,400	7,839.90
Pantaloon Retail (India) Ltd.	2	–	–	3	1.16
Parekh Aluminex Limited	10	1	0.28	–	–
Parsvnath Developers Limited	10	–	–	374	42.01
Patel Engineering Limited	1	4	0.56	1,002	457.97
Patni Computer Systems Limited	2	–	–	18,199	9,852.84
Pipavav Shipyard Limited	10	–	–	1	0.07
Polyplex Corporation Limited	10	5	1.03	–	–
Power Finance Corporation Limited	10	–	–	1	0.26
Praj Industries Ltd.	2	–	–	250	21.73
Pricol Limited	1	–	–	3	0.07
Punj Lloyd Limited	2	–	–	1,500	269.19
Punjab National Bank	10	–	–	21,000	19,712.38
Rain Commodities Limited	10	1	0.15	–	–
Rallis India Limited	10	6	7.87	–	–
Ranbaxy Laboratories Ltd.	5	–	–	16,000	7,496.48
Rei Agro Limited	1	14	0.38	–	–
Reliance Capital Limited	10	–	–	25,162	19,677.86
Reliance Communications Limited	5	–	–	24,500	4,067.18
Reliance Industries Ltd.	10	–	–	21,000	22,917.86
Reliance Infrastructure Limited	10	–	–	28,980	29,227.32
Reliance Media World Limited	5	–	–	4,500	407.60
Reliance Media Works Limited	5	–	–	1,800	394.73
Reliance Mutual Fund–Banking Exchange Traded Fund (ETF)	10	–	–	900	811.77
Reliance Power Limited	10	–	–	27	4.08
Religare Enterprises Limited	10	–	–	3	1.12
Renaissance Jewellery Limited	10	–	–	313	24.85
Ruchi Soya Industries Limited	2	25	2.64	–	–
Rural Electrification Corporation Limited	10	–	–	71,997	15,949.23
Selan Exploration Technology Limited	10	–	–	800	342.75
Sesa Goa Ltd.	1	–	–	7	3.26
Shekhawati Poly–Yarn Limited	10	5	0.16	–	–
Shipping Corporation of India Limited	10	1	0.11	–	–
Shiv–Vani Oil & Gas Exploration Services Limited	10	1	0.29	876	381.37
Shree Ashtavinayak Cine Vision Limited	1	–	–	115	1.38
Shree Renuka Sugars Limited	1	–	–	60,000	4,472.50
Shri Lakshmi Cotsyn Limited	10	–	–	1	0.18
Siemens Ltd.	2	–	–	10,534	7,318.81
Simplex Infrastructures Limited	2	6	1.97	–	–
Spice Mobiles Limited	3	1	0.06	1	0.06
SPICELEC	10	1	0.01	–	–
State Bank of India	10	5	13.83	30,235	61,177.53
Sterling Biotech Limited	1	–	–	10,000	1,056.15
Sterlite Industries (India) Limited	2	–	–	19,710	15,885.34
Sterlite Technologies Limited	2	–	–	1	0.09
Subex Limited	10	26,000	1,400.10	6,004	369.97

Schedules to Balance Sheet as at 31st March, 2011

Schedule G : Stock in Trade *(contd..)*

	Face Value	Quantity 31-Mar-11	31-Mar-11 ₹ in '000	Quantity 31-Mar-10	31-Mar-10 ₹ in '000
Sun Pharmaceuticals Industries Ltd.	5	–	–	2,700	4,568.98
Sun TV Network Limited	5	1,112	499.57	–	–
Sunteck Realty Limited	2	–	–	6	3.43
Supreme Industries Ltd.	10	–	–	1	0.47
Swaraj Mazda Ltd.	10	–	–	313	77.03
Tata Communications Limited	10	–	–	6,825	1,916.87
Tata Consultancy Services Limited	1	–	–	12,000	9,746.35
Tata Elxsi Limited	10	–	–	201	65.00
Tata Investment Corporation Ltd.	10	–	–	197	97.96
Tata Motors Limited	10	–	–	9,471	4,304.60
Tata Power Co. Ltd.	10	–	–	15,008	20,623.79
Tata Sponge Iron Limited	10	12	4.11	–	–
Tata Teleservices (Maharashtra) Limited	10	–	–	104,500	2,528.11
Tata Global Bev	1	1	0.12	–	–
Tech Mahindra Limited	10	–	–	22,232	19,591.09
Television Eighteen India Ltd.	5	–	–	56,600	4,507.30
Texmo Pipes and Products Limited	10	–	–	125	11.57
The Andhra Pradesh Paper Mills Limited	10	3	0.85	–	–
The Federal Bank Ltd.	10	50	20.93	5,107	1,350.16
The Great Eastern Shipping Co. Limited	10	–	–	39,601	11,455.55
The Phoenix Mills Limited	2	2	0.37	2	0.46
Thermax Ltd.	2	–	–	1	0.68
Tilaknagar Industries Ltd.	10	–	–	2,009	259.76
TIPS Industries Limited	10	–	–	1	0.05
Titagarh Wagons Limited	10	2	0.66	–	–
TTK Healthcare Limited	10	1	0.40	–	–
Tulip Telecom Limited	10	–	–	12,500	10,541.77
UltraTech Cement Limited	10	–	–	1	1.15
Unitech Ltd.	2	–	–	116,999	8,759.63
United Phosphorus Limited	2	–	–	10,349	1,549.58
United Spirits Limited	10	–	–	23,750	32,850.67
Valecha Engineering Limited	10	–	–	836	141.23
Varun Industries Limited	10	1	0.18	–	–
Videocon Industries Limited	10	1	0.19	11,099	2,570.11
Voltas Ltd.	1	–	–	5,380	964.10
West Coast Paper Mills Limited	2	13	1.11	–	–
Whirlpool of India Limited	10	–	–	1,000	163.91
Wipro Ltd.	2	–	–	6,600	4,421.52
Yes Bank Limited	10	124	38.39	4,400	1,122.67
Zee Entertainment Enterprises Ltd.	1	–	–	15,402	4,160.25
Zydus Wellness Limited	10	1	0.57	–	–
Zylog Systems Limited	10	–	–	300	127.69
TOTAL			**2,883.03**		**1,077,642.51**
Aggregate value of Stock in Trade					
At Book Value			3,363.91		1,077,642.51
At Market Value			2,883.03		1,082,619.48

Schedules to Balance Sheet as at 31st March, 2011

		As at 31-Mar-2011 (₹ in '000)		As at 31-Mar-2010 (₹ in '000)
Schedule H : Cash & Bank Balance				
Balance With Banks:				
Scheduled Bank - In Current Account		5,816.88		245,476.95
Fixed Deposit with Banks		10,000.00		5,000.00
Scheduled Bank - Unpaid Dividend Account		262.61		131.09
TOTAL		**16,079.49**		**250,608.03**
Schedule I : Loans and Advances				
Loans, Advances & Deposits Recoverable in Cash or In Kind or for Value to be received Standard Assets		62,324.30		13,623.52
Loans to Subsidiary		–		43,443.86
Loans to Others				
Unsecured (includes interest accrued on loans)	299,335.55		103,168.92	
Secured (includes interest accrued on loans)	2,657,507.77	2,956,843.32	1,507,473.11	1,610,642.04
Sub–Standard Assets				
Non Performing Assets (Debts outstanding for a period exceeding Six months)		–		13,919.89
Other Advances				
Loan to staff		153.88		12.51
Deposit for arbitrage		235,340.41		660,135.27
Mark to Market Margin - Equity Idex/Stock Futures	8.16			
Equity Index/Stock Option Premium	30,569.06		280,636.88	
Less : Provision for loss	(227.10)	30,350.12	(1,253.32)	279,383.56
Deposits		516.60		281.90
Advance Tax & Tax Deducted at Source		391,497.63		349,631.85
TOTAL		**3,677,026.25**		**2,971,074.39**
Schedule J : Other Assets				
Accrued Interest on Fixed Deposit Receipt		210.29		40.69
TOTAL		**210.29**		**40.69**
Schedule K : Current Liabilities				
Sundry Liabilities				
Due to MSME		–		–
Due to Others		15,808.79		11,846.77
Unpaid Dividend		262.56		131.04
Book overdraft from Banks		70,851.12		
Mark to Market Margin - Equity Idex/Stock Futures		–	(6,978.81)	–
Less : Provision for loss		–	20,633.37	13,654.56
TOTAL		**86,922.48**		**25,632.37**
Schedule L : Provisions				
Provision for Gratuity		1,101.83		555.50
Provisions against Standard Assets / Sub-Standard Assets		7,392.11		4,175.97
Provision for Fringe Benefit Tax		355.28		950.97
Provision for Income Tax (Incl. Wealth Tax)		422,235.04		365,886.47
Proposed Dividend		202,186.92		171,806.66
Provision for Proposed Dividend Distribution Tax		32,799.77		6,268.83
TOTAL		**666,070.95**		**549,644.39**

Schedules to the Profit and Loss Account for the period ended 31st March, 2011

	For the Year Ended 31-Mar-11 (₹ in '000)	For the Year Ended 31-Mar-10 (₹ in '000)
Schedule M : Income from Operations		
Interest	396,637.91	255,924.58
Profit / (Loss) from Arbitrage Transaction	88,499.95	245,430.43
Other Operating Income (Dividend From Arbitrage)	10,146.83	9,580.25
TOTAL	**495,284.69**	**510,935.25**
Schedule N : Other Income		
Dividend on Long term Investments (Non-trade)	–	724.84
Processing Charges	2,500.00	–
Dividend on Mutual Fund	10,547.43	33,554.43
Profit/(Loss) on sale of Investments (Non-trade)	(1,554.22)	12,423.28
Dividend from Subsidiary	134,062.50	83,625.00
Interest on Fixed Deposits	672.87	413.85
Miscellaneous Income	943.60	909.20
TOTAL	**147,172.18**	**131,650.59**
Schedule O : Operating Expenses		
Fees & Other Operating Expenses	7,582.66	777.38
TOTAL	**7,582.66**	**777.38**
Schedule P : Personnel Expenses		
Salary, Bonus and Allowances	14,090.00	12,958.25
Directors Remuneration	11,300.00	1,200.00
Directors sitting fees	420.00	460.00
Contribution to provident and other funds	322.10	195.31
Staff welfare expenses	98.76	275.33
Gratuity	546.33	186.03
TOTAL	**26,777.20**	**15,274.91**

Schedules to the Profit and Loss Account for the period ended 31st March, 2011

	For the Year Ended 31-Mar-11 (₹ in '000)	For the Year Ended 31-Mar-10 (₹ in '000)
Schedule Q : Administrative & Other Expenses		
Rent, rates and taxes	236.61	7.00
Insurance	357.70	339.54
Legal & Professional Fees	4,994.26	4,926.65
Remuneration to auditors	603.55	541.59
Membership and subscription	248.52	172.23
Marketing and Brand Promotion	12,872.99	12,705.11
Printing & Stationery	1,736.00	1,390.50
Communication Expenses	526.14	326.42
Travelling Expenses	1,425.53	1,093.91
Conveyance Expenses	29.19	35.71
Courier Expenses	63.25	81.39
Office Expenses	–	–
Entertainment Expenses	394.42	391.53
Miscellaneous Expenses	633.50	1,634.25
Bad Debts Written Off [Net of Provision for doubtful debts utilised of ₹ 4,175.97 (in thousands) (Previous Year ₹ Nil)]	(1,896.92)	6.14
Provision on Standard Loan Assets	7,392.11	–
Listing and credit rating fees	1,100.00	1,296.26
Repair & Maintenance Others	202.50	6.18
Donation	100.00	–
TOTAL	**31,019.35**	**24,954.40**
Schedule R : Interest & Finance Charges		
Bank Guarantee Commission and Other Charges	136.21	160.69
Interest on Non Convertible Debentures	–	9,791.33
Discount on Commercial Paper	11,417.91	18,507.07
TOTAL	**11,554.12**	**28,459.09**

Schedule S : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011

I Significant Accounting Policies:

1.1 Basis of Preparation of Financial Statements:

The accompanying financial statements are consistently prepared under the historical cost convention, on the accrual basis of accounting and comply with the accounting standards issued by the Institute of Chartered Accountants of India (to the extent applicable) and in accordance with the generally accepted accounting principles, the provisions of the Companies Act, 1956 and regulations of Reserve Bank of India to the extent applicable.

1.2 Use of Estimates:

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

1.3 Fixed Assets & Depreciation:

Fixed Assets are stated at cost less accumulated depreciation thereon. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. The Company provides pro-rata depreciation from the date on which asset is acquired / put to use. In respect of assets sold, prorata depreciation is provided upto the date on which the asset is sold. On all assets, except as mentioned below, depreciation has been provided using the Written Down Value method at the rates specified in Schedule XIV to the Companies Act, 1956.

a) Assets costing ₹ 5,000/- or less are fully depreciated in the year of purchase.

b) Improvements to leased Assets are depreciated over the initial period of lease. Expenditure which are attributable to Construction of a project are included as part of the cost of the construction project during construction period and included under capital work-in-progress which is allocated to the respective fixed assets on the completion of the construction period.

1.4 Borrowing Cost:

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

1.5 Investments:

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

Long term investments are valued at cost. 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.

1.6 Revenue Recognition:

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 arbitrage and trading in securities and derivatives comprises profit/loss on sale of securities held as stock-in-trade and profit/loss on equity derivative instruments.

1. Profit/loss on sale of securities is determined based on the Weighted Average cost of the securities sold.
2. Profit/loss on equity derivative transactions is accounted for as explained below :-

a. Initial and additional margin paid over and above initial margin, for entering into contracts for Equity Index/ Stock Futures and or equity Index/stock options which are released on final settlement/squaring-up of underlying contracts are disclosed under Current Assets, Loans and advances. "Mark-to-market margin- Equity Index/Stock

Schedule S : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 (contd...)

Futures" representing the amounts paid in respect of mark to market margin is disclosed under Loans and Advances and amount received is shown under current liabilities.

b. "Equity Index/Stock Option Premium Account" represents premium paid or received for buying or selling the options, respectively.

c. On final settlement or squaring up of contracts for equity index / stock futures, the realized profit or loss after adjusting the unrealized loss already accounted, if any, is recognized in the Profit and Loss Account. On settlement or squaring up of equity index / stock options before expiry, the premium prevailing in "Equity Index/Stock Option Premium Account" on that date is recognized in the Profit and Loss Account. When more than one contract in respect of the relevant series of equity index / stock futures or equity index / stock options contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the profit/loss on squaring-up.

As at the balance sheet date, the mark to market on all hedged transactions comprising of Securities and Equity Derivatives positions is determined on a Portfolio basis with net unrealized losses being recognized in the Profit and Loss Account. Unrealized gains (on portfolio basis) are not recognized in the Profit and Loss Account on grounds of prudence as enunciated in Accounting Standard - 1, Disclosure of Accounting Policies.

In respect of other transactions, the unrealized losses on equity derivatives determined on scrip-basis are recognized in Profit and Loss Account and unrealized gains are ignored; and in case of securities (shares, etc) the net unrealized losses are recognized in Profit & Loss Account and net unrealized gains are ignored.

3. In respect of other heads of income the Company accounts the same on accrual basis.

1.7 Stock In Trade:

This comprises of arbitrage/trading positions of the company.

1. 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.
2. Units of Mutual Funds are valued at cost or market value whichever in lower. Net asset value of units declared by mutual funds is considered as market value for non-exchange traded Mutual Funds.

1.8 Foreign Currency Transactions:

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

1.9 Employee Benefits:

Provident Fund:

Contribution payable to the recognized provident fund, which is a defined contribution scheme, is charged to the Profit and Loss Account 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.

Compensated Absences:

As per the policy of the company, an employee can carry forward maximum 50% of the leave annually. 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.

Schedule S : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 (contd...)

