

# Nurtured with Knowledge



## Nurturing Growth

India, over the past year has remained an attractive investment destination despite slow down in global growth.

For Motilal Oswal Group too, it's been a year of growth. The seeds of growth by way of technology and processes that have been planted in the business are now bearing fruit. With landmark achievements and our constant focus on research, the key drivers of our growth, our nurturing of the business with knowledge capital is now adding to the overall business contribution to create a tree of knowledge that provides fruitful returns to customers, investors, partners and employees.

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# **Motilal Oswal Securities Limited**

**Annual Report 2015-2016**



To the Members,

Your Directors have pleasure in presenting their 22nd Report together with the audited Financial Statement of your Company for the year ended 31st March, 2016.

## Financial Highlights

The Standalone Financial Highlights for the year is as under:

| Particulars  | Amount (₹ in millions)         |                                |
|--|--------------------------------|--------------------------------|
|  | Year ended<br>31st March, 2016 | Year ended<br>31st March, 2015 |
| Revenue  | 5,505.07                       | 5,425.61                       |
| Profit before Interest, Depreciation, Taxation and exceptional items | 1,485.25                       | 1,815.68                       |
| Less: Interest   | 456.67                         | 118.47                         |
| Less: Depreciation   | 234.59                         | 203.72                         |
| Profit before Taxation and exceptional items                         | 793.99                         | 1,492.99                       |
| Less: Exceptional Items  | –                              | –                              |
| <b>Profit before taxation</b>  | <b>793.99</b>                  | <b>1,492.99</b>                |
| Less : Provision for Taxation  |                                |                                |
| Current Tax  | 205.72                         | 421.34                         |
| Deferred Tax   | (17.19)                        | 14.93                          |
| Tax for earlier year(s)  | –                              | (24.51)                        |
| Profit after Taxation, before extraordinary items for the year       | 605.46                         | 1,081.23                       |
| Profit after Taxation, before minority Interest                      | 605.46                         | 1,081.23                       |
| Profit after Taxation and minority Interest                          | 605.46                         | 1,081.23                       |
| Balance brought forward from previous year                           | 6,672.49                       | 6,154.50                       |
| Less: Transition Provision of Depreciation                           | –                              | 16.66                          |
| Profit Available for appropriation                                   | 605.46                         | 1,081.23                       |
| Less: Proposed Dividend  | –                              | 139.80                         |
| Less: Interim Dividend   | –                              | 277.16                         |
| Less: Dividend Distribution Tax                                      | –                              | 75.56                          |
| Less: Transfer to General Reserve                                    | –                              | 54.06                          |
| Balance of Profit carried forward                                    | <b>7,277.95</b>                | <b>6,672.49</b>                |

## State of Company's Affairs

During the year under review, Motilal Oswal Securities Limited (MOSL) recorded total revenues of ₹ 5505.07 million, an increase of 1.46% from the previous year.

- Broking and related revenues decreased marginally by 0.02% to ₹ 4264.14 million this year. Average daily volumes in the equity markets were ₹ 3.01 tn in FY2016, down 9.97% from last year. Cash volumes in the market dipped 5.56% YoY to ₹ 201.50 bn. Within cash, delivery declined 6.35% YoY to ₹ 60.71 bn. However, cash volumes are still 50.13% higher than the average seen between FY2012-2014 and delivery volumes are still 55.43% higher than the FY2012-2014 average. Within derivatives volumes in the market, futures dipped 2.18% YoY to ₹ 502.08 bn. This year, options were down 11.86% YoY to ₹ 2.30 tn, a reversal from recent years when options alone led the growth in the overall market volumes. Amongst cash participants in the market, retail and prop segments saw declines of 8.33% and 7.46% YoY respectively. DII cash volumes increased 1.93% YoY, led by renewed retail interest in equity mutual funds. The proportion of retail within cash volumes decreased from 50.36% to 48.88% YoY. Our overall equity market share increased from 1.51% to 1.96% on a YoY basis. Due to our continued focus and investments into this business, we succeeded in capturing a larger chunk of the incremental volumes this year across both cash and derivatives. As of 31st March, 2016, our client base included more than 788,000 retail broking and distribution clients and 590 institutions. Our Pan-India distribution reach stood at 2,000+ business locations across 511 cities.

# BOARD'S REPORT (Contd..)

- PMS distribution fees increased by 5.17% to ₹ 216.24 million.
- Profit from sale of investments increased by 17.90% to ₹ 306.21 million.
- Dividend income declined by 61.73% to ₹ 28.35 million.
- Partnership gains increased by 496.75% to ₹ 93.95 million.
- Other operating income registered an increase of 28.42% to ₹ 562.01 million.
- Other income decreased by 70.01% to ₹ 37.37 million.

In terms of expense items, operating expenses declined by 1.66% to ₹ 1627.81 million. Personnel costs increased by 22.64% to ₹ 1388.77 million due to increased hiring in the retail broking & distribution business. Administration and other expenses increased by 22.02% to ₹1003.24 million, largely due to increased rent, communications and marketing expenses. As a result, total expenditure (before depreciation, interest and exceptional item) increased by 11.35% to ₹ 4019.82 million.

Profit before interest, depreciation and exceptional items decreased by 18.18% to ₹ 1485.25 million this year. Interest costs went up by 285.42% to ₹ 456.67 million. Reported net profit for the year stood at ₹ 605.46 million, a decrease of 44.00%.

## Future Outlook

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

Our investments into competencies during the recent quarters are leading to tangible business outcomes, and we remain on course in creating a fair mix of capital markets, annuity-driven and stable businesses. We have gained significant traction across asset mobilization and market share and remain optimistic in our ability to capture the growth opportunities as they unfold further.

## Credit Rating

During the year, CRISIL Limited reaffirmed the Credit Rating of "CRISIL A1+" to the Commercial Programme of ₹ 7.00 bn of Motilal Oswal Securities Limited.

## Dividend and Reserves

During the Financial Year 2015-16, no interim dividend has been paid and the Board does not recommend any amount to be paid by way of Final Dividend.

## Deposits and Loans / Advances

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013 during the year under review.

The Company has not made any loans / advances which is required to be disclosed in the annual accounts of the Company pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

## Details of Subsidiaries

### Consolidation of Accounts of Subsidiary Companies

The Company being the wholly owned subsidiary of Motilal Oswal Financial Services Limited is not required to prepare consolidated financial statements.

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

1. Motilal Oswal Capital Markets Private Limited
2. Motilal Oswal Asset Management Company Limited
3. Motilal Oswal Trustee Company Limited
4. Motilal Oswal Wealth Management Limited
5. Motilal Oswal Securities International Private Limited

6. Motilal Oswal Capital Markets (Hong Kong) Private Limited
7. Motilal Oswal Capital Markets (Singapore) Pte. Limited
8. Aspire Home Finance Corporation Limited\* (AHFCL)
9. Motilal Oswal Asset Management (Mauritius) Private Limited

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

Pursuant to the provisions of Section 129(3) and Companies (Accounts) Rules, 2014, of the Companies Act, 2013, the financial performance of each of the subsidiaries is annexed herewith to this Report as "**Annexure 1**".