1.10 Taxation:

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

Current Tax:

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

Deferred 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 realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

1.11 Preliminary Expenses:

Preliminary expenses are charged to the Profit and Loss Account in the year in which they are incurred.

1.12 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.

1.13 Commercial Paper:

The liability is recognised at face value at the time of issue of commercial paper. Discount on commercial paper is amortized over the tenure of the commercial paper.

II Notes to Accounts: -

2.1 Nature of Business:

The Company is 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 ₹ 85,319.31 in thousands (Previous Year ₹ 84,791.21 in thousands) to Reserve Fund, it being 20% of the Profit After Tax.

2.2 Contingent Liabilities:

The company has given corporate guarantees (Net of Margins) of ₹ 12,500.00 in thousands. (Previous Year: ₹ 47,250.00 in thousands) to various banks for its subsidiary Motilal Oswal Commodity Brokers Pvt. Ltd. & ₹ Nil (Previous Year: ₹ 150,000.00 in thousands) to Punjab National Bank for its subsidiary Motilal Oswal Securities Limited.

Demand in respect of Income Tax matters for which appeal is pending is ₹ 656.17 in thousands (Previous Year ₹ 2,498.56 in thousands). This is disputed by the Company and hence not provided for in the books of accounts.

Schedule S : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 (contd...)

2.3 Employees' Stock Options Scheme (ESOS) :

During the year the Company has granted 2,044,000 (Previous Year 1,747,500) Employee Stock Options to various employees of the Company and its subsidiary Companies.

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, 2011 over the balance vesting period is ₹ 255.01 in thousands (Previous Year- ₹ 492.77 in thousands).

2.4 Commercial paper & Non-convertible debentures:

The maximum balance outstanding during the year in respect of commercial paper & Non convertible debentures was ₹ 3,250,000.00 in thousands (₹ 1,000,000.00 in thousands in the previous year) & ₹ 1,450,000.00 in thousands (₹ 1,100,000.00 in thousands in the previous year) respectively.

2.5 Auditor's Remuneration (inclusive of Service Tax) : -

(₹ in '000)

Particulars	2010-11	2009-10
As Auditors: Audit Fees	400.00	400.00
Tax Audit Fees	25.00	25.00
Out of pocket expenses	8.55	6.01
In any other capacity, in respect of:		
Other Certification	170.00	60.00
Service Tax	62.17	50.57
Total	**665.72**	**541.59**

2.6 Deferred tax Assets/(Liability) for the year comprise timing differences on account of:

(₹ in '000)

Particulars	2010-11	2009-10
Deferred Tax Liability WDV of fixed assets	(249.27)	(6.34)
Interest Capitalised	(25,546.12)	(11,768.45)
Deferred Tax Asset Preliminary expenses	–	55.23
Provision for Standard Assets	2,399.74	–
Provision for Gratuity	357.54	184.54
Net Deferred Tax Asset/ (Liability)	**(23,039.11)**	**(11,535.02)**

2.7 Basic & Diluted Earnings/(Loss) per share:

Particulars	2010-11	2009-10
Net Profit attributable to equity shareholders [A] (₹)	426,596.54	423,956.07
Weighted Average of equity shares issued [B] (face value of ₹ 1 each)	143,920,076	142,681,601
Basic Earnings per share [A/B] (₹)	**2.96**	**2.97**
Weighted Number of equity shares outstanding for Diluted EPS [C]	143,961,260	142,830,473
Diluted Earnings per share [A/C] (₹)	**2.96**	**2.97**

Schedule S : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 (contd...)

2.8 Related Party Disclosure :

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

A) Enterprises where control exists:

Subsidiary companies:

a) Motilal Oswal Securities Limited
b) Motilal Oswal Investment Advisors Private Limited
c) Motilal Oswal Private Equity Advisors Private Limited
d) Motilal Oswal Commodities Broker Private Limited
e) Motilal Oswal Capital Market Private Limited
f) Antop Traders Private Limited
g) Motilal Oswal Insurance Brokers Private Limited
h) Motilal Oswal Asset Management Company Limited
i) Motilal Oswal Trustee Company Limited

B) Enterprises in which Key Managerial Personnel exercise Significant Influence:

a) Passionate Investment Management Private Limited
b) Nagori Agro & Cattle Feeds Private Limited
c) Rishabh Securities Private Limited
d) Windwell Securities Private Limited
e) Textile Exports Private Limited
f) Raamdeo Agrawal (HUF)

C) Key Management Personnel:

Mr. Motilal Oswal - Chairman & Managing Director
Mr. Raamdeo Agrawal - Joint Managing Director

D) Relatives of Key Management Personnel:

a) Suneeta Agrawal - Wife of Joint Managing Director
b) Vimla Oswal - Wife of Chairman & Managing Director

Schedule S : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 (contd...)

II. Transactions with related parties

(₹ in '000)

Transaction	Name of the related Party	Subsidiaries		Enterprises in which Key Managerial Personnel exercise Significant Influence		Key Managerial Personnel/Relative of Key Managerial Personnel		Total	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Business Support Service	Motilal Oswal Securities Limited	(900.00)	(900.00)	–	–	–	–	(900.00)	(900.00)
	Motilal Oswal Securities Limited	600.00	600.00	–	–	–	–	600.00	600.00
Interest	Motilal Oswal Securities Limited	(6,254.51)	(1,144.50)	–	–	–	–	(6,254.51)	(1,144.50)
	Motilal Oswal Commodities Broker Private Limited	(14.30)	(99.94)	–	–	–	–	(14.30)	(99.94)
	Motilal Oswal Asset Management Company Limited	(9.99)	(28.89)	–	–	–	–	(9.99)	(28.89)
	Motilal Oswal Insurance Brokers Private Limited	(0.99)	(0.25)	–	–	–	–	(0.99)	(0.25)
	Motilal Oswal Capital Markets Private Limited	(3,485.14)	(1,404.34)	–	–	–	–	(3,485.14)	(1,404.34)
	Motilal Oswal Investment Advisors Private Limited	(12.40)	(206.91)	–	–	–	–	(12.40)	(206.91)
	Motilal Oswal Private Equity Advisors Private Limited	(10.32)	(38.41)	–	–	–	–	(10.32)	(38.41)
Managerial Remuneration	Raamdeo Agrawal	–	–	–	–	10,000	–	10,000.00	–
Referal Fees	Motilal Oswal Investment Advisors Private Limited	6,450.30	–	–	–	–	–	6,450.30	–
Rent	Motilal Oswal Securities Limited	180.00	–	–	–	–	–	180.00	–
Brokerage	Motilal Oswal Securities Limited	3,584.06	5,392.39	–	–	–	–	3,584.06	5,392.39
Redemption of Preference Shares	Motilal Oswal Commodities Broker Private Limited	(6,000.00)	–	–	–	–	–	(6,000.00)	–
Subscription of Equity Shares	Motilal Oswal Asset Management Company Limited	–	52,500.00	–	–	–	–	–	52,500.00
	Motilal Oswal Insurance Brokers Private Limited	–	9,900.00	–	–	–	–	–	9,900.00
Sale of Equity Shares	Motilal Oswal Securities Limited	–	(52,500.00)	–	–	–	–	–	(52,500.00)
Dividend	Motilal Oswal Investment Advisors Private Limited	(134,062.50)	(83,625.00)	–	–	–	–	(134,062.50)	(83,625.00)
	Motilal Oswal	–	–	–	–	28,419.77	19,746.51	28,419.77	19,746.51
	Raamdeo Agrawal	–	–	–	–	28,113.72	18,742.48	28,113.72	18,742.48
	Raamdeo Agrawal (HUF)	–	–	–	–	780.00	520.00	780.00	520.00
	Suneeta Agrawal	–	–	–	–	354.48	256.32	354.48	256.32
	Vimla Oswal	–	–	–	–	150.29	100.19	150.29	100.19
	Passionate Investment Management Private Limited	–	–	61,200.00	40,000.00	–	–	61,200.00	40,000.00
Employee's Stock Option (In Nos.)	Motilal Oswal Asset Management Company Limited	–	20,000.00	–	–	–	–	–	20,000.00
	Motilal Oswal Commodities Broker Private Limited	–	22,500.00	–	–	–	–	–	22,500.00
	Motilal Oswal Insurance Brokers Private Limited	–	15,000.00	–	–	–	–	–	15,000.00
	Motilal Oswal Securities Limited	1,979,000.00	1,537,500.00	–	–	–	–	1,979,000.00	1,537,500.00
Loans (Maximum balance)	Motilal Oswal Securities Limited	690,983.00	300,574.62	–	–	–	–	690,983.00	300,574.62
	Motilal Oswal Commodities Broker Private Limited	30,000.00	20,001.88	–	–	–	–	30,000.00	20,001.88
	Motilal Oswal Asset Management Company Limited	7,000.00	2,500.67	–	–	–	–	7,000.00	2,500.67
	Motilal Oswal Insurance Brokers Private Limited	508.62	100.00	–	–	–	–	508.62	100.00
	Motilal Oswal Capital Markets Private Limited	88,639.52	47,382.70	–	–	–	–	88,639.52	47,382.70
	Motilal Oswal Investment Advisors Private Limited	26,058.44	20,783.44	–	–	–	–	26,058.44	20,783.44
	Motilal Oswal Private Equity Advisors Private Limited	23,000.00	6,025.60	–	–	–	–	23,000.00	6,025.60
Outstanding Balances:									
Corporate Guarantees	Motilal Oswal Securities Limited	–	150,000.00	–	–	–	–	–	150,000.00
	Motilal Oswal Commodities Broker Private Limited	12,500.00	47,250.00	–	–	–	–	12,500.00	47,250.00
Loans & Advances	Motilal Oswal Capital Markets Private Limited	–	43,381.21	–	–	–	–	–	43,381.21
	Motilal Oswal Investment Advisors Private Limited	–	58.44	–	–	–	–	–	58.44
	Motilal Oswal Private Equity Advisors Private Limited	–	4.22	–	–	–	–	–	4.22

Note: 'Income / receipts figures are shown in brackets.

Schedule S : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 (contd...)

2.9 Segment Reporting:

The Company is engaged in single segment of Fund based activities and there are no separate reportable segments as defined in AS – 17.

2.10 Provisions made for the year ended 31st March, 2011 comprises of:

(₹ in '000)

Particulars	Opening balance as on 01. 04.2010	Provided on 31.03.2011	Provision reversed / paid the year ended 31.03.2011	Closing balance as of 31.03.2011
Ex-gratia	4,719.69	2,203.43	4,551.69	2,371.43
Provision for Gratuity	555.50	546.33	–	1,101.83

2.11 Open Interest in Individual Stock Futures as on 31st March, 2011

Open Long Positions:

Name of the Company	Expiry Date	No. of Contract	No. of Units
Hindustan Zinc Ltd.	28/04/2011	2	5,000
Lupin Limited	28/04/2011	1	1,000
NIFTY	30/06/2011	657	32,850

2.12 Options open interest:

(₹ in '000)

Name of Equity Index / Stock Options	Total premium carried forward as at the year end net of provisions made
NIFTY	30,350.12

2.13 Initial Margin:

Initial margin for open positions in respect of Futures and Options is ₹ 31,482.14 in thousands (Previous Year ₹ 2,75,997.56 in thousands) which includes non-cash component (i.e. collateral).

2.14 The company pledges Stock in Trade towards margin requirement for trading / arbitrage in equity / derivatives.

2.15 During the year, CRISIL Limited assigned the Credit Rating of 'P1+' (pronounced 'P One Plus') to the Short Term Debt Programme of ₹ 4,000,000.00 in thousands of the Company.

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

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

Method: Projected Unit Credit Method

Assumptions	2010-11	2009-10
Discount Rate	8% p.a.	8% p.a.
Expected Return On Plan Assets	n/a	n/a
Mortality	L.I.C. 1994-96 ULTIMATE	L.I.C. 1994-96 ULTIMATE
Future Salary Increases	15% p.a.	15% p.a.
Disability	nil	nil
Attrition	20% p.a.	20% p.a.
Retirement	55 yrs.	55 yrs.

Schedule S : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 (contd...)

Changes in the Present Value of the Obligation and in the Fair Value of the Assets

(₹ in '000)

	Mar-11	Mar-10
Present Value Of obligation 01-04-2010	555.50	369.47
Interest Cost	44.44	29.56
Current Service Cost	367.61	209.16
Past Service Cost	336.26	0
Benefits Paid	0	0
Actuarial (gain) loss on Obligation	(201.98)	(52.68)
Present Value Of obligation 31-03-2011	1,101.83	555.50
Total Actuarial gain (loss) to be recognised	201.98	52.68

Balance Sheet Recognition

Present Value Of Obligation	1,101.83	555.50
Fair Value of Plan Assets	0	0
Liability (assets)	1,101.83	555.50
Unrecognised Past Service Cost	0	0
Liability (asset) recognised in the Balance Sheet	**1,101.83**	**555.50**

Profit & Loss - Expenses

Current Service Cost	367.61	209.16
Interest Cost	44.44	29.56
Expected Return on plan assets	0	0
Net Actuarial gain (loss) recognised in the year	(201.98)	(52.68)
Past Service Cost	336.26	0
Expenses Recognised in the statement of Profit & Loss	**546.33**	**186.03**

Opening Net Liability	555.50	369.47
Expenses	546.33	186.03
Contribution	0	0
Closing Net Liability	1,101.83	555.50

Data

No.	7	7
Avg. Age (yrs.)	42 yrs.	38 yrs.
Avg. PS (yrs.)	3 yrs.	3 yrs.
Avg. Sal (₹ in '000)	173.61	52.53

Schedule S : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 (contd...)

2.17 Capital Commitment:

1. Out of the capital commitment of 10% (subject to maximum limit of ₹ 450,000.00 in thousands) is given by the Company in respect of total capital commitment of Business Excellence Trust, the Trust sponsored by the Company under the Indian Trust Act, 1982. The Company has contributed an amount of ₹ 405,000.00 in thousands towards its capital contribution as per the draw down intimations received from the Fund & an advance of ₹ 3,375.00 in thousands against future draw down.

2. During the year, the Company has given total capital commitment of ₹ 250,000.00 in thousands in respect of Business Excellence Trust II, the Trust sponsored by the Company under the Indian Trust Act, 1982.

3. The Company has given a capital commitment of an amount of ₹ 150,000.00 in thousands to India Realty Excellence Fund launched by Realty Excellence Trust. In respect to this, the Company has contributed an amount of ₹ 90,000.00 in thousands as per the draw down intimations received from the Fund & an advance of ₹ 1,000.00 in thousands against future draw down.

4. During the year, the Company has given total capital commitment of ₹ 250,000.00 in thousands to India Realty Excellence Fund II launched by Reality Excellence Trust.

5. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances) is ₹ 259,087.53 in thousands (Previous Year: ₹ 25,467.34 in thousands).

6 Disclosures, relating to amounts unpaid as at the year end together with interest paid / payable as required under the Micro, Small and Medium Enterprise Development Act, 2006 have been given to the extent Group has received intimation from "Suppliers" regarding their status under the said Act.

7 Company, jointly with its subsidiary company (Motilal Oswal Securities Limited), had acquired land & building situated at Prabhadevi, Mumbai. The company continued constructing additional building space (jointly with its subsidiary company) on the existing land/building structure for its corporate office. The Company has, during the year, capitalized interest of ₹ 43,298.77 (Previous Year ₹ 35,425.79 in thousands) in thousands attributed to capital work-in-progress, which is in accordance with Accounting Standard on 'Borrowing Costs' (AS-16) issued by the Institute of Chartered Accountants of India. The said Accounting Standard specifies that interest on funds that are borrowed generally (for working capital) and used for the purpose of obtaining a qualifying asset are costs that are eligible for capitalisation. The amount of borrowing costs (interest) attributable to the qualifying asset is determined by applying the weighted average rate of borrowings outstanding to the asset expenditures ('qualifying assets').