*\*The company's stake in Aspire Home Finance Corporation Limited stood at 81.57% as on 31st March, 2016, on account of issuance of Equity Shares by AHFCL, on Private Placement basis to the company's holding company, Motilal Oswal Financial Services Limited along with other Shareholders.*

## Directors

Mr. Ajay Menon, Whole-time Director of the Company, was appointed as Managing Director and Chief Executive Officer for a period of 5 years w.e.f. 2nd November, 2015, pursuant to approval given by the Shareholders of the company in the meeting held on 31st October, 2015.

Mr. Harsh Joshi, Whole-time Director of the Company, was re-appointed as Whole Time Director for a period of 5 years, w.e.f. 20th October, 2015, pursuant to approval granted by the Shareholders of the company in the meeting held on 5th September, 2015.

Due to his pre-occupation, Mr. Balkumar Agarwal, Independent Director, expressed his inability to continue further as Independent Director for another term. Accordingly, he ceased to be a Director with effect from 31st July, 2015.

Mr. Praveen Tripathi was appointed as Independent Director of the company, for a term of 5 years, in the Annual General Meeting of the company held on 31st July, 2015.

Mrs. Rekha Shah, Additional Director of the company, was appointed as Independent Director, for a term of 2 years, pursuant to resolution passed by the Shareholders of the company, in the Annual General Meeting held on 31st July, 2015.

Mr. Sudhir Dhar, Additional Director of the company, was appointed as Director (Non Executive) by the Shareholders of the company in the Annual General Meeting, held on 31st July, 2015.

## Statement of Declaration by Independent Directors under section 149(7) of Companies Act, 2013

The Company has received the statement of declaration under sections 149(7) of the Companies Act, 2013 from Mr. Praveen Tripathi and Mrs. Rekha Shah, Independent Directors of the Company.

## Committees of the Board

### 1) Audit Committee

The Company constituted the Audit Committee comprising of Mr. Praveen Tripathi (Chairman of the Committee), Mr. Harsh Joshi and Mrs. Rekha Shah as Members of the Committee.

The Committee constituted shall undertake the following activities / terms of reference which shall be inclusive but not limited to the following terms:

1. To recommend appointment, remuneration and terms of appointment of auditors of the company;
2. To review and monitor the auditor's independence and performance and effectiveness of audit process
3. To examine and review the annual financial statement and the auditors' report thereon;
4. To approve transactions of the company with related parties or any subsequent modification thereof;
5. To scrutinize inter-corporate loans and investments;
6. Valuation of undertakings or assets of the company, wherever it is necessary;
7. To evaluate internal financial controls and risk management systems;
8. To monitor the end use of funds raised through public offers and related matters;
9. To oversee the working of vigil mechanism.

# BOARD'S REPORT (Contd..)

The Composition of the Audit Committee and details of participation of the Members at the Meetings of the Committee during the year were as under:

| Name of the member   | Category             | No. of meetings held | No. of meetings attended |
|--|----------------------|----------------------|--------------------------|
| Mr. Praveen Tripathi<br>(Appointed w.e.f. 31st July, 2015) | Independent Director | 3                    | 3                        |
| Mrs. Rekha Shah  | Independent Director | 4                    | 4                        |
| Mr. Harsh Joshi  | Whole-Time Director  | 4                    | 4                        |
| Mr. Balkumar Agarwal<br>(ceased w.e.f. 31st July, 2015)    | Independent Director | 1                    | 1                        |

## 2) Nomination and Remuneration Committee

The Company's Nomination and Remuneration Committee of the Board of Directors comprises of Mr. Praveen Tripathi (Chairman of the Committee), Mr. Sudhir Dhar, Mrs. Rekha Shah and Mr. Ajay Menon as Members of the Committee.

The Committee constituted shall undertake the following activities / terms of reference which shall be inclusive but not limited to the following terms: -

1. Formulate criteria to qualify individuals who may become director or who may be appointed in senior management level of the Company and recommend to the Board their appointments and removal.
2. Carry out performance evaluation of all Directors.
3. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
4. Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. The policy shall be referred as Nomination and Remuneration policy.

The Composition of the Nomination and Remuneration Committee and details of participation of the Members at the Meetings of the Committee during the year were as under:

| Name of the member   | Category               | No. of meetings held | No. of meetings attended |
|--|------------------------|----------------------|--------------------------|
| Mr. Praveen Tripathi<br>(Appointed w.e.f. 31st July, 2015) | Independent Director   | 2                    | 2                        |
| Mrs. Rekha Shah  | Independent Director   | 3                    | 3                        |
| Mr. Sudhir Dhar  | Non-Executive Director | 3                    | 2                        |
| Mr. Ajay Menon   | Managing Director      | 3                    | 2                        |
| Mr. Balkumar Agarwal<br>(ceased w.e.f. 31st July, 2015)    | Independent Director   | 1                    | 1                        |

## 3) Corporate Social Responsibility (CSR Committee)

The Company's Corporate Social Responsibility (CSR Committee) of the Board of Directors comprises of Mr. Praveen Tripathi (Chairman of the Committee), Mr. Ajay Menon and Mr. Harsh Joshi as the members of the Committee.

The Committee shall undertake the following activities / terms of reference which shall be inclusive but not limited to the following terms: -

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

The Composition of the Corporate Social Responsibility Committee and details of participation of the Members at the Meetings

of the Committee during the year were as under:

| Name of the member   | Category             | No. of meetings held | No. of meetings attended |
|--|----------------------|----------------------|--------------------------|
| Mr. Praveen Tripathi<br>(Appointed w.e.f. 31st July, 2015) | Independent Director | 1                    | 1                        |
| Mr. Ajay Menon   | Managing Director    | 2                    | 1                        |
| Mr. Harsh Joshi  | Whole-Time Director  | 2                    | 2                        |
| Mr. Balkumar Agarwal<br>(ceased w.e.f. 31st July, 2015)    | Independent Director | 1                    | 1                        |

#### 4) Investment Committee

The Company constituted the Investment Committee of the Board of Directors comprising of Mr. Ajay Menon (Chairman of the Committee), Mr. Harsh Joshi, Mr. Sudhir Dhar and Mr. Motilal Oswal as members of the Committee.

The Committee is authorised to grant, sign and certify the comfort letter issued by the Company to various banks in the format as required by the respective Bank in consultation with the Company, in connection with the credit facilities availed from Banks by Aspire Home Finance Corporation Limited (AHFCL), subsidiary company and other holding companies, subsidiary companies, associate companies and other group entities in Motilal Oswal Group.