8 During the current year, Company has made a provision ₹ 7,392.11 in thousands being 0.25% of its standard assets as per the Notification No. DNBS.222/CGM(US)-2011 dated 17th January, 2011 issued by RBI.

2.18 Managerial Remuneration:

Managerial remuneration paid to the Directors is as follows:

(₹ in '000)

Particulars	2010-11	2009-10
Salary	10,000.00	–

Schedule S : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 (contd...)

Computation of Managerial Remuneration under section 198 of the Companies Act, 1956:

(₹ in '000)

Particulars	2010-11	2009-10
Profit Before Tax	565,448.74	573,100.37
Additions: Depreciation charged in the books	74.79	19.69
Provision for Doubtful Debts	7,392.11	4,175.97
Managerial Remuneration debited to Profit & Loss	11,300.00	–
Loss on sale of Investments	1,554.22	–
Sub-total of Additions (A)	585,769.86	577,296.03
Subtractions: Depreciation in accordance with section 350 of the Companies Act, 1956	74.79	19.69
Profit on Sale of Investment	–	12,423.28
Sub-total of Subtractions (B)	74.79	12,442.97
Net Profit under section 198 of the Companies Act, 1956 (A) – (B)	**585,695.07**	**564,853.06**
Maximum Managerial Remuneration @ 10% of Net Profit	**58,569.51**	**56,485.31**

2.19 In the opinion of the board of directors, all current assets, loans & advances would be realizable at least of an amount equal to the amount at which they are stated in the Balance Sheet. Hence no impairment loss recognised on fixed assets.

2.20 Foreign Currency Transactions:

Expenditure in Foreign Currency (on accrual basis):

(₹ in '000)

Particulars	2010-11	2009-10
Travelling Expenses	–	4.30
TOTAL	**–**	**4.30**

2.21 Quantitative information in respect of income from arbitrage

(₹ in '000)

Cash Segment	31-Mar-11		31-Mar-10	
	Quantity	Amount	Quantity	Amount
Opening (A)	2,429,339	1,082,619.48	2,157,772	327,213.68
Purchase (B)	225,173,389	74,076,046.37	196,204,088	64,870,138.43
Sales (C)	227,567,299	74,155,782.82	195,932,521	64,114,732.64
Closing (D)	35,429	2,883.03	2,429,339	1,082,619.48

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

CRAR

Particulars	2010-11	2009-10
CRAR %	93.21	83.03
CRAR - Tier I Capital %	93.08	83.03
CRAR - Tier II Capital %	00.13	–

Schedule S : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 (contd...)

Exposure to real estate sector

Category			Current Year	Previous Year
a)	Direct exposure			
	(i)	Residential Mortgages -		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹15 lakh may be shown separately)	NIL	NIL
	(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 (NFB) limits;	NIL	NIL
	(iii)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
		a. Residential,	NIL	NIL
		b. Commercial Real Estate.	NIL	NIL
b)	Indirect Exposure			
	Fund based and non-fund based exposures on National		NIL	NIL
	Housing Bank (NHB) and Housing Finance Companies (HFCs).		NIL	NIL

Note - The Company has invested ₹ 90,000.00 in thousands (Previous Year ₹ 37,500.00 in thousands) in RET & ₹ Nil (Previous Year ₹ 29,100.00 in thousands) in other properties

Asset Liability Management

Maturity Pattern of Certain Items of assets and liabilities

(₹ in '000)

	1 day to 30/31 days (One month)	Over One month to 2 months	Over 2 month to 3 months	Over 3 month to 6 months	Over 6 months to one year	Over one year to 3 years	Over 3 to 5 years	Over 5 years	Total
Liabilities									
Borrowing from Banks	–	–	–	–	–	–	–	–	–
Market Borrowings	–	–	–	–	–	–	–	–	–
Assets									
Advances	502,598	-	184,653	414,128	1,642	1,853,822	–	–	2,956,843
Investments	–	–	–	–	–	–	–	832,626	832,626

2.23 Previous year's figures have been regrouped, rearranged, reclassified to the extent considered necessary.

For and on behalf of the Board of
MOTILAL OSWAL FINANCIAL SERVICES LTD.

Samrat Sanyal	**Motilal Oswal**	**Raamdeo Agrawal**
Company Secretary	Chairman & Managing Director	Joint Managing Director

Place : Mumbai
Dated : 30th April, 2011

Schedule S : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 (contd...)

Accounting Year: 2010-2011

ANNEXURE I

Schedule to the Balance Sheet of Motilal Oswal Financial Services Limited

(as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(₹ in '000)

	PARTICULARS		
	LIABILITIES SIDE :		
(1)	**Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**	**Amount out-standing**	**Amount overdue**
	(a) Debentures : Secured	NIL	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	NIL	NIL
	(e) Commercial Paper	NIL	NIL
	(f) Other Loans	NIL	NIL
	* Please see Note 1 below		
	ASSETS SIDE :		
(2)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :**	**Amount outstanding**	
	(a) Secured	2,657,507.77	
	(b) Unsecured	1,019,518.48	
		3,677,026.25	
(3)	**Break up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities**		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease	NIL	
	(b) Operating lease	NIL	
	(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	

Schedule S : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 (contd...)

(₹ in '000)

	PARTICULARS	
	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) Share : (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	337,626.07
	(b) Preference	NIL
	(ii) Debentures and Bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (Please specify)	495,000.00
	TOTAL	**832,626.07**

		Amount net of provisions		
		Secured	**Unsecured**	**Total**
(5)	**Borrower group-wise classification of assets financed as in (2) and (3) above :** Please see Note 2 below			
	Category			
	1. Related Parties **			
	(a) Subsidiaries	NIL	NIL	NIL
	(b) Companies in the same group	NIL	NIL	NIL
	(c) Other related parties	NIL	NIL	NIL
	2. Other than Related Parties	2,657,507.77	1,019,518.48	3,677,026.25
	TOTAL	**2,657,507.77**	**1,019,518.48**	**3,677,026.25**

		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
(6)	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):** Please see note 3 below		
	Category		
	1. Related Parties **		
	(a) Subsidiaries	6,053,438.55	337,626.07
	(b) Companies in the same group	NIL	NIL
	(c) Other related parties	NIL	NIL
	2. Other than Related Parties	NIL	NIL
	TOTAL	**6,053,438.55**	**337,626.07**
	** As per Accounting Standard of ICAI (Please see Note 3)		

Schedule S : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 (contd...)

(₹ in '000)

	PARTICULARS	
(7)	**Other information**	
	(i) Gross Non-Performing Assets	NIL
	(a) Related Parties	NIL
	(b) Other Than Related Parties	NIL
	(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:

1. As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
2. Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value / NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

To,

The Board of Directors
Motilal Oswal Financial Services Limited

As required by the "Non-Banking Financial Companies Auditor's Report (Reserve Bank) Direction, 2008" issued by Reserve Bank of India (the Bank), and based on the books and records verified by us and according to the information and explanation given to us during the course of our audit, we give hereunder our report on the matters specified in paragraphs 3 of the said directions for MOTILAL OSWAL FINANCIAL SERVICES LIMITED ("the Company").

a) The Company is engaged in the business of Non Banking Finance Institution and it has obtained Certificate of Registration No. N-13.01830 dated 5th April, 2006 from Reserve Bank of India.

b) In our opinion and as per the information and explanation given to us, the Company is entitled to hold such certificate of registration in terms of its asset income pattern as on 31st March, 2011.

c) Based on the criteria set forth by the Reserves Bank of India in Company Circular No. DNBS.PD. CC No. 85/03.02.089 /2006-07 dated December 6, 2006 for classification of NBFCs as Asset Finance Company (AFC) and as per the information and explanations given to us and as appears from the books of accounts of the Company, the Company is not an Asset Finance Company (AFC) as defined in Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 with reference to the business carried on by it during the financial year 2010-11.

d) The Board of Directors at its meeting held on 27th April, 2010 has passed a resolution for non- acceptance of any public deposits.

e) As per the information and explanations given to us and as appears from the books of accounts of the Company, the Company has not accepted any public deposit during the financial year 2010-11.

f) In our opinion and as per the information and explanations given to us, the company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 for the year ended on March 31, 2011.

g) In our opinion and as per the examination of books of account and relevant records, the capital adequacy ratio as disclosed in the return submitted to the Bank in form NBS-7, has been correctly arrived at and such ratio is in compliance with the minimum CRAR prescribed by the Reserves Bank of India and the Company has furnished to the Bank the annual statement of capital funds, risk assets / exposures and risk asset ratio (NBS-7) within the stipulated period.

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

Rakesh Rathi
Partner
Membership No. 45228

Place: Mumbai
Date: 20th June, 2011.

Balance Sheet Abstract and Company's General Business Profile

Additional Information Pursuant to the Provisions of Part IV of the Schedule VI of the Companies Act, 1956

I Registration Details

Registration No.	L67190MH2005PLC153397			State Code	11
Balance Sheet Date	31	03	2011		
	Day	Month	Year		

II Capital Raised during the year (₹ in Thousands)

Public Issue Nil	Right Issue Nil
Bonus Issue Nil	Private Placement 33,828

III Position of Mobilisation and Development of funds (₹ in Thousands)

Sources of funds

Total Liabilities 5,901,785	Total Assets 5,901,785
Paid-up Capital 144,419	Reserve and Surplus 748
Secured Loans Nil	Unsecured Loans Nil
Deferred Tax Liability 23,039	

Application of funds

Net Fixed Assets 1,372,960	Investments 832,626
Net Current Assets 2,943,206	Misc. Expenditure Nil

IV Performance of the Company (₹ in Thousands)

Turnover 642,457	Total Expenditure 77,008
Profit before Tax 565,449	Profit After Tax 426,597
Earning per Share in ₹ 2.96	Dividend Rate % 140%

V Generic Names of the Principal Products / Services of the Company

(As per Monetary items)

Item Code No. (ITC Code)	Product Description Investment & Finance Activities

For and on behalf of the Board of
MOTILAL OSWAL FINANCIAL SERVICES LTD.

Samrat Sanyal	**Motilal Oswal**	**Raamdeo Agrawal**
Company Secretary	Chairman & Managing Director	Joint Managing Director

Place : Mumbai
Dated : 30th April 2011

Auditors' Report to the Board of Directors of the Motilal Oswal Financial Services Limited on the Consolidated Financial Statements

1. We have audited the attached Consolidated Balance Sheet of **MOTILAL OSWAL FINANCIAL SERVICES LIMITED** ("the Company") and its subsidiaries (collectively referred to as "the Group") as at March 31, 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of six subsidiaries whose financial statements reflect total assets of ₹ 11,147.28 (in lakhs) as at March 31, 2011, total revenue of ₹ 7,162.16 (in lakhs) and cash outflow of ₹ 776.47 (in lakhs) for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely in the report of the other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", as notified pursuant to the Companies (Accounting Standard) Rules, 2006 and on the basis of the separate financial statements of Motilal Oswal Financial Services Limited and its subsidiaries.

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanation given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India

   a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;

   b. in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and

   c. in the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

Rakesh Rathi
Partner
Membership No. 45228

Place: Mumbai
Date: 30th April, 2011

Consolidated Balance Sheet as at 31st March, 2011

	Schedule No.	As at 31-Mar-11 (₹ in Lakhs)	As at 31-Mar-10 (₹ in Lakhs)
SOURCES OF FUNDS			
Share Holders' Fund :			
Share Capital	A	1,444.19	1,431.72
ESOP Outstanding	B	7.48	5.32
Reserves and Surplus	C	104,499.10	93,160.50
		105,950.77	94,597.54
Loan Funds :			
Secured Loans	D	–	2,500.07
Unsecured Loans	E	–	8,331.51
		–	10,831.58
Minority Interest	F	517.75	410.36
Deferred Tax Liability (Net)		15.05	–
TOTAL SOURCES OF FUNDS		**106,483.57**	**105,839.47**
APPLICATION OF FUNDS :			
Fixed Assets :			
Gross Block	G	17,499.39	16,636.08
Less:- Depreciation		8,536.79	7,371.24
Net Block		8,962.59	9,264.83
Capital work-in-progress (including Capital Advances)		19,980.74	14,732.43
		28,943.34	23,997.26
Investments	H	5,883.93	5,140.90
Deferred Tax Asset (Net)		–	314.69
Current Assets, Loans and Advances :			
Sundry Debtors	I	43,621.52	30,590.97
Stock-in-trade	J	18,749.70	30,548.50
Cash & Bank Balances	K	26,651.48	43,334.84
Loans & Advances	L	61,607.70	49,374.37
Other Current Assets	M	410.95	549.16
	(i)	151,041.35	154,397.83
Less : Current Liabilities and Provisions :			
Current Liabilities	N	56,076.85	53,960.62
Provisions	O	23,308.19	24,050.59
	(ii)	79,385.04	78,011.21
Net Current Assets	(i)-(ii)	71,656.31	76,386.62
TOTAL APPLICATION OF FUNDS		**106,483.57**	**105,839.47**
Significant Accounting Policies & Notes to Accounts	V		

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

As per our Attached Report of Even Date

For **Haribhakti & Co.**
Chartered Accountants

For and on behalf of the Board of
MOTILAL OSWAL FINANCIAL SERVICES LTD.

Rakesh Rathi
Partner
M.No. 045228

Samrat Sanyal
Company Secretary

Motilal Oswal
Chairman & Managing Director

Raamdeo Agrawal
Joint Managing Director

Place : Mumbai
Dated : 30th April, 2011

Consolidated Profit and Loss Account for the year ended 31st March, 2011

	Schedule No.	For the year ended 31-Mar-11 (₹ in Lakhs)	For the year ended 31-Mar-10 (₹ in Lakhs)
INCOME			
Income from Operations	P	58,969.71	62,501.05
Other Income	Q	1,067.42	2,031.43
TOTAL (A)		**60,037.14**	**64,532.49**
EXPENDITURE			
Operating Expenses	R	14,551.46	16,296.47
Personnel Expenses	S	14,218.88	13,665.75
Administrative & Other Expenses	T	8,310.97	6,871.83
TOTAL (B)		**37,081.31**	**36,834.05**
Profit Before Depreciation, Interest and Taxation (C) = (A) - (B)		**22,955.82**	**27,698.44**
Depreciation (D)	G	1,312.78	1,418.88
Profit Before Interest and Taxation (E) = (C) - (D)		**21,643.05**	**26,279.56**
Interest & Finance Charges (F)	U	568.94	962.37
Profit before Taxation, Exceptional Items (G) = (E) - (F)		**21,074.11**	**25,317.19**
Exceptional Items (Income) / Expense		-	(5.66)
Profit before Taxation		**21,074.11**	**25,322.85**
Less: Provision for Taxation			
i) For current year			
Current tax		6,724.68	8,018.70
Deferred tax (Asset) / Liability		329.73	(179.00)
Wealth Tax		3.49	1.88
ii) For Previous year(s)		65.73	39.16
		7,123.63	7,880.74
Profit after Tax before Minority Interests		**13,950.47**	**17,442.10**
Less : Minority Interests Profit		244.44	397.44
Profit after Tax (PAT) & Minority Interests		**13,706.03**	**17,044.65**
Balance brought forward from previous year		41,897.70	28,208.96
Profit Available For Appropriations		**55,603.73**	**45,253.62**
Appropriations			
Transfer to Statutory Reserve for the year		(853.19)	(847.91)
Transfer to Capital Redemption Reserve		(60.00)	–
Preacquisition (Profit) / Loss		–	51.17
Proposed Dividend		(2,154.38)	(1,718.07)
Provision for Proposed Dividend Distribution Tax		(676.03)	(285.35)
Transfer to General Reserve		(1,564.47)	(555.77)
Balance Carried to Balance Sheet		**50,295.65**	**41,897.70**
Consolidated Earnings Per share (₹)			
Basic Earnings per share (Face Value of share ₹ 1 each)		9.52	11.91
Diluted Earnings per share (Face Value of share ₹ 1 each)		9.52	11.90
Significant Accounting Policies & Notes to Accounts	V		

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

As per our Attached Report of Even Date

For **Haribhakti & Co.**
Chartered Accountants

For and on behalf of the Board of
MOTILAL OSWAL FINANCIAL SERVICES LTD.

Rakesh Rathi
Partner
M.No. 045228

Samrat Sanyal
Company Secretary

Motilal Oswal
Chairman & Managing Director

Raamdeo Agrawal
Joint Managing Director

Place : Mumbai
Dated : 30th April, 2011

Consolidated Cash Flow Statement for the year ended 31st March, 2011

Particulars	For the Year Ended 31st March, 2011 (₹ in Lakhs)		For the Year Ended 31st March, 2010 (₹ in Lakhs)	
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before Taxation and Extraordinary Items		21,074.11		25,322.84
Add : 1) Depreciation / Amortisation	1,312.78		1,418.88	
2) Loss on Sale of Fixed Assets	–		28.91	
3) Employee Stock Option Compensation Cost	2.27		2.80	
4) Interest Paid	453.40	1,768.45	677.77	2,128.36
		22,842.55		**27,451.20**
Less : 1) Interest Received	90.43		16.71	
2) Profit on Sale of Investments	155.59		1,122.65	
3) Profit on Sale of Fixed Assets	330.28		–	
4) Reversal of Provision for diminution in investments	–		5.66	
5) Dividend Received	459.38	1,035.68	905.82	2,050.84
OPERATING PROFIT		**21,806.87**		**25,400.36**
Adjustment for Changes in working capital :				
1) (Increase) / Decrease In Sundry Debtors	(13,030.55)		(7,478.72)	
2) (Increase) / Decrease In Stock-in-trade	11,798.80		(20,906.64)	
3) (Increase) / Decrease In Loans & Advances	(12,950.19)		(3,943.38)	
4) (Increase) / Decrease In Other Current Assets	138.22		25.91	
5) Increase / (Decrease) In Current Liabilities & Provisions	2,338.41	(11,705.31)	11,426.32	(20,876.52)
CASH GENERATED FROM OPERATIONS		**10,101.56**		**4,523.84**
Taxes Paid		(7,506.98)		(7,968.61)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**2,594.58**		**(3,444.76)**
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Investments	(831.43)		(1,552.50)	
Sale of Investments	1,243.99		2,404.12	
Purchase of subsidiary	(1,000.00)		(11.31)	
Purchase of Fixed Assets (including Capital WIP)	(6,433.83)		(18,059.05)	
Sale of Fixed Assets	505.26		60.31	
Interest Received	90.43		16.71	
Dividend Received	459.38		905.82	
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		**(5,966.20)**		**(16,235.90)**
CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Share capital	2.63		1.63	
Received of Securities Premium	335.66		174.09	
Proceeds / (Repayments) of Borrowings	(10,831.58)		10,826.37	
Dividend Paid	(2,028.19)		(1,414.91)	
Dividend Distribution Tax Paid	(336.86)		(240.46)	
Interest Paid	(453.40)		(677.77)	
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		**(13,311.74)**		**8,668.94**
Net Cash Flow For The Year Ended (A+B+C)		**(16,683.36)**		**(11,011.72)**
Cash & Cash Equivalents as at beginning of year:				
Cash as at beginning of year		43,334.84		54,346.56
Total Cash & Cash Equivalents as at beginning of year		**43,334.84**		**54,346.56**
Cash & Cash Equivalents as at end of year :				
Cash as at end of year		26,651.48		43,334.84
Total Cash & Cash Equivalents as at end of year		**26,651.48**		**43,334.84**

As per our Attached Report of Even Date

For **Haribhakti & Co.**
Chartered Accountants

For and on behalf of the Board of
MOTILAL OSWAL FINANCIAL SERVICES LTD.

Rakesh Rathi
Partner
M.No. 045228

Samrat Sanyal
Company Secretary

Motilal Oswal
Chairman & Managing Director

Raamdeo Agrawal
Joint Managing Director

Place : Mumbai
Dated : 30th April, 2011

Schedules to Consolidated Balance Sheet as at 31st March, 2011

		As at 31-Mar-11 (₹ in Lakhs)		As at 31-Mar-10 (₹ in Lakhs)
Schedule A : Share Capital				
Authorised				
870,000,000 Equity Shares of ₹ 1 each		8,700.00		8,700.00
50,00,000 Redeemable Preference Shares of ₹ 100 each		5,000.00		5,000.00
TOTAL		**13,700.00**		**13,700.00**
Issued, Subscribed & Paid-Up				
144,419,229 Equity Shares of ₹ 1/- each fully paid-up (PY 143,172,216 Equity Shares of ₹ 1/- each fully paid-up) [Includes allotment of 19,73,529 Equity Shares for consideration other than cash (Previous Year - 989,066)]		1,444.19		1,431.72
TOTAL		**1,444.19**		**1,431.72**
Schedule B : ESOP Outstanding				
Opening Balance	5.32		2.53	
Add: Deferred Employee Compensation	2.16	7.48	2.80	5.32
TOTAL		**7.48**		**5.32**
Schedule C : Reserves & Surplus				
Statutory Reserve				
Opening balance	2,118.97		1,271.06	
Add : Transfer from Profit & Loss A/c for the Year	853.19	2,972.16	847.91	2,118.97
Capital Redemption Reserve				
Opening balance	900.01		900.01	
Addition during the year	60.00	960.01	-	900.01
Securities Premium				
Opening balance	39,439.49		37,903.06	
Addition during the year	1,979.02	41,418.51	1,536.43	39,439.49
Capital Reserve				
Opening balance	7,430.77		8,826.14	
Addition / (Deduction) during the year	(1,516.16)	5,914.61	(1,395.37)	7,430.77
General Reserve				
Opening balance	1,373.56		817.80	
Addition during the year	1,564.59	2,938.15	555.77	1,373.56
Profit & Loss Account		50,295.65		41,897.70
TOTAL		**104,499.10**		**93,160.50**
Schedule D : Secured Loans				
Loans From ICICI Home Finance		–		0.07
Loan from Bank		–		2,500.00
TOTAL		**–**		**2,500.07**
Schedule E : Unsecured Loan				
Commercial Paper	–		8,500.00	
Less: Discount not written off	–	–	168.49	8,331.51
TOTAL		**–**		**8,331.51**

Schedules to Consolidated Balance Sheet as at 31st March, 2011

		As at 31-Mar-11 (₹ in Lakhs)		As at 31-Mar-10 (₹ in Lakhs)
Schedule F : Minority Interest				
Motilal Oswal Securities Limited				
Opening Balance	21.69		16.16	
Add: Share of Profit / (Loss) during the year	4.68	26.36	5.53	21.69
Motilal Oswal Commodities Broker Private Limited				
Opening Balance	6.14		2.94	
Add: Share of Profit / (Loss) during the year	6.22	12.36	3.20	6.14
Motilal Oswal Private Equity Advisors Private Limited				
Opening Balance	81.18		43.69	
Add: Share of Profit / (Loss) during the year	34.11	115.28	37.49	81.18
Motilal Oswal Investment Advisors Private Limited				
Opening Balance	299.79		339.22	
Add: Share of Profit / (Loss) during the year	199.94		439.33	
Add / (Less) : Investment / (sale) by Minority	(6.25)		(6.25)	
Less : Preaquisition Profits transferred on acquisition of minority investment	(131.30)		(111.76)	
Less: Shares of Minority in dividend paid & tax thereon	–	362.18	(360.76)	299.78
Motilal Oswal Capital Markets Private Limited				
Opening Balance	(0.01)		(0.00)	
Add: Share of Profit / (Loss) during the year	0.08	0.06	(0.01)	(0.01)
Antop Traders Private Limited				
Opening Balance	0.03		0.01	
Add: Share of Profit / (Loss) during the year	0.02	0.05	0.02	0.03
Motilal Oswal Asset Management Company Limited				
Opening Balance	0.78		–	
Add: Share of Profit / (Loss) during the year	(0.43)		(87.89)	
Add: Investment by Minority	0.50		1.00	
Less : Preaquisition (Profits) / loss transferred on acquisition of minority investment	–	0.85	87.66	0.77
Motilal Oswal Insurance Brokers Private Limited				
Opening Balance	0.77		–	
Add: Share of Profit / (Loss) during the year	(0.17)		(0.22)	
Add: Investment by Minority	–		1.00	
Less : Preaquisition (Profits) / loss transferred on acquisition of minority investment	–	0.60	(0.00)	0.78
Motilal Oswal Trustee Company Limited				
Opening Balance	0.00		–	
Add: Share of Profit / (Loss) during the year	(0.00)		(0.00)	
Add: Investment by Minority	–		0.01	
Add: Share of Opening Reserves of Minority	–	0.00	(0.00)	0.01
TOTAL		**517.75**		**410.36**

Schedules to Consolidated Balance Sheet as at 31st March, 2011

Schedule G : Fixed Assets

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01-Apr-10	Addition	Deduction	As on 31-Mar-11	As on 01-Apr-10	Addition	Deduction	As on 31-Mar-11	As on 31-Mar-11	As on 31-Mar-10
Tangible Assets										
Computer	3,077.28	318.18	19.68	3,375.78	2,378.68	340.85	17.00	2,702.53	673.25	698.60
Furniture & Fittings	1,144.92	11.46	1.71	1,154.67	667.34	90.28	0.73	756.89	397.78	477.58
Office Equipments	2,459.77	78.15	15.35	2,522.57	969.50	214.71	5.36	1,178.85	1,343.72	1,490.27
Office Premises	4,121.26	102.06	225.41	3,997.91	1,236.95	194.08	98.00	1,333.03	2,664.88	2,884.31
Land	2,667.38	–	–	2,667.38	–	–	–	–	2,667.38	2,667.38
Vehicles	381.53	118.04	19.78	479.79	235.66	40.37	12.77	263.27	216.53	145.88
Intangible Assets										
BSE/MCX Cards	655.71	–	–	655.71	655.16	0.55	–	655.71	–	0.55
Customer Rights	683.52	–	–	683.52	537.81	136.70	–	674.52	9.00	145.71
Software	1,354.70	557.63	40.27	1,872.06	600.15	295.23	13.37	882.01	990.06	754.56
Goodwill	90.00	–	–	90.00	90.00	0.00	–	90.00	0.00	0.00
TOTAL	**16,636.08**	**1,185.52**	**322.20**	**17,499.39**	**7,371.24**	**1,312.78**	**147.23**	**8,536.79**	**8,962.59**	**9,264.83**
Previous Year	13,416.17	3,363.41	143.51	16,636.08	6,006.65	1,418.89	54.29	7,371.25	9,264.83	–
Capital - WIP									19,980.74	14,732.43

Schedule H : Investments

	Quantity 31-Mar-11	As at 31-Mar-11 ₹ in Lakhs	Quantity 31-Mar-10	As at 31-Mar-10 ₹ in Lakhs
Investments - Long Term (At Cost)				
Investment in Equity Shares				
Quoted Investments				
JK Tyre & Industries Limited	–	–	500,000.00	797.83
Unquoted Investments				
Central Depository Services India Limited	100.00	0.00	100.00	0.00
BSE Limited	–	–	45,591.00	0.04
Other Investments				
Investments In India Business Excellence Fund		4,050.00		3,375.00
Investments In India Realty Excellence Fund		1,500.00		625.00
Reliance Alternative Investments Fund - Private Equity Scheme I		52.50		22.50
Aditya Birla Private Equity - Fund I		60.00		30.00
Investment properties		–		290.54
Investment in Emerging Manager Group LP, USA		221.43		–
		5,883.93		**5,140.90**

Note : Market Value of quoted Investmentas on 31-03-2011 is ₹ Nil (Previous Year 31-03-2010 is ₹ 976.75 lakhs)

Schedule I : Sundry Debtors

(Unsecured partly, Considered good unless otherwise stated)

Debts outstanding for a period exceeding six months	573.22		401.26	
Less provision for doubtful debts	19.14	554.09	65.14	336.12
Other debts		43,067.44		30,254.85
TOTAL		**43,621.52**		**30,590.97**

Schedules to Consolidated Balance Sheet as at 31st March, 2011

Schedule J : Stock-In-Trade

	Face Value	Quantity 31-Mar-11	31-Mar-11 ₹ in Lakhs	Quantity 31-Mar-10	31-Mar-10 ₹ in Lakhs
Equity Shares					
(Valued at Cost or Market Value whichever is lower)					
Quoted					
Aban Offshore Limited	2	2,750.00	16.95	40,000.00	468.36
ABB Limited	2	–	–	69,557.00	575.18
ABG Shipyard Limited	10	5,000.00	18.19	–	–
ACC Limited	10	11,990.00	128.84	40,668.00	386.45
Adani Enterprises Limited	1	38,000.00	253.29	3,200.00	15.03
Aditya Birla Nuvo Limited	10	6.00	0.05	14,006.00	126.01
Advanta India Limited	10	–	–	296.00	1.81
Agro Tech Foods Limited	10	1.00	0.00	–	–
AIA Engineering Limited	2	2.00	0.01	–	–
Allahabad Bank	10	–	–	51,450.00	73.50
Alok Industries Limited	10	10,000.00	2.22	–	–
Alstom Projects India Limited	10	–	–	550.00	3.42
Ambika Cotton Mills Limited	10	–	–	1.00	0.00
Ambuja Cements Ltd.	2	–	–	531.00	0.50
Amtek Auto Ltd.	2	–	–	4.00	0.01
Andhra Bank	10	20,000.00	30.13	57,500.00	61.40
Areva T&D India Ltd.	2	–	–	33,750.00	102.94
Asian Paints Limited	10	–	–	200.00	4.11
Aurobindo Pharma Limited	1	180,000.00	352.71	19,604.00	188.08
Axis Bank Limited	10	–	–	38,167.00	441.16
Bajaj Auto Limited	10	17,621.00	257.84	13,999.00	280.28
Bajaj Finserv Limited	5	–	–	1.00	0.00
Bajaj Hindusthan Ltd.	1	1.00	0.00	135,375.00	184.49
Bajaj Holdings & Investment Limited	10	–	–	1.00	0.01
Balrampur Chini Mills Limited	1	28,000.00	19.61	31,200.00	28.78
Bank of Baroda	10	77,750.00	750.17	4,899.00	31.29
Bank of India	10	2.00	0.01	118,750.00	400.43
BEML Limited	10	–	–	22,500.00	236.36
Benchmark Mutual Fund	10	75,500.00	441.17	72,500.00	380.57
BGR Energy Systems Limited	10	15,000.00	71.54	1,600.00	8.53
Bharat Electronics Ltd.	10	–	–	14,628.00	320.62
Bharat Forge Ltd.	2	–	–	3.00	0.01
Bharat Heavy Electricals Limited	10	1,225.00	25.27	20,119.00	482.00
Bharat Petroleum Corpn. Ltd.	10	–	–	4,302.00	24.14
Bharti Airtel Limited	5	–	–	4,642.00	14.55
Bhushan Steel Limited	2	2,000.00	8.73	49,590.00	833.92
Binani Industries Limited	10	–	–	1.00	0.00
Biocon Limited	5	–	–	22,873.00	65.73
Blue Star Limited	2	–	–	6.00	0.02
Bombay Rayon Fashions Limited	10	–	–	3,454.00	7.47
Borax Morarji	10	3,211.00	1.40	–	–
C & C Constructions Limited	10	87.00	0.11	–	–
Cairn India Limited	10	38,000.00	133.36	167.00	0.49
Canara Bank	10	35,500.00	222.32	16,794.00	69.06
Career Point Infosystems Limited	10	–	0.25	–	–