The Composition of the Investment Committee and details of participation of the Members at the Meetings of the Committee during the year were as under:

| Name of the member | Category | No. of meetings held | No. of meetings attended |
|--------------------|----------|----------------------|--------------------------|
| Ajay Menon         | Chairman | 14                   | 14                       |
| Harsh Joshi        | Member   | 14                   | 14                       |
| Sudhir Dhar        | Member   | 14                   | 14                       |
| Motilal Oswal      | Member   | 14                   | 14                       |

#### Corporate Social Responsibility (CSR) Initiatives

The Company believes in enhancing the human intangible asset and strive to contribute largely to the education & learning front. Over the years, the Company have been striving to achieve a balance of economic, environmental and social imperatives while satisfying the needs and expectations of internal and external stakeholders.

As the part of the initiatives under Corporate Social Responsibility, the Company has made contribution in various areas like eradicating hunger and poverty, education and health care.

The Company makes contributions to various projects directly and also through Motilal Oswal Foundation, a charitable company incorporated under Section 25 of the Companies Act, 1956.

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

During the year under review, the Group made contribution by funding for Health Care, Social Welfare, protection of environment, promotion of Sports and for development of knowledge based economy. Setting Up and Running English Medium Schools for providing education to Underprivileged Children, contribution towards Mid-Day Meal Programme for providing mid-day meals at Iskcon, contribution towards Olympic Gold Quest for promotion of sports, contribution to JITO Administrative Training Foundation, contribution to Friends of Tribal Society for Social Welfare, contribution towards Healthcare through Dr. Babasaheb Ambedkar Vaidyakiya Pratishthan, Vision Eye Foundation, Tata Memorial Hospital etc. were some of the activities undertaken as CSR Activities, for the betterment of the Society.

The Annual Report on CSR activities is annexed herewith to this report as "Annexure 2."

# BOARD'S REPORT (Contd..)

## Vigil Mechanism

Pursuant to the provisions of Section 177 of the Companies Act, 2013, the Company has established a Vigil Mechanism for directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

This mechanism provides for adequate safeguards against victimization of director(s) / employee(s) who avail of the mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases.

No such cases were reported during the year.

## Business Risk Management

The organization has strengthened its entity-wide Risk Management framework with an endeavor to enhance the control environment via risk mitigation and reducing the impact of risks within acceptable levels. This has been carried out in a phased manner wherein due emphasis is being given on identification, assessment and economic control of those risks that endanger the assets and earning capacity of the business. To achieve the aforesaid objectives, the Board of Directors of your company has framed the Risk Management policy to identify, assess and mitigate the risk associated with the Business of the Company.

## Internal Financial Control and their Adequacy

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

## Particulars of Loans, Guarantees and Investments

The details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in note no. 11 to financial statements.

## Related Party Transactions

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

In terms of Section 134(3)(h) of the Companies Act, 2013, the details of contracts / arrangements entered into with Related Parties are provided in Form AOC-2 as "Annexure 3" to this Report.

All Related Party Transactions are placed before the Audit Committee for approval.

## Statutory Auditors

Your company has appointed M/s. Haribhakti & Co. LLP as Statutory Auditors for a period of three years subject to the ratification by the members in every Annual General Meeting of the Company. In compliance to the provisions of Section 139 of the Companies Act, 2013, the appointment of the statutory auditors is to be ratified by the members at the forthcoming Annual General Meeting. M/s. Haribhakti & Co. LLP, Chartered Accountants (ICAI Firm Reg. No. 103523W) have given their consent for re-appointment. The members will be required to ratify the appointment of Auditors for the current financial year and fix their remuneration. There were no qualifications, reservations, adverse remarks or disclaimers in the report of Statutory Auditors of the Company.

As required by the provisions of Section 139(1) of the Companies Act, 2013, the Company has received a written certificate from M/s. Haribhakti & Co. LLP, Chartered Accountants, to the effect that their re-appointment, if made, would be in conformity within the limits specified in that section.

## Secretarial Audit

In accordance to the provisions of Section 204 of the Companies Act, 2013 read with rules there under, the Company has appointed M/s. U. Hegde and Associates, Practicing Company Secretaries, for conducting the secretarial audit of the Company for the financial year 2015-16.

There were no qualifications, reservations, adverse remarks or disclaimers in the Secretarial Audit Report of the Company. The Secretarial audit report is annexed to this report as "Annexure 4".

## Particulars of Employees as required under Section 197 of the Companies Act, 2013 and rules

## **framed there under**

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

## **Directors' Responsibility Statement**

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. 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, 2016 and of the Profit of the Company for the year ended on that date;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis; and
5. they have devised proper systems to ensure compliance with the provisions of all applicable laws and the systems were adequate and operating effectively.

## **Extract of Annual Return**

The details forming part of extract of annual return of the Company in Form MGT 9 is annexed herewith to the report as "Annexure 5".

## **Number of Board Meetings**

The Board meets at regular intervals to discuss and decide on the Company/business policy and strategy apart from other Board businesses. During the year under review, five Board Meetings were held and the interval between any two meetings was not more than 120 days. These Board Meetings were held on 30th April, 2015, 8th August, 2015, 19th October, 2015, 3rd December, 2015 and 3rd February, 2016. The resolution by circulation was passed on 7th July, 2015 and 16th September, 2015.

## **Significant and Material Orders**

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's Operations in future.

## **Nomination and Remuneration Policy**

The Board in its meeting held on 30th April, 2015 approved the company's Nomination and Remuneration Policy, as framed and recommended by the Nomination & Remuneration Committee. The Policy deals with directors' appointment and their remuneration, Key Managerial Personnel and other employees, including criteria for determining qualifications, positive attributes, independence of Director and other matters provided under section 178(4) of Companies Act, 2013.

The Nomination and Remuneration Policy is annexed to this report as "Annexure 6".

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

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

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

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

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

Details of the foreign exchange earnings and outgo are given in the notes no. 43 to the Financial Statements.

## **Company's Policy on Directors' appointment and Remuneration including criteria for determining qualifications, positive attributes, independence of a director**

Your company has put in place policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director, manner of selection of Directors, etc. in line with the requirements of the Companies Act, 2013, read with its applicable rules.

In terms of the provisions of the Companies Act, 2013, your company has had laid down criteria for performance evaluation of Directors, Chairman & MD, Board Level Committees and Board as a whole and also the evaluation process for the same. The performances of the members of the Board, the Board level Committees and Board as a whole were evaluated at the meeting of the Committee of the Independent Directors and the Board of Directors. The criteria amongst others, focuses on productivity and performances of Directors / Committee members and the quality of leadership skills blended with innovative strategies to drive business, vis-à-vis, achieving goals of the organization.

## **Material Changes and Commitments, if any, affecting the Financial Position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of the Report**

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

## **Acknowledgments**

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

For and on behalf of the Board of  
**Motilal Oswal Securities Limited**

**Ajay Menon**

*Chairman & Managing Director*  
(DIN: 00024589)

Place : Mumbai  
Date : 30th April, 2016.

# ANNEXURE 1 TO THE BOARD'S REPORT

The Financial performance of each of the subsidiaries are detailed below:-

(₹ in millions)

| Sr. No.    | Name of the Subsidiaries                                   | Turnover       |                 |          | Profit / Loss before tax |                 |          | Profit / Loss after Tax |                 |          |
|------------|--|----------------|-----------------|----------|--------------------------|-----------------|----------|-------------------------|-----------------|----------|
|            |  | Current Period | Previous Period | Growth % | Current Period           | Previous Period | Growth % | Current Period          | Previous Period | Growth % |
| <b>(A)</b> | <b>INDIAN SUBSIDIARIES</b>                                 |                |                 |          |                          |                 |          |                         |                 |          |
| 1          | Motilal Oswal Capital Markets Private Limited              | 36.00          | 2.38            | 1,412.61 | 15.63                    | 1.80            | 768.33   | 10.75                   | 1.57            | 584.71   |
| 2          | Motilal Oswal Asset Management Company Limited             | 1,850.54       | 878.34          | 110.69   | 353.94                   | 52.48           | 574.43   | 264.31                  | 52.48           | 403.64   |
| 3          | Motilal Oswal Trustee Company Limited                      | 1.22           | 1.22            | 0.00     | 0.88                     | 0.85            | 3.53     | 0.61                    | 0.58            | 5.17     |
| 4          | Motilal Oswal Wealth Management Limited                    | 444.01         | 299.15          | 48.42    | 109.44                   | 94.02           | 16.40    | 71.47                   | 64.75           | 10.38    |
| 5          | Motilal Oswal Securities International Private Limited     | 19.94          | 19.51           | 2.20     | 2.62                     | 2.57            | 1.95     | 1.81                    | 1.77            | 2.26     |
| 6          | Aspire Home Finance Corporation Limited                    | 2,194.66       | 239.09          | 817.92   | 613.22                   | 38.57           | 1,489.89 | 399.99                  | 21.74           | 1,739.88 |
| <b>(B)</b> | <b>COMPANIES INCORPORATED OUTSIDE INDIA</b>                |                |                 |          |                          |                 |          |                         |                 |          |
| 1          | Motilal Oswal Capital Markets (Hong Kong) Private Limited  | 0.00022        | 0.00028         | 21.07    | (8.63)                   | (7.97)          | 8.28     | (8.63)                  | (7.97)          | 8.28     |
| 2          | Motilal Oswal Capital Markets (Singapore) Pte. Limited     | 13.97          | 13.75           | 1.60     | 1.82                     | 1.78            | 2.25     | 1.64                    | 1.56            | 5.13     |
| 3          | Motilal Oswal Asset Management (Mauritius) Private Limited | -              | -               | -        | (3.61)                   | (0.42)          | 759.52   | (3.61)                  | (0.42)          | 759.52   |

For and on behalf of the Board of  
**Motilal Oswal Securities Limited**

**Ajay Menon**

Chairman & Managing Director  
(DIN: 00024589)

Place : Mumbai  
Date : 30th April, 2016.

# ANNEXURE 2 TO THE BOARD'S REPORT

## Annual Report on CSR Activities

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs. The Company recognizes the responsibilities towards society and strongly intends to contribute towards Health Care, Social Welfare, protection of environment, promotion of Sports and for development of knowledge based economy. Recognizing the responsibilities towards Society, the Company intends to carry out initiatives for supporting such noble causes.
2. The Composition of the CSR Committee. The Committee comprises of three directors: Mr. Praveen Tripathi-Independent Director (Chairman), Mr. Ajay Menon and Mr. Harsh Joshi (Members of the Committee).
3. Average net profit of the company for last three financial years ₹ 894,710,305
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) ₹ 17,900,000
5. Details of CSR spent during the financial year:
  - (a) Total amount spent for the financial year; ₹ 30,464,189
  - (b) Amount unspent , if any; Not Applicable
  - (c) Manner in which the amount spent during the financial year is detailed below:

| Sr. No. | CSR project or activity identified  | Sector in which the project is covered | Projects or programs Subheads:<br>1. Local area or other<br>2. Specify the State and district where projects or programs was undertaken | Amount Outlay (Budget) project or programs wise (₹) | Amount spent on the projects or programs Subheads:<br>1. Direct expenditure on projects or programs<br>2. Overheads (₹) | Cumulative expenditure upto the reporting period (₹) | Amount Spent : Direct or through implementing agency (₹) |
|---------|---|--|---|---|---|--|--|
| 1       | Shloka Missionaries (Setting Up And Running English Medium Schools for Underprivileged Children)        | Education                              | Umarkhed town of Maharashtra  | 1,000,000   | 1,000,000   | 1,000,000  | Through M/s. Motilal Oswal Foundation                    |
| 2       | Shloka Missionaries (Setting Up and Running English Medium Schools for Underprivileged Children)        | Education                              | Umarkhed town of Maharashtra  | 1,000,000   | 1,000,000   | 2,000,000  | Direct Expenditure                                       |
| 3       | Shloka Missionaries (Setting Up And Running English Medium Schools for Underprivileged Children)        | Education                              | Umarkhed town of Maharashtra  | 1,000,000   | 1,000,000   | 3,000,000  | Direct Expenditure                                       |
| 4       | Samast Mahajian (Provides Social, Environmental, Humanitarian and Compassion Towards Animals And Birds) | Environment & Society                  | Mumbai  | 500,000   | 500,000   | 3,500,000  | Direct Expenditure                                       |
| 5       | Bharatiya Jain Sanghatan  | Social Welfare                         | Pune  | 1,000,000   | 1,000,000   | 4,500,000  | Direct Expenditure                                       |
| 6       | Dr. Babasaheb Ambedkar Vaidyakiya Pratishthan (Set Up for Health & Family Welfare, HIV / Aids)          | Health Care                            | Aurangabad  | 2,500,000   | 2,500,000   | 7,000,000  | Direct Expenditure                                       |
| 7       | Granthali (Printing of Books for School Children)   | Education                              | Mumbai  | 800,000   | 800,000   | 78,00,000  | Through M/s. Motilal Oswal Foundation                    |
| 8       | International Foundation for Research And Education (Construction of Ashoka University)                 | Education                              | Sonepat, Haryana  | 7,850,000   | 7,850,000   | 15,650,000   | Through M/s. Motilal Oswal Foundation                    |