Schedules to Consolidated Balance Sheet as at 31st March, 2011

Schedule J : Stock-In-Trade *(contd..)*

	Face Value	Quantity 31-Mar-11	31-Mar-11 ₹ in Lakhs	Quantity 31-Mar-10	31-Mar-10 ₹ in Lakhs
Central Bank of India	10	1,900,000.00	2,669.50	–	–
Century Textiles & Industries Ltd	10	–	–	45,791.00	234.94
CESC Ltd.	10	–	–	6.00	0.02
Cipla Ltd.	2	–	–	2,664.00	8.94
Colgate Palmolive (India) Ltd.	1	–	–	2,752.00	19.21
Core Projects and Technologies Limited	2	–	–	7.00	0.02
Corporation Bank	10	–	–	5.00	0.02
Cummins India Ltd.	2	–	–	3.00	0.02
D B Realty Limited	10	4,091.00	4.84	–	–
Deccan Chronicle Holdings Ltd.	2	–	–	7.00	0.01
Divi's Laboratories Limited	2	–	–	2,480.00	16.82
DLF Limited	2	9,875.00	26.52	30,501.00	95.09
Dolphin Offshore Enterprises (India) Limited	10	5.00	0.01	–	–
Dr. Reddy's Laboratories Ltd.	5	–	–	2,000.00	25.50
Dredging Corporation of India Limited	10	1.00	0.00	2.00	0.01
Dwarikesh Sugar Industries Limited	10	2.00	0.00	–	–
Easun Reyrolle Ltd	2	–	–	600.00	0.57
Educomp Solutions Limited	2	53,520.00	224.46	20.00	0.15
Electrotherm (India) Limited	10	2.00	0.00	–	–
Ess Dee Aluminium Limited	10	7.00	0.03	–	–
Essar Oil Limited	10	–	–	125,065.00	173.12
ETC Networks Limited	10	–	–	129,624.00	284.33
Everest Kanto Cylinder Limited	2	–	–	12,000.00	14.68
Everonn Education Limited	10	–	–	500.00	1.85
Exide Industries Limited	1	1.00	0.00	–	–
Financial Technologies (India) Limited	2	–	–	16,649.00	265.17
GAIL (India) Limited	10	55,024.00	255.31	65,587.00	269.44
Ganesh Housing Corporation Limited	10	1.00	0.00	–	–
GlaxoSmithKline Consumer Healthcare Limited	10	–	–	1.00	0.02
Glenmark Pharmaceuticals Ltd.	1	–	–	2.00	0.01
GMR Infrastructure Limited	1	60,000.00	24.30	35,000.00	21.98
Grasim Industries Limited	10	2,500.00	61.42	34,754.00	982.91
Great Eastern Shipping Co. Ltd.	10	–	–	40,800.00	120.03
Great Offshore Limited	10	–	–	14,379.00	59.89
Greycells Education Ltd.	10	–	–	14,666.00	7.96
GSS America Infotech Limited	10	–	–	118.00	0.35
GTL Ltd	10	–	–	8,250.00	33.78
Gujarat Gas Co. Ltd	2	8.00	0.03	783.00	2.23
Gujarat Sidhee Cements Ltd	10	1.00	0.00	1.00	0.00
Gujarat State Fertilizers & Chemicals Ltd.	10	–	–	1.00	0.00
GVK Power & Infrastructure Limited	1	–	–	150.00	0.07
HCL Technologies Limited	2	9,674.00	46.24	145.00	0.44
HDFC Bank Limited	10	6,878.00	161.35	29,428.00	568.46
HEG Ltd.	10	–	–	696.00	2.36
Hero Honda Motors Limited	2	500.00	7.95	41,615.00	806.23
Himadri Chemicals and Industries Limited	1	2.00	0.00	–	–
Hindalco Industries Limited	1	266,000.00	556.34	21,216.00	30.57
Hinduja Ventures Limited	10	–	–	33.00	0.10
Hindustan Construction Company Limited	1	320,001.00	116.48	25,201.00	33.48

Schedules to Consolidated Balance Sheet as at 31st March, 2011

Schedule J : Stock-In-Trade *(contd..)*

	Face Value	Quantity 31-Mar-11	31-Mar-11 ₹ in Lakhs	Quantity 31-Mar-10	31-Mar-10 ₹ in Lakhs
Hindustan Petroleum Corporation Limited	10	500.00	1.78	14,299.00	45.69
Hindustan Unilever Limited	1	–	–	171.00	0.49
Hindustan Zinc Ltd.	10	–	–	8,676.00	105.02
Hitachi Home and Life Solutions (India) Limited	10	1.00	0.00	–	–
Housing Development and Infrastructure Limited	10	105,000.00	185.64	116,874.00	352.15
Housing Development Finance Corporation Limited	2	34,500.00	241.91	45,985.00	1,243.20
H.P. Cotton	10	150.00	0.00	150.00	0.00
Hyderabad Industries Limited	10	2.00	0.01	–	–
ICICI Bank Limited	10	47,250.00	527.40	83,018.00	789.09
ICSA (India) Limited	2	–	–	1,200.00	1.55
IDBI Bank Limited	10	52,000.00	74.07	21,600.00	25.77
Idea Cellular Ltd.	10	–	–	773.00	0.49
IFCI Limited	10	80,000.00	42.08	–	–
India Cements Ltd.	10	–	–	2,900.00	3.82
India Infoline Limited	2	–	–	10,000.00	11.44
Indiabulls Real Estate Limited	2	–	–	1,300.00	1.99
Indian Oil Corporation Ltd	10	–	–	2,395.00	7.12
Indian Overseas Bank	10	–	–	59,000.00	54.25
Indo Tech Transformers Limited	10	–	–	12.00	0.03
Indraprastha Gas Limited	10	1.00	0.00	–	–
IndusInd Bank Limited	10	1.00	0.00	1.00	0.00
Infosys Technologies Ltd.	5	–	–	33,223.00	871.74
Infrastructure Development Finance Company Limited	10	16,000.00	24.74	22,123.00	34.55
IOL Netcom Limited	5	5.00	0.00	23,023.00	4.55
Ispat Industries Limited	10	160,000.00	35.84	62,250.00	12.08
ITC Ltd.	1	–	–	4,692.00	12.32
IVRCL Infrastructures & Projects Ltd.	2	2.00	0.00	2.00	0.00
Jain Irrigation Systems Limited	2	–	–	3,000.00	28.74
Jaipan Industries Ltd.	10	–	–	13,433.00	3.45
Jaiprakash Associates Limited	2	52,000.00	48.26	44,164.00	59.83
Jayshree Tea & Industries Limited	5	1.00	0.00	–	–
Jet Airways (India) Limited	10	5,505.00	24.61	5.00	0.02
Jindal Steel & Power Limited	1	10,500.00	73.22	26,270.00	178.79
JSW Steel Limited	10	113,250.00	1,037.71	110,826.00	1,363.61
Jubilant Foodworks Limited	10	1.00	0.01	156.00	0.49
Jupiter Bioscience Limited	10	100.00	0.02	369.00	0.31
K Sera Sera Productions Ltd.	10	299.00	0.04	368,250.00	44.64
Kalyani Steels Limited	5	2.00	0.01	–	–
Khaitan Electricals Limited	10	3.00	0.00	–	–
Kingfisher Airlines Limited	10	–	–	12,764.00	6.07
Kiri Dyes and Chemicals Limited	10	–	–	471.00	3.32
Kirloskar Brothers Limited	2	3.00	0.00	–	–
Kotak Mahindra Bank Limited	10	–	–	13,000.00	420.22
Koutons Retail India Limited	10	–	–	1.00	0.00
KPIT Cummins Infosystems Limited	2	–	–	306.00	0.36
Lanco Infratech Limited	1	220,000.00	87.01	–	–
Larsen & Toubro Limited	2	6,625.00	109.44	52,427.00	850.43
Laxmi Vilash Bank	10	77.00	0.03	77.00	–
LIC Housing Finance Ltd.	10	–	–	5,525.00	48.15

Schedules to Consolidated Balance Sheet as at 31st March, 2011

Schedule J : Stock-In-Trade *(contd..)*

	Face Value	Quantity 31-Mar-11	31-Mar-11 ₹ in Lakhs	Quantity 31-Mar-10	31-Mar-10 ₹ in Lakhs
Lupin Limited	2	–	–	8,406.00	136.07
Magma Fincorp Limited	2	–	–	1.00	0.00
Mahanagar Telephone Nigam Limited	10	28,000.00	12.70	28,800.00	21.08
Mahindra & Mahindra Limited	5	24,500.00	171.59	26,886.00	144.39
Mahindra Holidays & Resorts India Limited	10	–	–	14.00	0.08
Man Infraconstruction Limited	10	1.00	0.00	505.00	1.84
Maruti Suzuki India Limited	5	28,011.00	353.54	61,231.00	874.83
Mastek Ltd.	5	–	–	1,908.00	6.39
Mcdowell Holdings Ltd.	10	–	–	44,000.00	581.42
Moser–Baer (I) Ltd.	10	–	–	2,477.00	1.88
MphasiS Limited	10	5,000.00	20.76	21,599.00	134.01
Mundra Port and Special Economic Zone Limited	2	102,000.00	139.38	35,101.00	274.95
Nagarjuna Fertilizer & Chemicals Ltd.	10	–	–	5,250.00	1.61
Nalwa Sons Investments Limited	10	2.00	0.02	–	–
Neyveli Lignite Corporation Limited	10	4,002.00	4.16	–	–
NIIT Limited	2	1.00	0.00	–	–
Nitin Fire Protection Industries Limited	2	–	–	1.00	0.00
Northgate Technologies Limited	10	–	–	13,664.00	2.62
NTPC Limited	10	–	–	190,341.00	387.24
Oil & Natural Gas Corporation Limited	5	54,000.00	157.30	34,239.00	375.56
OnMobile Global Limited	10	–	–	1,627.00	6.35
Opto Circuits (India) Limited	10	–	–	8,160.00	17.84
Oracle Financial Services Software Limited	5	–	–	2.00	0.05
Orchid Chemicals & Pharmaceuticals Limited	10	1.00	0.00	21,000.00	32.32
Orient Bank of Commerece	10	–	–	46,800.00	143.87
Pantaloon Retail (India) Limited	2	155,000.00	400.99	33,153.00	130.71
Parekh Aluminex Limited	10	1.00	0.00	–	–
Parsvnath Developers Limited	5	–	–	374.00	0.42
Patel Engineering Limited	1	4.00	0.01	3,002.00	13.69
Patni Computer Systems Limited	2	–	–	28,599.00	154.12
Petronet LNG Limited	10	4,000.00	4.87	–	–
Pipavav Shipyard Limited	10	–	–	1.00	0.00
Piramal Healthcare Limited	2	74,500.00	310.52	–	–
Polyplex Corporation Limited	10	5.00	0.01	–	–
Power Finance Corporation Limited	10	–	–	1.00	0.00
Power Grid Corporation of India Limited	10	312,000.00	317.93	28,826.00	31.30
Praj Industries Ltd.	2	–	–	2,450.00	2.11
Pricol Limited	1	–	–	3.00	0.00
Punj Lloyd Limited	2	–	–	34,500.00	61.20
Punjab National Bank	10	8,000.00	97.02	62,454.00	616.87
Rain Commodities Limited	10	1.00	0.00	–	–
Rallis India Limited	10	6.00	0.08	–	–
Ranbaxy Laboratories Limited	5	4,000.00	17.82	16,920.00	79.24
Rei Agro Limited	1	14.00	0.00	–	–
Reliance Capital Limited	10	21,999.00	128.29	66,317.00	508.03
Reliance Communications Limited	5	–	–	129,682.00	219.57
Reliance Industries Limited	10	29,250.00	306.86	111,342.00	1,199.70
Reliance Infrastructure Limited	10	–	–	83,388.00	835.95
Reliance MediaWorks Limited	10	–	–	10,014.00	3.95

Schedules to Consolidated Balance Sheet as at 31st March, 2011

Schedule J : Stock-In-Trade *(contd..)*

	Face Value	Quantity 31-Mar-11	31-Mar-11 ₹ in Lakhs	Quantity 31-Mar-10	31-Mar-10 ₹ in Lakhs
Reliance Power Limited	10	6,000.00	7.82	26,317.00	39.37
Religare Enterprises Limited	10	–	–	3.00	0.01
Renaissance Jewellery Limited	10	–	–	313.00	0.25
Reliance Media	5	–	–	4,500.00	4.08
Rolta India Ltd.	10	–	–	1,800.00	3.22
Ruchi Soya Industries Limited	2	25.00	0.03	–	–
Rural Electrification Corporation Limited	10	–	–	71,997.00	159.49
Selan Exploration Technology Limited	10	–	–	800.00	3.43
Sesa Goa Ltd.	1	–	–	3,007.00	14.15
Shekhawati Poly–Yarn Limited	10	5.00	0.00	–	–
Shipping Corporation of India Limited	10	82,001.00	88.11	–	–
Shiv–Vani Oil & Gas Exploration Services Limited	10	1.00	0.00	876.00	3.81
Shree Ashtavinayak Cine Vision Limited	1	–	–	115.00	0.01
Shree Renuka Sugars Limited	1	188,000.00	130.85	500,000.00	358.44
Shri Lakshmi Cotsyn Limited	10	–	–	1.00	0.00
Siemens Limited	2	2,000.00	17.62	45,958.00	335.24
Simplex Infrastructures Limited	2	6.00	0.02	–	–
Spice Mobiles Limited	1	1.00	0.00	1.00	0.00
Spice	1	1.00	0.00	–	–
State Bank of India	10	58,255.00	1,610.93	80,148.00	1,651.78
Steel Authority of India Ltd.	10	–	–	11,795.00	25.00
Sterling Biotech Limited	1	6,000.00	5.69	10,000.00	10.56
Sterlite Industries (India) Limited	1	21,633.00	37.58	74,954.00	628.40
Sterlite Technologies Limited	2	–	–	1.00	0.14
Subex Limited	10	26,000.00	14.00	6,004.00	3.70
Sun Pharmaceuticals Industries Limited	1	53,125.00	235.08	9,448.00	158.42
Sun TV Network Limited	5	7,612.00	34.20	–	–
Sunteck Realty Limited	2	–	–	6.00	0.03
Supreme Industries Ltd.	10	–	–	1.00	0.00
Suzlon Energy Limited	2	376,000.00	167.70	63,543.00	45.75
Swaraj Mazda Ltd.	10	–	–	313.00	0.77
Syndicate Bank	10	74,000.00	90.80	–	–
Tata Chemicals Ltd.	10	–	–	8,100.00	26.58
Tata Communications Limited	10	–	–	6,825.00	19.17
Tata Consultancy Services Limited	1	5,250.00	62.15	39,551.00	307.96
Tata Elxsi Limited	10	–	–	201.00	0.65
Tata Global Bev	1	1.00	0.00	–	–
Tata Investment Corporation Ltd.	10	–	–	197.00	0.98
Tata Motors Limited	10	322,618.00	2,245.10	14,872.00	81.50
Tata Power Company Limited	10	8,250.00	110.15	30,283.00	416.15
Tata Sponge Iron Limited	10	12.00	0.04	–	–
Tata Steel Limited	10	12,000.00	74.67	84.00	0.48
Tata Teleservices (Maharashtra) Limited	10	–	–	104,500.00	25.28
Tatamotors–Dvr–A-Ordy	10	–	–	75,708.00	345.11
TCM Ltd.	10	5,000.00	0.14	5,000.00	–
Tech Mahindra Limited	10	–	–	43,232.00	375.06
Television Eighteen India Limited	5	88,000.00	68.29	83,975.00	65.85
Texmo Pipes and Products Limited	10	–	–	125.00	0.12
The Andhra Pradesh Paper Mills Limited	10	3.00	0.01	–	–