# ANNEXURE 2 TO THE BOARD'S REPORT

| Sr. No. | CSR project or activity identified  | Sector in which the project is covered | Projects or programs Subheads:<br>1. Local area or other<br>2. Specify the State and district where projects or programs was undertaken | Amount Outlay (Budget) project or programs wise (₹) | Amount spent on the projects or programs Subheads:<br>1. Direct expenditure on projects or programs<br>2. Overheads (₹) | Cumulative expenditure upto the reporting period (₹) | Amount Spent : Direct or through implementing agency (₹) |
|---------|---|--|---|---|---|--|--|
| 9       | Iskcon (Mid Day Meal Programme)   | Eradicating Hunger                     | Mumbai  | 250,000   | 250,000   | 15,900,000   | Direct Expenditure                                       |
| 10      | Iskcon (Mid Day Meal Programme)   | Eradicating Hunger                     | Mumbai  | 300,000   | 300,000   | 16,200,000   | Direct Expenditure                                       |
| 11      | Iskcon (Mid Day Meal Programme)   | Eradicating Hunger                     | Mumbai  | 300,000   | 300,000   | 16,500,000   | Direct Expenditure                                       |
| 12      | Iskcon (Mid Day Meal Programme)   | Eradicating Hunger                     | Mumbai  | 300,000   | 300,000   | 16,800,000   | Direct Expenditure                                       |
| 13      | Mangesh Shankar Anawalka (Medical Expense)  | Health Care                            | Mumbai  | 25,000  | 25,000  | 16,825,000   | Through M/s. Motilal Oswal Foundation                    |
| 14      | Jito Administrative Training Foundation   | Education                              | Mumbai  | 1,500,000   | 1,500,000   | 18,325,000   | Direct Expenditure                                       |
| 15      | Jito Administrative Training Foundation   | Education                              | Mumbai  | 2,000,000   | 2,000,000   | 20,325,000   | Direct Expenditure                                       |
| 16      | Jito Administrative Training Foundation   | Education                              | Mumbai  | 1,500,000   | 1,500,000   | 21,825,000   | Direct Expenditure                                       |
| 17      | Rajasthan Vidyarthi Griha (Scholarship Fund for CA Students Who Have Got Merit CA Examinations) | Education                              | Mumbai  | 500,000   | 500,000   | 22,325,000   | Through M/s. Motilal Oswal Foundation                    |
| 18      | The Saraswati Mandir Education Society  | Education                              | Mumbai  | 2,500,000   | 2,500,000   | 24,825,000   | Through M/s. Motilal Oswal Foundation                    |
| 19      | Marudhar Mahila Shikshan Sangh  | Education                              | Mumbai  | 400,000   | 400,000   | 25,225,000   | Direct Expenditure                                       |
| 20      | Olympic Gold Quest  | Promoting sports                       | Mumbai  | 100,000   | 100,000   | 25,325,000   | Direct Expenditure                                       |
| 21      | Jain Vishva Bharati Institute A/C International Conference on Science and Jain Philosophy       | Education                              | Mumbai  | 200,000   | 200,000   | 25,525,000   | Direct Expenditure                                       |
| 22      | Jain Vishva Bharati Institute A/C International Conference on Science And Jain Philosophy       | Education                              | Mumbai  | 500,000   | 500,000   | 26,025,000   | Direct Expenditure                                       |
| 23      | Friends of Tribals Society  | Social Welfare                         | Kolkata   | 1,200,000   | 1,200,000   | 27,225,000   | Direct Expenditure                                       |
| 24      | Friends of Tribals Society  | Social Welfare                         | Kolkata   | 50,000  | 50,000  | 27,275,000   | Direct Expenditure                                       |
| 25      | Isha Education  | Education                              | Coimbatore  | 600,000   | 600,000   | 27,875,000   | Direct Expenditure                                       |
| 26      | Jain Education & Empowerment Trust  | Education                              | Mumbai  | 1,100,000   | 1,100,000   | 28,975,000   | Direct Expenditure                                       |
| 27      | Kalki Tejomaya Social Welfare Trust   | Social Welfare                         | Navi Mumbai   | 50,000  | 50,000  | 29,025,000   | Direct Expenditure                                       |
| 28      | Vision Eye Foundation   | Health Care                            | Mumbai  | 1,100,000   | 1,100,000   | 30,125,000   | Direct Expenditure                                       |
| 29      | Ispat Cooperative Foundation  | Social Welfare                         | Kolkata   | 50,000  | 50,000  | 30,175,000   | Direct Expenditure                                       |
| 30      | Tata Memorial Hospital  | Health Care                            | Mumbai  | 25,000  | 25,000  | 30,200,000   | Direct Expenditure                                       |

# ANNEXURE 2 TO THE BOARD'S REPORT

| Sr. No. | CSR project or activity identified   | Sector in which the project is covered   | Projects or programs Subheads:<br>1. Local area or other<br>2. Specify the State and district where projects or programs was undertaken | Amount Outlay (Budget) project or programs wise (₹) | Amount spent on the projects or programs Subheads:<br>1. Direct expenditure on projects or programs<br>2. Overheads (₹) | Cumulative expenditure upto the reporting period (₹) | Amount Spent : Direct or through implementing agency (₹) |
|---------|--|--|---|---|---|--|--|
| 31      | Janata Shikshan Sanstha School (Construction of School)  | Education  | Mumbai  | 264,189   | 264,189   | 30,464,189   | Through M/s. Motilal Oswal Foundation                    |
|         | <b>TOTAL</b>   |  |   | <b>30,464,189</b>                                   | <b>30,464,189</b>   | NA   |  |
|         | * Give details of implementing agency:   | M/s. Motilal Oswal Foundation is registered under section 25 of the Companies Act, 1956 incorporated on 24th June, 2011 having registered office at Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai - 400 025. Motilal Oswal Foundation is a non-profit organisation to support social initiatives of the group and is promoted by Mr. Motilal Oswal, Mr. Raamdeo Agarawal and Passionate Investment Management Private Limited, the group holding company. The Foundation is headed by Mrs. Suneeta Agrawal. Education, healthcare and rural and urban development are the key focus areas of Motilal Oswal Foundation. |   |   |   |  |  |
|         | In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. | Not Applicable   |   |   |   |  |  |

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

For and on behalf of the Board of  
**Motilal Oswal Securities Limited**

Place : Mumbai  
Date: 30th April, 2016.

**Ajay Menon** **Praveen Tripathi**  
*Managing Director* *Chairman - CSR Committee*  
(DIN: 00024589) (DIN: 03154381)

# ANNEXURE 3 TO THE BOARD'S REPORT

## Form No. AOC-2

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

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

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

(Amount in ₹)

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

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

(Amount in ₹)

| Sr. No. | Name of the related party                | Nature of the relationship | Nature of Contract    | Duration of the Contracts | Salient terms of the contracts or arrangements or transactions including the value, if any  | Date of approval by the Board | Amount paid as advances if any |
|---------|--|----------------------------|-----------------------|---------------------------|---|-------------------------------|--------------------------------|
| 1       | Motilal Oswal Financial Services Limited | Holding Company            | Rendering of Services | Ongoing                   | Loan given to Motilal Oswal Financial Services Limited by Motilal Oswal Securities Limited  | NA                            | –                              |
| 2       | Motilal Oswal Financial Services Limited | Holding Company            | Availing of Services  | Ongoing                   | Motilal Oswal Financial Services Limited is providing its immovable property as security for loans availed by Motilal Oswal Securities Limited from HDFC Bank | NA                            | –                              |

\*Materiality is defined as per Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements of the Company. Since the company is not required to have consolidated financial statements, the turnover has been considered based on the audited standalone financial results, for the year ended 31st March, 2016.

For and on behalf of the Board of  
**Motilal Oswal Securities Limited**

Place : Mumbai

Date : 30th April, 2016.