Schedules to Consolidated Balance Sheet as at 31st March, 2011

Schedule J : Stock-In-Trade *(contd..)*

	Face Value	Quantity 31-Mar-11	31-Mar-11 ₹ in Lakhs	Quantity 31-Mar-10	31-Mar-10 ₹ in Lakhs
The Federal Bank Limited	10	5,050.00	21.14	5,107.00	13.50
The Great Eastern Shipping Company Limited	10	76,000.00	199.99	39,601.00	114.56
The Phoenix Mills Limited	2	2.00	0.00	2.00	0.00
Thermax Ltd.	2	–	–	1.00	0.01
Tilaknagar Industries Ltd.	10	–	–	2,009.00	2.60
TIPS Industries Limited	10	–	–	1.00	0.00
Titagarh Wagons Limited	10	2.00	0.01	–	–
Titan Industries Limited	10	2,875.00	109.58	2,472.00	45.50
TTK Healthcare Limited	10	1.00	0.00	–	–
Tulip Telecom Limited	2	–	–	13,500.00	113.83
TVS Motor Company Limited	1	112,000.00	67.03	–	–
UCO Bank	10	52,000.00	55.64	–	–
UltraTech Cement Limited	10	–	–	1.00	0.01
Union Bank of India	10	72,000.00	250.02	7,200.00	21.05
Uniphos Enterprises Ltd.	2	–	–	4,200.00	6.27
Unitech Ltd.	2	–	–	468,439.00	346.39
United Phosphorous Limited	2	–	–	10,349.00	15.50
United Spirits Limited	10	65,000.00	666.12	23,750.00	328.51
Valecha Engineering Limited	10	–	–	836.00	1.41
Varun Industries Limited	10	1.00	0.00	–	–
Videocon Industries Limited	10	1.00	0.00	11,099.00	25.70
Vijaya Bank	10	36,000.00	28.60	–	–
Voltas Ltd.	1	–	–	5,380.00	9.64
West Coast Paper Mills Limited	2	13.00	0.01	–	–
Whirlpool of India Limited	10	–	–	1,000.00	1.64
Wipro Limited	2	43,430.00	208.55	–	–
Wipro Ltd.	2	–	–	10,279.00	70.12
Yes Bank Limited	10	8,124.00	25.15	30,800.00	78.86
Zee Entertainment Enterprises Limited	1	19,380.00	23.95	30,802.00	82.91
Zydus Wellness Limited	10	1.00	0.01	–	–
Zylog Systems Limited		–	–	300.00	1.28
Unquoted					
XLO United Limited	10	5,300.00	0.27	5,300.00	0.27
Shyam Vinyl	10	100.00	0.01	100.00	0.01
Total Equity Shares			**18,503.69**		**29,875.03**
Exchange Traded Funds					
Motilal Oswal Mutual Fund - Motilal Oswal MOSt Shares M100 ETF		607,768.00	44.25	–	–
Motilal Oswal Mutual Fund - Motilal Oswal MOSt Shares M50 ETF		78,789.00	61.90	–	–
Motilal Oswal Mutual Fund - Motilal Oswal MOSt Shares NASDAQ 100 ETF		101,364.00	105.20	–	–
Kotak Mahindra Mutual Fund - Permitted	5	–	–	98,973.00	519.05
Kotak Mahindra Mutual Fund - Kotak Nifty ETF	10	–	–	13,000.00	64.27
Reliance Mutual Fund - Reliance Banking Exchange Traded Fund	5	23,000.00	34.67	10,014.00	90.14
(Valued at Cost or Market Value whichever is lower)					
Subtotal for Exchange Traded Funds			246.01		673.46
TOTAL			**18,749.70**		**30,548.50**

Schedules to Consolidated Balance Sheet as at 31st March, 2011

		As at 31-Mar-11 (₹ in Lakhs)		As at 31-Mar-10 (₹ in Lakhs)
Schedule K : Cash & Bank Balances				
Cash:				
Cash balance on Hand		18.62		18.56
Bank:				
Scheduled Banks- In Current Accounts		8,078.63		12,464.49
In Fixed Deposits		18,551.61		30,850.48
In Unpaid Dividend Account		2.63		1.31
TOTAL		**26,651.48**		**43,334.84**
Schedule L : Loans & Advances				
(Unsecured considered good unless otherwise stated)				
Loans, Advances & Deposits Recoverable in Cash or In Kind or for Value to be received				
Standard Assets				
Loans				
Unsecured (includes interest accrued on loans)	2,993.36		1,031.69	
Secured (includes interest accrued on loans)	26,575.08	29,568.43	15,074.73	16,106.42
Sub-Standard Assets				
Non Performing Assests (Debts outstanding for a period exceeding Six months)	–		139.20	
Less: Provision for bad & doubtful debts	–	–	–	139.20
Advances Recoverable in Cash or In Kind or for Value to be received		1,342.91		866.41
Loan to staff		73.83		106.24
Balance in Arbitrage Account		2,353.40		6,601.35
Other Deposits		1,163.81		1,179.00
NSE Membership Deposit		50.00		50.00
Mark to Market Margin - Equity Index / Stock Futures	0.08		223.76	
Less : Provision for loss	(0.08)	–	(209.05)	14.71
Equity Index / Stock Option Premium	6,330.34		2,806.37	
Less : Provision for loss	(117.12)	6,213.22	(12.53)	2,793.84
Advance Tax & Tax Deducted at Source		20,842.10		21,517.20
TOTAL		**61,607.70**		**49,374.37**
Schedule M : Other Current Assets				
Accrued Interest on Fixed Deposits		390.77		535.68
Stock of Stamps		20.17		7.45
Sign on bonus pending amortisation		–		6.03
TOTAL		**410.95**		**549.16**

Schedules to Consolidated Balance Sheet as at 31st March, 2011

		As at 31-Mar-11 (₹ in Lakhs)		As at 31-Mar-10 (₹ in Lakhs)
Schedule N : Current Liabilities				
Sundry Creditors (Including Trade Payables) :				
Due to Micro, Small & Medium Enterprises		9.05		4.58
Due to Others		40,778.76		38,769.01
Book borrowing from Banks		3,247.15		839.61
Other Liabilities		6,840.07		9,315.48
Margin Money Deposits		5,183.25		4,825.06
Sign On Insurance Commission		0.00		69.03
Unpaid Dividend		2.63		1.31
Mark to Market Margin - Equity Index / Stock Futures	94.17		(3.97)	
Add : Provision for loss	(78.24)	15.93	140.51	136.54
TOTAL		**56,076.85**		**53,960.62**
Schedule O : Provisions				
Provision for Taxation (Including Wealth Tax)		19,793.83		20,982.92
Provisions against Standard / Substandard Assets		73.92		41.76
Provision for Fringe Benefit Tax		117.16		316.25
Provision for Gratuity		493.75		345.49
Proposed Dividend		2,153.63		2,027.44
Provision for Proposed Dividend Distribution Tax		675.91		336.73
TOTAL		**23,308.19**		**24,050.59**

Schedules to Consolidated Profit & Loss Account for the year ended 31st March, 2011

	For the year ended 31-Mar-11 (₹ in Lakhs)	For the year ended 31-Mar-10 (₹ in Lakhs)
Schedule P : Income from Operations		
Brokerage and related activities	43,336.84	45,512.99
Investment Banking fees	3,981.30	6,494.48
Fund based income	7,378.98	6,487.90
Asset Management & Advisory Fees	4,272.60	4,005.68
TOTAL	**58,969.71**	**62,501.05**
Schedule Q : Other Income		
Dividend Income - Long Term Investments	19.49	45.04
Dividend Income - Mutual Fund	439.89	860.78
Profit/ (Loss) on sale of Investments	155.59	1,122.65
Profit/(Loss) on sale of fixed assets	330.28	(28.91)
Miscellaneous Income	122.17	31.87
TOTAL	**1,067.42**	**2,031.43**
GROSS REVENUE	**60,037.14**	**64,532.49**
Schedule R : Operating Expenses		
Brokerage sharing with Intermediaries	13,895.51	15,604.99
Depository Charges	266.03	309.71
Other Operating expenses	389.92	381.77
TOTAL	**14,551.46**	**16,296.47**
Schedule S : Personnel Expenses		
Salary, Bonus and Allowances	11,775.52	11,049.76
Directors' Remuneration	1,428.31	1,760.25
Directors' Sitting Fees	7.90	21.30
Data Processing Charges	478.11	524.51
Gratuity	188.59	94.97
Contribution to Provident & Other Funds	157.78	103.54
Staff Welfare Expenses	182.68	111.42
TOTAL	**14,218.88**	**13,665.75**

Schedules to Consolidated Profit & Loss Account for the year ended 31st March, 2011

	For the year ended 31-Mar-11 (₹ in Lakhs)	For the year ended 31-Mar-10 (₹ in Lakhs)
Schedule T : Administrative & Other Expenses		
Rent, Rates & Taxes	920.84	811.30
Insurance	103.85	80.14
Repairs - Building	-	0.21
Repairs & Maintenances - Others	379.95	273.94
Legal & Professional Charges	642.58	573.54
Remuneration to Auditors	18.79	18.37
Membership & Subscription	37.46	32.16
Marketing & Brand Promotion Expenses	2,239.08	1,519.31
Printing & Stationery	677.17	382.57
Electricity Expenses	365.39	425.16
Communication Expenses	1,041.25	746.54
Travelling & Conveyance Expenses	869.25	782.23
Donations	16.56	41.37
Bad Debts Written Off / Trading Loss (Net of Provision)	117.22	400.26
Provision for Standard Assets / Bad and doubtful debts	93.06	65.14
Courier Expenses	247.58	189.02
Office Expenses	174.20	134.87
Entertainment Expenses	228.33	195.36
Miscellaneous Expenses	136.38	199.72
Business Support Charges	2.03	0.62
TOTAL	**8,310.97**	**6,871.83**
Schedule U : Interest & Finance Charges		
Bank Guarantee Commission and Other charges	348.85	479.59
Interest on Non Convertible Debentures	–	98.44
Interest on Bank Overdrafts	34.53	137.00
Discount on Commercial Paper	115.33	186.01
Interest Others	70.23	61.33
TOTAL	**568.94**	**962.37**

Schedule V : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011

1. Significant Accounting Policies:

1.1 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 sub-section (3C) of section 211 of the Companies Act, 1956 (to the extent applicable) and in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.

1.2 Use of Estimates:

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

1.3 Fixed Assets & Depreciation:

Fixed Assets are stated at cost less accumulated depreciation thereon. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. The Company provides pro-rata depreciation from the date on which asset is acquired / put to use. In respect of assets sold, pro-rata depreciation is provided up to the date on which the asset is sold. On all assets, except as mentioned below, depreciation has been provided using the Written down Value method at the rates specified in Schedule XIV to the Companies Act, 1956.

a) Assets costing ₹ 5,000/- or less are fully depreciated in the year of purchase.

b) Improvements to leasehold premises are depreciated over the initial period of lease.

c) Expenditure which are attributable to Construction of a project are included as part of the cost of the construction project during construction period and included under capital work-in-progress which is allocated to the respective fixed assets on the completion of the construction period.

1.4 Borrowing Cost:

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

1.5 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 Multi- Commodity Exchange has been treated as intangible asset and has been amortised over a period of five years.

1.6 Investments:

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

Long term investments are valued at cost 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.

1.7 Stock In Trade:

a) 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.

Schedule V : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 *(contd..)*

b) 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.

1.8 Revenue Recognition:

a) Brokerage income is recognized on trade date basis and is exclusive of service tax and Securities Transaction Tax (STT) wherever applicable.

b) 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. Sign-on Bonus received is accounted on pro-rata basis in the proportion of business generated to the Minimum Business Guarantee as per the contracted terms.

c) Research, Advisory and Transactional processing fee income is accounted for on an accrual basis in accordance with the terms & contracts entered into between the Company and the counter party.

d) Portfolio management fees are billed as per the terms of the respective schemes / agreement entered with the clients:

   i. In case of management fees (including custodian charges wherever applicable), as a percentage of the asset under management on quarterly / monthly basis.

   ii. In case of performance based fees, as a percentage of returns on an annual basis.

e) Management Fees other than Portfolio management fees is accounted on accrual basis net of service tax.

f) 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.

g) Dividend income is recognized when the right to receive payment is established.

h) Income from arbitrage comprises profit / loss on sale of securities held as stock-in-trade and profit / loss on equity derivative instruments.

   i. Profit / loss on sale of securities is determined based on the weighted average cost of the securities sold.

   ii. Profit / loss on equity derivative transactions is accounted for as explained below :-

      1. Initial and additional margin paid over and above initial margin, for entering into contracts for Equity Index/Stock Futures and or equity Index / stock options which are released on final settlement / squaring-up of underlying contracts are disclosed under Current Assets, Loans and advances. “Mark-to-market margin- Equity Index / Stock Futures” representing the amounts paid in respect of mark to market margin is disclosed under Loans and Advances and amount received is shown under Current Liabilities.

      2. “Equity Index / Stock Option Premium Account” represents premium paid or received for buying or selling the options, respectively.

      3. On final settlement or squaring-up of contracts for equity index / stock futures, the realized profit or loss after adjusting the unrealized loss already accounted, if any, is recognized in the Profit and Loss Account . On settlement or squaring-up of equity index / stock options before expiry, the premium prevailing in “Equity Index / Stock Option Premium Account” on that date is recognized in the Profit and Loss Account. When more than one contract in respect of the relevant series of equity index / stock futures or equity index / stock options contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the profit / loss on squaring-up.

      4. As at the balance sheet date, the mark to market / Unrealised Profit/(Loss) on all outstanding hedged transactions comprising of Securities and Equity Derivatives positions is determined on a Portfolio basis with net unrealized losses being recognized in the Profit and Loss Account. Unrealized gains (on overall portfolio basis) are not recognized in the Profit and Loss Account on grounds of prudence as enunciated in Accounting Standard – 1, Disclosure of Accounting Policies. In respect of other transactions, the unrealized losses on equity derivatives determined on scrip-basis are recognized in Profit and Loss Account and unrealized gains are ignored; and in case of securities (shares, etc.) the net unrealized losses are recognized in Profit & Loss Account and net unrealized gains are ignored.

i) In respect of other heads of income, income from depository operations etc., the Company accounts the same on accrual basis.

1.9 Commercial Paper:

The liability is recognised 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.

Schedule V : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 *(contd..)*

1.10 Foreign Currency Transactions:

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

1.11 Employee Benefits:

Provident Fund:

Contribution payable to the recognized provident fund, which is a defined contribution scheme, is charged to the Profit and Loss Account 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.

Compensated Absences:

As per the policy of the company, an employee can carry forward maximum 50% of the leave annually. 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.

1.12 Taxation:

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

Current Tax:

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

Deferred Tax:

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

1.13 Sign on Bonus:

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

1.14 Preliminary Expenses:

Preliminary expenses are charged to the Profit and Loss Account in the year in which they are incurred.

1.15 Operating Leases:

Lease rentals in respect of operating lease are charged to the Profit and Loss Account as per the terms of the lease arrangement on a straight line basis.

1.16 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.

Schedule V : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 *(contd..)*

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.

1.17 Impairment of Assets:

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

1.18 Prudential Norms of Reserve Bank of India:

The Company follows the NBFC Prudential Norms (Reserve Bank) Directions, 1998 issued by the Reserve Bank of India Act, 1934 in respect of income recognition and provisioning for non-performing assets.