**Ajay Menon**

Chairman & Managing Director

(DIN : 00024589)

# ANNEXURE 4 TO THE BOARD'S REPORT

## Secretarial Audit Report

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

**For the Financial Year ended 31st March, 2016**

To,

The Members,

**Motilal Oswal Securities Limited**

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

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

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

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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

# ANNEXURE 4 TO THE BOARD'S REPORT

(ii) The Listing Agreements entered into by the Company with Stock Exchanges. (Not applicable during the audit period)

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

**I further report that**

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

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

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

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

I further report that during the audit period there were no specific events / actions having major bearing on operations of the Company.

**For U. Hegde & Associates**

*Company Secretaries*

**Umashankar K. Hegde**

*(Proprietor)*

Place : Mumbai

Date: 29th April, 2016.

C.P.No. 11161 # M. No. - A 22133

# ANNEXURE 5 TO THE BOARD'S REPORT

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

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

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

#### I. Registration and Other Details:

|  |  |
|--|--|
| i) CIN   | U65990MH1994PLC079418  |
| ii) Registration Date  | 5th July, 1994   |
| iii) Name of the Company   | Motilal Oswal Securities Limited   |
| iv) Category / Sub Category of the Company                                     | Public Limited Company   |
| v) Address of the Registered Office and contact details                        | Motilal Oswal Tower,<br>Rahimtullah Sayani Road, Opposite Parel ST Depot,<br>Prabhadevi, Mumbai - 400025 |
| vi) Whether Shares Listed On Recognized Stock Exchange(s)                      | No   |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | N.A.   |

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

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

| Sr. No. | Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the company |
|---------|--|-----------------------------------|------------------------------------|
| 1       | Brokerage  | 6612                              | 81.25%                             |

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

| Sr. No. | Name and Address of the Company  | CIN / GLN             | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|---------|--|-----------------------|----------------------------------|------------------|--------------------|
| 1       | Passionate Investment Management Private Limited (PIMPL)               | U67120MH1995PTC092014 | Holding                          | 54.01            | 2(46)              |
| 2       | Motilal Oswal Financial Services Limited (MOFSL)                       | L67190MH2005PLC153397 | Holding                          | 100              | 2(46)              |
| 3       | Motilal Oswal Capital Markets Private Limited (MOCMPL)                 | U74140MH2006PTC165469 | Subsidiary                       | 100              | 2(87)              |
| 4       | Motilal Oswal Asset Management Company Limited (MOAMC)                 | U67120MH2008PLC188186 | Subsidiary                       | 100              | 2(87)              |
| 5       | Motilal Oswal Trustee Company Limited (MOTC)                           | U93090MH2008PLC188187 | Subsidiary                       | 100              | 2(87)              |
| 6       | Motilal Oswal Wealth Management Limited (MOWML)                        | U67110MH2002PLC135075 | Subsidiary                       | 100              | 2(87)              |
| 7       | Motilal Oswal Securities International Private Limited (MOSIPL)        | U65929MH2011PTC219141 | Subsidiary                       | 100              | 2(87)              |
| 8       | Motilal Oswal Capital Markets (Hong Kong) Private Limited (MOCMPL(HK)) | 59035781-000-09-11-0  | Subsidiary                       | 100              | 2(87)              |
| 9       | Motilal Oswal Capital Markets (Singapore) Pte. Limited (MOCMPL(SP))    | 201129401Z            | Subsidiary                       | 100              | 2(87)              |
| 10      | Aspire Home Finance Corporation Limited                                | U65923MH2013PLC248741 | Subsidiary                       | 81.57            | 2(87)              |
| 11      | Motilal Oswal Asset Management (Mauritius) Private Limited             | 127396 C1/GBL         | Subsidiary                       | 100              | 2(87)              |

**Note:** There are no associate companies of the Company as on 31st March, 2016.

# ANNEXURE 5 TO THE BOARD'S REPORT

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

### i) Category-wise Share Holding

| Category of Shareholders  | No. of Shares held at the beginning of the year |                  |                  |                   | No. of Shares held at the end of the year |                  |                  |                   | % Change during the year |
|---|---|------------------|------------------|-------------------|---|------------------|------------------|-------------------|--------------------------|
|   | Demat   | Physical         | Total            | % of Total Shares | Demat                                     | Physical         | Total            | % of Total Shares |                          |
| <b>A. Promoters</b>   |   |                  |                  |                   |   |                  |                  |                   |                          |
| <b>(1) Indian</b>   |   |                  |                  |                   |   |                  |                  |                   |                          |
| a) Individual / HUF   | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| b) Central Govt.  | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| c) State Govt(s)  | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| d) Bodies Corp.   | -   | 13,18,830        | 13,18,830        | 100               | -   | 13,18,830        | 13,18,830        | 100               | -                        |
| e) Banks / FI   | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| f) Any Other  | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| <b>Sub-total (A) (1)</b>  | -   | <b>13,18,830</b> | <b>13,18,830</b> | <b>100</b>        | -   | <b>13,18,830</b> | <b>13,18,830</b> | <b>100</b>        | -                        |
| <b>(2) Foreign</b>  | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| a) NRIs- individuals  | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| b) Other-individuals  | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| c) Bodies Corp.   | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| d) Banks / FI   | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| e) Any Other  | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| <b>Sub-total (A) (2)</b>  | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| <b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>                       | -   | <b>13,18,830</b> | <b>13,18,830</b> | <b>100</b>        | -   | <b>13,18,830</b> | <b>13,18,830</b> | <b>100</b>        | -                        |
| <b>B. Public Shareholding</b>   |   |                  |                  |                   |   |                  |                  |                   |                          |
| <b>1. Institutions</b>  | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| a) Mutual Funds   | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| b) Banks / FI   | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| c) Central Govt.  | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| d) State Govt(s)  | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| e) Venture Capital Funds  | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| f) Insurance companies  | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| g) FIs  | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| h) Foreign Venture Capital Funds  | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| i) Others (specify)   | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| <b>Sub-total (B)(1)</b>   | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| <b>2. Non-Institutions</b>  | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| a) Bodies Corp.   | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| i) Indian   | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| ii) Overseas  | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| b) Individuals  | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh          | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| c) Others (specify)   | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| <b>Sub-total (B)(2)</b>   | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| <b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>                              | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                          | -   | -                | -                | -                 | -   | -                | -                | -                 | -                        |
| <b>GRAND TOTAL (A+B+C)</b>  | -   | <b>13,18,830</b> | <b>13,18,830</b> | <b>100</b>        | -   | <b>13,18,830</b> | <b>13,18,830</b> | <b>100</b>        | -                        |

There has been no change in the shareholding of the Company during the year.