2. Notes to Accounts:

2.1 Principles and assumptions used for consolidated financial statements and pro-forma adjustments:

a) The consolidated financial statements have been prepared substantially applying the principles laid in the Accounting Standard (AS) 21 Consolidated Financial Statements issued by the Institute of Chartered Accountants of India as considered appropriate for the purposes of these Consolidated Balance Sheet, and Profit and Loss Account, 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 ('resultant subsidiaries – All are in India) as on March 31, 2011 and March 31, 2010 is as under:

Name of the Subsidiary Companies	31st March, 2011			31st March, 2010		
	No. of Shares	% of Holding	Date of Becoming Subsidiary	No. of Shares	% of Holding	Date of Becoming Subsidiary
Motilal Oswal Securities Limited	1,318,218	99.95	18th January, 06	1,318,218	99.95	18th January, 06
Motilal Oswal Commodities Broker Pvt. Limited	400,000	97.55	6th April, 06	400,000	97.55	6th April, 06
Motilal Oswal Investment Advisors Pvt. Limited	875,000	87.50	16th June, 06	812,500	81.25	16th June, 06
Motilal Oswal Private Equity Advisors Private Limited	50,000	85	18th May, 06	50,000	85	18th May, 06
Motilal Oswal Capital Markets Private Limited	1,250,000	99.95	18th December, 07	1,25,0000	99.95	18th December, 07
Antop Traders Pvt. Limited	3	99.95	29th September, 08	3	99.95	29th September, 08
Motilal Oswal Insurance Brokers Pvt. Limited	990,000	99	9th April, 09	1,000,000	99	9th April, 09
Motilal Oswal Asset Management Company Limited	30,000,000	99.95	26th November, 09	20,000,000	99.95	26th November, 09
Motilal Oswal Trustee Company Limited	100,000	99.95	20th January, 2010	100,000	99.95	20th January, 2010

2.2 Principles used in preparing Consolidated Financial Statements:

a) In preparing consolidated financial statements, the financial statements of the parent and its subsidiaries is 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.

Schedule V : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 *(contd..)*

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 & recognised 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 interests 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 interests 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 interests 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.

g) Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

2.3 Contingent liabilities not provided for:

a) The Company has provided bank guarantees aggregating to ₹ 28,210.00 lakhs (Previous Year : ₹ 37,780 lakhs) as on 31 March, 2011 for the following purposes to:

i. The National Stock Exchange of India Limited – ₹ 24,900.00 lakhs (Previous Year : ₹ 31,300 lakhs) for meeting margin requirements.

ii. Bombay Stock Exchange Limited - ₹ 3,060.00 lakhs (Previous Year: ₹ 5,560 lakhs) for meeting margin requirements.

iii. The Multi Commodity Exchange of India Limited – ₹ 200.00 lakhs (Previous Year : ₹ 550 lakhs) for meeting margin requirements.

iv. National Commodity & Derivatives Exchange Limited – ₹ 50.00 lakhs (Previous Year: ₹ 370 lakhs) for meeting margin requirements.

The Company has pledged fixed deposits with banks aggregating of ₹ 11,815.00 lakhs (Previous Year ₹ 18,277.90,)

b) The Company has given corporate guarantees of ₹ 250.00 lakhs (Previous Year: ₹ 3,920.06 lakhs) to various banks.

c) Demand in respect of Income Tax matters for which appeal is pending ₹ 1,195.45 lakhs (Previous Year ₹ 1,014.38 lakhs) This is disputed by the Company and hence not provided for. The Company has paid demand of ₹ 585.52 lakhs (Previous Year ₹ 611.06 lakhs).

d) Claims against the Company, to the extent quantifiable, in respect of legal matters filed against the Company -

Pending against forum	No. of Cases	₹ in lakhs
Civil / Consumer Court Cases	90	709.38
Arbitration Cases	5	17.61
TOTAL	95	726.99

Future cash outflows in respect of (d) above are determinable only on receipt of judgments/decisions pending with various forums / authorities.

2.4 Employees' Stock Options Scheme (ESOS) :

During the year the Company has granted 3,494,000 Employee Stock Options to various employees of the Company and its subsidiary Companies.

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, 2011 over the balance vesting period is ₹ 2.55 lakhs (Previous Year - ₹ 4.93 lakhs).

2.5 In the opinion of the Board of Directors, all current assets, loans and advances would be realizable at least of an amount equal to the amount at which they are stated in the Balance sheet.

2.6 During the current year, Company has made a provision ₹ 73.92 lakhs in thousands being 0.25% of its standard assets as per the Notification No. DNBS.222/CGM(US)-2011 dated 17th January, 2011 issued by RBI.

Schedule V : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 *(contd..)*

2.7 A dividend of ₹ 2,144.63 lakhs proposed in the financial statement of the subsidiary company Motilal Oswal Securities Limited & Motilal Oswal Investment Advisors Private Limited, though not recognized as income in the financial statement of the parent company (MOFSL) as the date of relevant AGM, of such subsidiary companies falls after the date of adoption of accounts, by the board of the parent company, such proposed dividend has been eliminated in the consolidated financial statement.

2.8 Balance of Sundry debtors and Sundry creditors are subject to confirmation.

2.9 Disclosures, relating to amounts unpaid as at the year end together with interest paid / payable as required under the Micro, Small and Medium Enterprise Development Act, 2006 have been given to the extent Group has received intimation from "Suppliers" regarding their status under the said Act.

2.10 Managerial Remuneration:

Managerial Remuneration paid to Chairman & Managing Director, Joint Managing Director and Whole-Time Director.

(₹ in lakhs)

Particulars		2010-11	2009-10
Salary	(i)	421.90	341.23
Commission	(ii)	1,033.40	1,490
Included in Profit and Loss account	A=(i) + (ii)	1,455.30	1,835.47
Contribution to P.F.	B	0.09	0.09
Total	**A+B**	**1,455.39**	**1,835.56**

2.11 Auditors' Remuneration:

(₹ in lakhs)

Particulars	Year ended 31.03.11	Year ended 31.03.10
As Auditors:		
Audit Fees	13.91	13.96
Tax Audit Fees	2.10	2.10
Out of pocket expenses	0.22	0.16
In other capacity	2.19	0.99
Service Tax	1.90	1.77
Total	**20.31**	**18.98**

2.12 Lease:

Operating Lease

Lease rentals in respect of assets taken on operating lease during the year ended 31st March, 2011 amounts to ₹ 5.03 lakhs (Previous Year : ₹ 18.87 lakhs).

a) Future obligations towards lease rentals under the lease agreements as on 31st March, 2011 amounts to ₹ NIL (Previous Year : ₹ 5.03 lakhs) Details of lease rentals payable within one year and thereafter are as under:-

(₹ in lakhs)

Particulars	2010-11	2009-10
Within one year	NIL	5.03
Later than one year and not later than five year	NIL	NIL
Later than five years	NIL	NIL

Future obligations are before recovery of expenses.

b) General Description of lease terms: -

i) Lease rentals are charged on the basis of agreed terms.

ii) Assets are taken on lease for a period of 3 years.

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.

Schedule V : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 *(contd..)*

2.13 Basic & Diluted Earnings per share:

(₹ in lakhs)

Particulars	Year ended 31-Mar-11	Year ended 31-Mar-10
Net Profit attributable to equity shareholders after minority interests [A] (₹)	13,706.03	17,044.66
Weighted Number of equity shares for Basic EPS Face Value ₹ 1 each [B]	143,920,076	143,100,882
Weighted Number of equity shares outstanding for Diluted EPS Face Value₹ 1 each [C]	143,961,260	143,249,755
Basic Earnings per share (EPS) after minority interests (₹) [A/B]	9.52	11.91
Diluted Earnings per share (EPS) after minority interests (₹) [A/C]	9.52	11.90

2.14 Deferred tax Assets/(Liability) at the year-end comprise timing differences on account of:

(₹ in lakhs)

Particulars	For the Year ended 31-Mar-11	For the Year ended 31-Mar-10
Deferred Tax Liability		
Difference in Closing Net Block of fixed Assets.	(152.26)	(197.93)
Sign-on Bonus	NIL	(2.00)
Interest Capitalised on Capital CWIP	(409.06)	-
Deferred Tax Assets		
Gratuity Provision	152.44	114.26
Preliminary Expenses	2.43	3.53
Provision for Doubtful & Standard Assets	30.20	21.64
Loss on sale of Investments	17.28	16.49
Disallowance under Section 43 B of the Income Tax Act, 1961	140.83	144.10
Loss to be Carried forward under Income Tax	203.09	214.40
Deferred Tax Assets / (Liability)	**(15.05)**	**314.69**

2.15 Related Party Disclosure:

I. Related Parties (as certified by management):-

Enterprises in which Key Managerial Personnel exercise Significant Influence:

1. Passionate Investment Management Private Limited
2. Nagori Agro & Cattle Feeds Private Limited
3. Rishabh Securities Private Limited
4. Windwell Securities Private Limited
5. Textile Exports Private Limited
6. Raamdeo Agrawal (HUF)

Key Management Personnel:-

1. Mr. Motilal Oswal – Chairman & Managing Director
2. Mr. Raamdeo Agrawal – Joint Managing Director
3. Mr. Ajay Menon – Whole-time Director
4. Mr. Nitin Rakesh – Chief Executive Officer & Managing Director
5. Mr. Harsh Joshi – Whole-time Director

Relatives of Key Management Personnel / Enterprise in which relatives of Key Management Personnel have significant influence:-

1. Pratik M. Oswal – Son of Chairman
2. Pratiksha M. Oswal – Daughter of Chairman
3. P. S. Menon – Father of Whole-time Director
4. Vimla Oswal – Wife of Chairman
5. Suneeta Agrawal – Wife of Joint Managing Director
6. Oswal Shares & Securities – Enterprises of Brother of Chairman
7. Agarwal Portfolio – Enterprises of Brother of Joint Managing Director

Schedule V : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 *(contd..)*

II. Related Party Transaction during the Year:

(₹ in Lakhs)

Transaction	Name of the related Party	Enterprises in which Key Managerial Personnel exercise Significant Influence		Key Managerial Personnel/ Relative of Key Managerial Personnel		Total	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Managerial Remuneration	Motilal Oswal	–	–	762.30	841.00	762.30	841.00
	Raamdeo Agrawal	–	–	481.33	845.00	481.33	845.00
	Harsh Joshi	–	–	32.17	–	32.17	–
	Nitin Rakesh	–	–	122.50	–	122.50	–
	Ajay Menon	–	–	60.82	74.25	60.82	74.25
MOAMC Employee Stock Option (In Nos)	Nitin Rakesh	–	–	1,000,000.00	–	1,000,000.00	–
MOFSL Stock Option (In Nos.)	Ajay Menon	–	–	25,000.00	–	25,000.00	–
	Harsh Joshi	–	–	25,000.00	–	25,000.00	–
Corporate Guarantees	Passionate Investment Management Private Limited	31,760.00	31,745.00	–	–	31,760.00	31,745.00
Rent	Nagori Agro & Cattle Feeds Private Limited	34.32	34.32	–	–	34.32	34.32
	Rishabh Securities Private Limited	9.18	9.18	–	–	9.18	9.18
	Windwell Securities Private Limited	3.06	3.06	–	–	3.06	3.06
	Textile Exports Private Limited	15.90	15.90	–	–	15.90	15.90
Brokerage	Passionate Investment Management Private Limited	(15.72)	(10.51)	–	–	(15.72)	(10.51)
	Agarwal Portfolios	–	–	45.63	40.18	45.63	40.18
	Pratik M. Oswal	–	–	(0.07)	–	(0.07)	–
	Pratiksha M. Oswal	–	–	(0.07)	–	(0.07)	–
	Motilal Oswal	–	–	(1.32)	(10.10)	(1.32)	(10.10)
	Raamdeo Agrawal	–	–	(5.10)	(0.84)	(5.10)	(0.84)
Dividend	Motilal Oswal	–	–	284.20	197.47	284.20	197.47
	Raamdeo Agrawal	–	–	281.14	187.42	281.14	187.42
	Raamdeo Agrawal (HUF)	–	–	7.80	5.20	7.80	5.20
	Suneeta Agrawal	–	–	3.54	2.56	3.54	2.56
	Vimla Oswal	–	–	1.50	1.00	1.50	1.00
	Passionate Investment Management Private Limited	612.00	400.00	–	–	612.00	400.00
Charges (recovered) / paid	Oswal Shares & Securities	–	–	(0.91)	0.32	(0.91)	0.32
Subscription / Purchase to Equity Shares	Passionate Investment Management Private Limited	-	10.00	–	–	–-	10.00
	Passionate Investment Management Private Limited	–	600.00	–	–	–	600.00
IPO Application	P. S. Menon	–	–	(5.93)	–	(5.93)	–
Personal Guarantees	Motilal Oswal	–	–	–	(2,000.00)	–-	(2,000.00)
	Raamdeo Agrawal	–	–	–-	(2,000.00)	–-	(2,000.00)
Collaterals (Market Value)	Passionate Investment Management Private Limited	(39,305.01)	(31,437.35)	–	–	(39,305.01)	(31,437.35)
	Motilal Oswal	–-	–	(9,656.25)	(12,446.25)	(9,656.25)	(12,446.25)
	Raamdeo Agrawal	–	–	(1,287.50)	(1,659.50)	(1,287.50)	(1,659.50)
Outstanding Balances:							
Creditors	Motilal Oswal	–	–	–	(2.23)	–	(2.23)
Security Deposit	Passionate Investment Management Private Limited	200.00	200.00	–	–	200.00	200.00

Note: 'Income / receipts figures are shown in brackets.

Schedule V : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 *(contd..)*

2.16 Segment Information:

(₹ in lakhs)

	Equity Broking & Other related activities		Financing & Other activities		Investment Banking		Unallocated		Elimination		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
External Revenue	46,242.57	48,694.80	5,012.90	5,605.69	3,987.29	6,503.00	4,794.45	3,728.63	–	–	60,037.20	64,532.12
Inter Segment Revenue	2,056.69	1,435.20	71.04	(15.69)	64.50	–	98.81	67.77	(2,291.05)	(1,487.28)	(0.00)	(0.00)
Total Revenue	**48,299.26**	**50,130.00**	**5,083.94**	**5,590.00**	**4,051.79**	**6,503.00**	**4,893.26**	**3,796.40**	**(2,291.05)**	**(1,487.28)**	**60,037.20**	**64,532.12**
RESULT												
Segment Result	14,955.42	16,450.00	4,313.86	4,895.00	1,832.48	3,217.00	523.63	1,472.00	–	–	21,625.39	26,034.00
Un-allocated expenses											–	(5.66)
Operating profit											21,625.39	26,039.66
Interest Expenses											(551.29)	(716.82)
Interest Income											–	–
Income Tax											(7,123.63)	(7,880.74)
Profit From Ordinary Activities											**13,950.47**	**17,442.10**
Extra Ordinary Item											–	–
Net Profit											**13,950.47**	**17,442.10**
Other Information												
Segment Assets	104,763.85	99,338.26	55,102.87	55,610.67	1,810.02	2,414.07	32,303.69	32,756.54	(7,299.07)	(4,669.36)	186,681.36	185,450.18
Segment Liabilities	52,921.69	51,480.95	954.16	6,193.97	759.79	1,914.07	28,107.82	32,604.17	(2,012.87)	(1,340.63)	80,730.59	90,852.54
Capital Expenditure	3,003.47	7,669.55	3,398.85	10,587.29	9.08	18.04	22.43	(215.83)	–	–	6,433.83	18,059.05
Depreciation	1,260.01	1,360.15	0.75	0.20	9.57	12.84	42.45	45.68	–	–	1,312.78	1,418.88
Non-cash expenses other than depreciation	–	–	73.92	–	–	–	–	–	–	–	73.92	–

Schedule V : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 *(contd..)*

2.17 The following table set out the consolidated gratuity plan as required under Accounting Standard 15. Reconciliation of opening and closing balances of the present value of the defined benefit obligation.