# ANNEXURE 5 TO THE BOARD'S REPORT

## (ii) Shareholding of Promoters

| Sr. No. | Shareholder's Name   | Shareholding at the beginning of the year |                                  |  | Share holding at the end of the year |                                      |  | % change in shareholding during the year |
|---------|--|---|----------------------------------|--|--------------------------------------|--------------------------------------|--|--|
|         |  | No. of shares                             | % of total shares of the company | % of shares Pledged / encumbered to total shares | No. of shares                        | % of the total shares of the company | % of the shares pledged / encumbered to total shares |  |
| 1       | Motilal Oswal Financial Services Limited                                   | 13,18,218                                 | 100.00                           | –  | 13,18,218                            | 100.00                               | –  | –  |
| 2       | Motilal Oswal Financial Services Limited Jointly with Mr. Raamdeo Agarawal | 100                                       | 0.00                             | –  | 100                                  | 0.00                                 | –  | –  |
| 3       | Motilal Oswal Financial Services Limited Jointly with Mr. Motilal Oswal    | 100                                       | 0.00                             | –  | 100                                  | 0.00                                 | –  | –  |
| 4       | Motilal Oswal Financial Services Limited Jointly with Mrs. Vimla Oswal     | 100                                       | 0.00                             | –  | 100                                  | 0.00                                 | –  | –  |
| 5       | Motilal Oswal Financial Services Limited Jointly with Mrs. Suneeta Agrawal | 100                                       | 0.00                             | –  | 100                                  | 0.00                                 | –  | –  |
| 6       | Motilal Oswal Financial Services Limited Jointly with Mr. Navin Agarwal    | 100                                       | 0.00                             | –  | 100                                  | 0.00                                 | –  | –  |
| 7       | Motilal Oswal Financial Services Limited Jointly with Ms. Pratiksha Oswal  | 100                                       | 0.00                             | –  | 100                                  | 0.00                                 | –  | –  |
| 8       | Motilal Oswal Financial Services Limited Jointly with Mr. Ajay Menon       | 12  | 0.00                             | –  | 12                                   | 0.00                                 | –  | –  |
|         | <b>Total</b>   | <b>13,18,830</b>                          | <b>100.00</b>                    | <b>–</b>   | <b>13,18,830</b>                     | <b>100.00</b>                        | <b>–</b>   | <b>–</b>                                 |

## iii) Change in Promoters' Shareholding

There has been no change in Promoters' Shareholding during the year ended 31st March, 2016.

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year / end of the year |                                  | Date | Increase / Decrease in Shareholding | Reason | Cumulative Shareholding during the year |                                  |
|---------|--------------------|---|----------------------------------|------|-------------------------------------|--------|---|----------------------------------|
|         |                    | No. of Shares   | % of total Shares of the company |      |                                     |        | No. of Shares                           | % of total Shares of the company |
| NIL     |                    |   |                                  |      |                                     |        |   |                                  |

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

| Sr. No. | For each of the Top 10 Shareholders | Shareholding at the beginning of the year |                                  | Shareholding at the end of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|-------------------------------------|---|----------------------------------|-------------------------------------|----------------------------------|---|----------------------------------|
|         |                                     | No. of shares                             | % of total Shares of the company | No. of shares                       | % of total Shares of the company | No. of shares                           | % of total Shares of the company |
| NIL     |                                     |   |                                  |                                     |                                  |   |                                  |

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

| Sr. No. | Name | Shareholding at the beginning of the year |                                  | Date | Reason | Shareholding at the end of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|------|---|----------------------------------|------|--------|-------------------------------------|----------------------------------|---|----------------------------------|
|         |      | No. of Shares                             | % of total Shares of the company |      |        | No. of shares                       | % of total shares of the company | No. of shares                           | % of total Shares of the company |
| NIL     |      |   |                                  |      |        |                                     |                                  |   |                                  |

# ANNEXURE 5 TO THE BOARD'S REPORT

## V. Indebtedness

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

(Amount in ₹)

| Particulars  | Secured Loans excluding deposits | Unsecured Loans    | Deposits | Total Indebtedness   |
|--|----------------------------------|--------------------|----------|----------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                    |          |                      |
| i) Principal Amount  | 1,230,000,000                    | 27,317,701         | –        | 1,257,317,701        |
| ii) Interest due but not paid                              | –                                | 3,437,315          | –        | 3,437,315            |
| iii) Interest accrued but not due                          | 12,716,536                       | –                  | –        | 12,716,536           |
| <b>Total (i+ii+iii)</b>                                    | <b>1,242,716,536</b>             | <b>30,755,016</b>  | <b>–</b> | <b>1,273,471,552</b> |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                    |          |                      |
| Addition   | 13,250,000,000                   | 26,500,745,284     | –        | 39,750,745,284       |
| Reduction  | 8,230,000,000                    | 26,650,499,185     | –        | 34,880,499,185       |
| <b>Net Change</b>  | <b>5,020,000,000</b>             | <b>149,753,901</b> | <b>–</b> | <b>4,870,246,099</b> |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                    |          |                      |
| i) Principal Amount  | 6,250,000,000                    | 122,436,200        | –        | 6,127,563,800        |
| ii) Interest due but not paid                              | –                                | 9,075,679          | –        | 9,075,679            |
| iii) Interest accrued but not due                          | 34,001,063                       | –                  | –        | 34,001,063           |
| <b>Total (i+ii+iii)</b>                                    | <b>6,284,001,063</b>             | <b>113,360,521</b> | <b>–</b> | <b>6,170,640,542</b> |

## VI. Remuneration of Directors and Key Managerial Personnel

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

(Amount in ₹)

| Sr. No. | Particulars of Remuneration   | Name of MD / WTD / Manager                                 |                                      | Total Amount      |
|---------|---|--|--------------------------------------|-------------------|
|         |   | Ajay Menon<br>(Managing Director)                          | Harsh Joshi<br>(Whole-Time Director) |                   |
| 1       | <b>Gross Salary</b>   |  |                                      |                   |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961 | 11,700,452   | 8,481,000                            | 20,181,452        |
|         | (b) Value of Perquisites u/s 17(2) of the Income-Tax Act, 1961                      | 2,581,400  | 1,188,100                            | 3,769,500         |
|         | (c) Profits in lieu of salary u/s 17(3) of the Income-Tax Act, 1961                 | –  | –                                    | –                 |
| 2       | Stock Option  | –  | –                                    | –                 |
| 3       | Sweat Equity  | –  | –                                    | –                 |
| 4       | Commission  |  |                                      |                   |
|         | (a) as % of profit  | –  | –                                    | –                 |
|         | (b) others, specify   | –  | –                                    | –                 |
| 5       | others, please specify  | –  | –                                    | –                 |
|         | <b>Total (A)</b>  | <b>14,281,852</b>  | <b>9,669,100</b>                     | <b>23,950,952</b> |
|         | Ceiling as per the Act  | Within overall limit of 10% of Net Profits of the Company. |                                      |                   |