(₹ in lakhs)

Method: Unit Credit Method

Assumptions	Details
Discount Rate	8% P.A.
Expected Return On Plan Assets	N/A
Mortality	L.I.C. 1994-96 ULTIMATE
Future Salary Increases	15% p.a.
Disability	Nil
Attrition	20% p.a.
Retirement	55 yrs.
Changes in the Present Value of the Obligation and in the Fair Value of the Assets	
Present Value Of obligation at the beginning of period	345.49
Interest Cost	25.96
Current Service Cost	161.62
Past Service Cost	108.41
Benefits Paid	(41.88)
Actuarial (gain) loss on Obligation	(105.86)
Present Value Of obligation at the end of period	493.75
Fair value of plan Assets at the beginning of the period	0
Expected Return On plan assets	0
Contributions	41.88
Benefits Paid	(41.88)
Actuarial gain (Loss) Plan Assets	0.00
Fair value of plan Assets at the end of the period	0.00
Total Actuarial gain (loss) to be recognised	110.47
Balance Sheet Recognition	
Present Value Of Obligation	493.75
Fair Value Of Plan Assets	0.00
Liability (assets)	493.75
Unrecognized Past Service Cost	0.00
Liability (asset) recognised in the Balance Sheet	493.75
Profit & Loss - Expenses	
Current Service Cost	161.62
Interest Cost	25.96
Expected Return On plan assets	0.00
Net Actuarial gain (loss) recognised in the year	(105.86)
Past Service Cost	108.41
Expenses Recognised in the statement of Profit & Loss	190.14
Movement in the net Liability recognised in the Balance Sheet	
Opening net Liability	345.49
Expenses	190.14
Contribution	(41.88)
Closing Net Liability	493.75

Schedule V : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 *(contd..)*

2.18 Open Interest in Individual Stock Futures as on 31st March, 2011

(a) Open Long Positions:

Name of Equity Index / Stock Future	Expiry Date	No. of Contracts	No. of Units
ABAN	28-Apr-11	11	2,750
ABB	28-Apr-11	5	1,250
ACC	28-Apr-11	19	4,750
ALBK	28-Apr-11	16	16,000
APIL	28-Apr-11	8	4,000
AXISBANK	28-Apr-11	46	11,500
BAJAJHIND	28-Apr-11	32	64,000
BANKNIFTY	28-Apr-11	331	8,275
BHARATFORG	28-Apr-11	21	21,000
BHARTIARTL	28-Apr-11	78	78,000
BHEL	28-Apr-11	76	9,500
CENTURYTEX	28-Apr-11	49	24,500
CIPLA	28-Apr-11	24	24,000
DABUR	28-Apr-11	57	114,000
DIVISLAB	28-Apr-11	3	1,500
DLF	28-Apr-11	18	18,000
DRREDDY	28-Apr-11	33	8,250
ESSAROIL	28-Apr-11	4	8,000
GRASIM	28-Apr-11	16	2,000
HCLTECH	28-Apr-11	15	7,500
HDFC	28-Apr-11	73	36,500
HDFCBANK	28-Apr-11	72	9,000
HEROHONDA	28-Apr-11	50	6,250
HINDPETRO	28-Apr-11	55	27,500
HINDUNILVR	28-Apr-11	33	33,000
HINDUSTAN ZINC LTD.	28-Apr-11	2	5,000
IDFC	28-Apr-11	27	54,000
INFOSYSTCH	28-Apr-11	251	31,375
ITC	28-Apr-11	171	342,000
JINDALSTEL	28-Apr-11	41	20,500
JPASSOCIAT	28-Apr-11	25	50,000
KOTAKBANK	28-Apr-11	71	35,500
LT	28-Apr-11	234	29,250
LUPIN LIMITED	28-Apr-11	1	1,000
M&M	28-Apr-11	62	31,000
NCC	28-Apr-11	12	24,000
NIFTY	30-Jun-11	657	32,850
NTPC	28-Apr-11	68	68,000
ONGC	28-Apr-11	10	10,000
ORCHIDCHEM	28-Apr-11	7	14,000

Schedule V : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 *(contd..)*

Name of Equity Index / Stock Future	Expiry Date	No. of Contracts	No. of Units
PATNI	28-Apr-11	385	192,500
RCOM	28-Apr-11	26	52,000
RELIANCE	28-Apr-11	322	80,500
RELINFRA	28-Apr-11	56	14,000
RPOWER	28-Apr-11	18	36,000
SAIL	28-Apr-11	59	59,000
SESAGOA	28-Apr-11	53	53,000
SIEMENS	28-Apr-11	29	14,500
STER	28-Apr-11	38	76,000
TATAGLOBAL	28-Apr-11	5	10,000
TATAMTRDVR	28-Apr-11	72	18,000
TATAPOWER	28-Apr-11	15	3,750
TATASTEEL	28-Apr-11	79	39,500
TCS	28-Apr-11	113	28,250
UNITECH	28-Apr-11	41	164,000

(b) Open Short Positions:

Name of Equity Index / Stock Future	Expiry Date	No. of Contracts	No. of Units
ABGSHIP	28-Apr-11	5	5,000
ADANIENT	28-Apr-11	76	38,000
ALOKTEXT	28-Apr-11	1	10,000
AMBUJACEM	28-Apr-11	7	14,000
ANDHRABANK	28-Apr-11	10	20,000
ASHOKLEY	28-Apr-11	44	176,000
AUROPHARMA	28-Apr-11	144	180,000
BAJAJ-AUTO	28-Apr-11	35	8,750
BALRAMCHIN	28-Apr-11	7	28,000
BANKBARODA	28-Apr-11	329	82,250
BANKINDIA	28-Apr-11	8	4,000
BGRENERGY	28-Apr-11	60	15,000
BHUSANSTL	28-Apr-11	4	2,000
BPCL	28-Apr-11	25	12,500
CAIRN	28-Apr-11	19	19,000
CANBK	28-Apr-11	82	41,000
EDUCOMP	28-Apr-11	129	64,500
FEDERALBNK	28-Apr-11	5	5,000
GAIL	28-Apr-11	5	2,500
GESHIP	28-Apr-11	76	76,000
GMRINFRA	28-Apr-11	15	60,000
HCC	28-Apr-11	156	624,000
HDIL	28-Apr-11	93	93,000
HINDALCO	28-Apr-11	76	152,000
ICICIBANK	28-Apr-11	5	1,250
IDBI	28-Apr-11	41	82,000

Schedule V : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 *(contd..)*

Name of Equity Index / Stock Future	Expiry Date	No. of Contracts	No. of Units
IFCI	28-Apr-11	20	80,000
ISPATIND	28-Apr-11	16	160,000
JETAIRWAYS	28-Apr-11	11	5,500
JSWSTEEL	28-Apr-11	413	103,250
LITL	28-Apr-11	55	220,000
MARUTI	28-Apr-11	123	30,750
MCDOWELL-N	28-Apr-11	256	64,000
MPHASIS	28-Apr-11	10	5,000
MTNL	28-Apr-11	7	28,000
MUNDRAPORT	28-Apr-11	51	102,000
NATIONALUM	28-Apr-11	5	10,000
NEYVELILIG	28-Apr-11	2	4,000
NIFTY	28-Apr-11	1300	65,000
NIFTY	28-Apr-11	2541	127,050
ORIENTBANK	28-Apr-11	3	1,500
PANTALOONR	28-Apr-11	310	155,000
PATNI	28-Apr-11	16	8,000
PETRONET	28-Apr-11	2	4,000
PIRHEALTH	28-Apr-11	149	74,500
PNB	28-Apr-11	8	2,000
POWERGRID	28-Apr-11	125	250,000
RANBAXY	28-Apr-11	3	1,500
RELCAPITAL	28-Apr-11	10	5,000
RELMEDIA	28-Apr-11	23	23,000
RENUKA	28-Apr-11	63	252,000
SBIN	28-Apr-11	372	46,500
SCI	28-Apr-11	41	82,000
STERLINBIO	28-Apr-11	3	6,000
SUNPHARMA	28-Apr-11	43	26,875
SUNTV	28-Apr-11	13	6,500
SUZLON	28-Apr-11	38	152,000
SYNDIBANK	28-Apr-11	17	34,000
TATAMOTORS	28-Apr-11	880	220,000
TECHM	28-Apr-11	4	2,000
TITAN	28-Apr-11	23	2,875
TV-18	28-Apr-11	22	88,000
TVSMOTOR	28-Apr-11	28	112,000
UCOBANK	28-Apr-11	26	52,000
UNIONBANK	28-Apr-11	82	82,000
VIJAYABANK	28-Apr-11	9	36,000
WIPRO	28-Apr-11	18	9,000
YESBANK	28-Apr-11	11	11,000
ZEEL	28-Apr-11	10	20,000

Schedule V : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 *(contd..)*

(c) Outstanding Options Contract as on 31st March, 2011

(₹ in lakhs)

Name of Equity Index / Stock Options	Total premium carried forward as at the year end net of provisions made
CAIRN	0.014
NIFTY	6,213.08
RELIANCE	0.010
SESAGOA	0.132
TOTAL	**6,213.24**

(d) The Company pledges Stock in Trade with the Stock exchanges towards margin requirement of the exchanges.

2.19 Initial margin in respect of outstanding Equity Derivative Instruments contracts at year end is ₹ 3,632.93 lakhs (Previous Year ₹ 4,938.75 lakhs) which comprises of bank & fixed deposits, bank guarantee & collaterals.

2.20 During the year, CRISIL Limited assigned the Credit Rating of 'P1+' (pronounced 'P One Plus') to the following Debt programmes / Bank loan facilities of the company :-

a. Short Term Debt Programme of ₹ 80,000 lakhs.

b. Bank guarantee facilities of ₹ 46,800 lakhs

c. Short Term Loan facility of ₹ 20,800 lakhs

2.21 Out of the capital commitment of 10% (subject to maximum limit of ₹ 4,500 lakhs) given by the Company in respect of total capital commitment of Business Excellence Trust, the Trust sponsored by the Company under the Indian Trust Act, 1982, the Company has contributed an amount of ₹ 4,050 lakhs towards its capital contribution as per the draw down intimations received from the Fund & an advance of ₹ 3,375 in thousands against future draw down.

2.22 During the year, the Company has given total capital commitment of ₹ 2,500 lakhs in respect of Business Excellence Trust II, the Trust sponsored by the Company under the Indian Trust Act, 1982.

2.23 Company has given a capital commitment of an amount of ₹ 1,500 lakhs to India Realty Excellence Fund launched by Reality Excellence Trust. In respect of this, the Company has contributed an amount of ₹ 900 lakhs as per the draw down intimations received from the Fund & an advance of ₹ 1,000 in thousands against future draw down.

2.24 During the year, the Company has given total capital commitment of ₹ 2,500 lakhs to India Realty Excellence Fund II launched by Reality Excellence Trust.

2.25 The Company has given a capital commitment of ₹ 150 lakhs to Aditya Birla Private Equity & ₹ 150 lakhs to Reliance Alternative Investment Fund. In respect of this, the Company has contributed an amount of ₹ 60 lakhs in Aditya Birla Private Equity & ₹ 52.50 lakhs in Reliance Alternative Investment Fund as per the draw down intimations received from the Fund.

2.26 Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances) is ₹ 5,469.07 lakhs (Previous Year ₹ 849.22 lakhs).

2.27 The Company has, during the year, capitalized interest of ₹ 680.35 lakhs (Previous Year ₹ 580.31 lakhs) attributed to capital work-in-progress, which is in accordance with Accounting Standard on 'Borrowing Costs' (AS-16) issued by the Institute of Chartered Accountants of India. The said Accounting Standard specifies that interest on funds that are borrowed generally (for working capital) and used for the purpose of obtaining a qualifying asset are costs that are eligible for capitalisation. The amount of borrowing costs (interest) attributable to the qualifying asset is determined by applying the weighted average rate of borrowings outstanding to the asset expenditures ('qualifying assets').

2.28 Exceptional Items:

Exceptional items comprises of reversal of provision for ₹ NIL lakhs (Previous Year ₹ 5.66 lakhs) made in earlier year in respect of diminution in value of long-term investments.

Schedule V : Significant Accounting Policies & Notes to Accounts for the year ended March 31, 2011 *(contd..)*

2.29 Amount of margin money and shares received from clients and outstanding as on 31st March, 2011 are as follows:

(₹ in lakhs)

Security Settlement for the Year ended	In the form of Securities at market Value*	Bank Guarantees	Received in cheques
31.03.2011	29,586.24	150.00	5,086.24

*Margin money received in the form of securities from clients, as per the Regulations, is held by the Company. Out of this, securities worth ₹ 9,288.88 lakhs is pledge with Exchange as on March 31, 2011.

2.30 Figures of previous years have been re-grouped / re-arranged / restated wherever considered necessary.

For and on behalf of the Board of
MOTILAL OSWAL FINANCIAL SERVICES LTD.

Samrat Sanyal	**Motilal Oswal**	**Raamdeo Agrawal**
Company Secretary	Chairman & Managing Director	Joint Managing Director

Place : Mumbai
Dated : 30th April, 2011

FINANCIAL HIGHLIGHTS OF SUBSIDIARIES FOR THE YEAR ENDED 31ST MARCH, 2011

(As per Circular No. 2/2011 dated 8th February, 2011 issued by Ministry of Corporate Affairs)

(₹ in Lakhs)

Name of the Subsidiary Company	Capital (including Preference Share Capital)	Reserve & Surplus	Total Assets	Total Liabilities	Details of Investments (excluding Investments in Subsidiaries)	Gross Turnover	Profit Before Tax	Provision for Tax	Profit After Tax	Proposed Dividend & tax thereon
Motilal Oswal Securities Ltd.	131.88	55,412.76	123,403.38	123,403.38	221.43	48,710.57	14,896.22	4,816.05	10,080.17	1,272.21
Motilal Oswal Commodities Broker Private Ltd.	41.00	463.44	2,491.76	2,491.76	–	963.10	377.61	123.86	253.75	–
Motilal Oswal Investment Advisors Private Ltd.	100.00	1,577.13	5,832.30	5,832.30	112.50	4,175.33	1,955.28	656.69	1,298.60	1,220.34
Motilal Oswal Private Equity Advisors Private Ltd.	5.88	762.47	1,332.35	1,332.35	600.00	1,275.31	334.10	106.78	227.31	–
Motilal Oswal Capital Markets Private Ltd.	125.00	13.86	148.40	148.40	–	96.20	59.33	20.50	38.83	–
Antop Traders Private Ltd.	1.50	96.78	403.41	403.41	–	64.27	458.68	11.23	34.64	–
Motilal Oswal Insurance Brokers Private Ltd.	100.00	(39.93)	100.91	100.91	–	2.66	(16.84)	–	(16.84)	–
Motilal Oswal Asset Management Company Ltd.	3,000.00	(1,303.32)	3,653.29	3,653.29	–	1,954.58	(854.69)	–	(854.69)	–
Motilal Oswal Trustee Company Ltd.	10.00	(1.27)	10.14	10.14	–	2.38	(0.14)	–	(0.14)	–

For and on behalf of the Board of
MOTILAL OSWAL FINANCIAL SERVICES LTD.

Samrat Sanyal
Company Secretary

Motilal Oswal
Chairman & Managing Director

Raamdeo Agrawal
Joint Managing Director

Place : Mumbai
Dated : 30th April, 2011

IMPORTANT NOTIFICATION FOR MEMBERS

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by companies and has issued Circulars No.17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011. The Circulars provide that a company will be in compliance with the provisions of Sections 53 and 219 of the Companies Act, 1956, in case documents like notices, annual report, etc. are sent in electronic mode to its members.

In view of the above, we propose 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 green 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:

1. In respect of electronic holdings with the Depository through their concerned Depository Participants.
2. Members who hold shares in physical form are requested to mail your e-mail record to investors@motilaloswal.com quoting your name and folio number.

This initiative would enable the members receive communication promptly besides paving way for reduction in paper consumption and wastage. You would appreciate the "Green Initiative" taken by MCA and your Company's desire to participate in the initiative.

Notes

Notes

MOTILAL OSWAL
Financial Services

Regd. Office: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai 400 064. Tel.: 022 30801000