# ANNEXURE 5 TO THE BOARD'S REPORT

## B. Remuneration to Other Directors:

(Amount in ₹)

| Sr. No. | Particulars of Remuneration                      | Name of Directors   |                  |                | Total Amount   |
|---------|--|---|------------------|----------------|----------------|
|         |  | Balkumar Agarwal<br>(ceased w.e.f. 31/07/2015)            | Praveen Tripathi | Rekha Shah     |                |
| 1.      | Independent Directors                            |   |                  |                |                |
|         | (a) Fee for attending board / committee meetings | 50,000  | 140,000          | 150,000        | 340,000        |
|         | (b) Commission                                   | –   | 300,000          | 300,000        | 600,000        |
|         | (c) Others, please specify                       | –   | –                | –              | –              |
|         | <b>Total (1)</b>                                 | <b>50,000</b>   | <b>440,000</b>   | <b>450,000</b> | <b>940,000</b> |
| 2.      | Other Non-Executive Directors                    |   |                  |                |                |
|         | (a) Fee for attending board / committee meetings | –   | –                | –              | –              |
|         | (b) Commission                                   | –   | –                | –              | –              |
|         | (c) Others, please specify                       | –   | –                | –              | –              |
|         | <b>Total (2)</b>                                 | <b>–</b>  | <b>–</b>         | <b>–</b>       | <b>–</b>       |
|         | <b>Total (B)=(1+2)</b>                           | <b>50,000</b>   | <b>440,000</b>   | <b>450,000</b> | <b>940,000</b> |
|         | <b>Total Managerial Remuneration</b>             |   |                  |                | <b>940,000</b> |
|         | Overall Ceiling as per the Act                   | Within overall limit of 1% of Net Profits of the Company. |                  |                |                |

## C. Remuneration to Key Managerial Personnel other than MD / WTD / Manager:

There are no such Key Managerial Personnel in the Company.

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

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

For and on behalf of the Board of  
**Motilal Oswal Securities Limited**

**Ajay Menon**

Chairman & Managing Director

(DIN : 00024589)

Place: Mumbai,  
Date: 30th April, 2016.

# ANNEXURE 6 TO THE BOARD'S REPORT

## Nomination and Remuneration Policy

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

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

### I. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees. The Key Objectives of the Committee would be:

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

### I. DEFINITIONS

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

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

- Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the

# ANNEXURE 6 TO THE BOARD'S REPORT

Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them herein.

## II. ROLE OF THE COMMITTEE

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

1. To formulate a criterion for determining qualifications, positive attributes and independence of a Director.
2. Formulate criteria for evaluation of Independent Directors and the Board.
3. Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
4. To carry out evaluation of every Director's performance.
5. To recommend to the Board the appointment and removal of Directors and Senior Management.
6. To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.  
\*Amended by the Board of Directors of the company pursuant to resolution passed in their meeting held on 19th October, 2015.
7. Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
8. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
9. To perform such other functions as may be necessary or appropriate for the performance of its duties.

## III. MEMBERSHIP OF THE COMMITTEE

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

## IV. CHAIRMAN

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

## V. FREQUENCY OF MEETINGS

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

## VI. MINUTES OF COMMITTEE MEETING

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

## VII. COMMITTEE MEMBERS' INTERESTS

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

## VIII. VOTING

1. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and

# ANNEXURE 6 TO THE BOARD'S REPORT

voting and any such decision shall for all purposes be deemed a decision of the Committee.

2. In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## IX. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

- **Appointment criteria and qualifications:**

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

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

- **Term / Tenure:**

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

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

2. Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment shall be made in the Board's report.

- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

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

- **Evaluation:**

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

- **Removal:**

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

- **Retirement:**

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

## X. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT

- **General:**

1. The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person.

# ANNEXURE 6 TO THE BOARD'S REPORT

4. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- **Remuneration to Managerial Person, KMP and Senior Management:**
    1. **Fixed pay:**

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

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

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

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

The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.
  - **Remuneration to Non-Executive / Independent Director:**
    1. **Remuneration / Commission:**

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

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

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

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

## XI. GUIDING PRINCIPLES

The Policy ensures that

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

# ANNEXURE 6 TO THE BOARD'S REPORT

incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

## **XII. DEVIATIONS FROM THIS POLICY**

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

## **XIII. REVIEW AND AMENDMENT**

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

For and on behalf of the Board of  
**Motilal Oswal Securities Limited**

**Ajay Menon**

*Chairman & Managing Director*

(DIN : 00024589)

Place: Mumbai,

Date: 30th April, 2016.

# INDEPENDENT AUDITORS' REPORT

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

## Report on the Financial Statements

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

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

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

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

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

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

## Opinion

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

## Other Matter

"Revenue from Operations" includes "Share of Loss from a Partnership Firm" of ₹ 9.47 million for the year ended March 31, 2016, which is based on the management accounts of that respective partnership firm. According to the information and explanation given to us by the Management, aforesaid "Share of Loss from a Partnership Firm" is not material.

## Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:

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

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 27 on Contingent Liabilities;
  - (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

Place : Mumbai  
Date : April 30, 2016

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

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

| Name of the statute    | Nature of the dues | Amount (₹ in millions) | Period to which the amount relates (F.Y.) | Due Date  | Date of Payment |
|------------------------|--------------------|------------------------|---|---|-----------------|
| Indian Stamp Act, 1899 | Stamp duty         | 3.88                   | 2015-16                                   | Not Available, as Stamp duty is collected in states where payment and levy mechanism is not defined | Not Paid        |

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

| Name of the statute  | Nature of dues | Amount (₹ in Millions) | Period to which the amount relates | Forum where dispute is pending |
|----------------------|----------------|------------------------|------------------------------------|--------------------------------|
| Income Tax Act, 1961 | Income Tax     | 2.18                   | F.Y. 2010-11                       | ITAT                           |
| Income Tax Act, 1961 | Income Tax     | 14.14                  | F.Y. 2011-12                       | CIT(A)                         |
| Income Tax Act, 1961 | Income Tax     | 40.41                  | F.Y. 2012-13                       | CIT(A)                         |

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

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

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

For **HARIBHAKTI & CO. LLP**

*Chartered Accountants*

ICAI Firm Registration No.103523W

**Amit A. Hundia**

*Partner*

Membership No. 120761

Place : Mumbai

Date : April 30, 2016

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

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

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

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

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

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

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

#### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

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

A company's internal financial control over financial reporting is a process designed to provide

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

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

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

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

## **Opinion**

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

For **HARIBHAKTI & CO. LLP**

*Chartered Accountants*

ICAI Firm Registration No.103523W

**Amit A. Hundia**

*Partner*

Membership No. 120761

Place : Mumbai

Date : April 30, 2016

# BALANCE SHEET

## Balance Sheet as at 31st March, 2016

|                                     | Note No. | As at 31-Mar-16<br>₹ in Million | As at 31-Mar-15<br>₹ in Million |
|-------------------------------------|----------|---------------------------------|---------------------------------|
| <b>I. EQUITY AND LIABILITIES</b>    |          |                                 |                                 |
| <b>(A) Shareholder's Funds:</b>     |          |                                 |                                 |
| (a) Share Capital                   | 1        | 13.19                           | 13.19                           |
| (b) Reserves and Surplus            | 2        | 7,614.91                        | 7,009.45                        |
| <b>TOTAL(A)</b>                     |          | <b>7,628.10</b>                 | <b>7,022.64</b>                 |
| <b>(B) Non-Current Liabilities:</b> |          |                                 |                                 |
| (a) Deferred tax liabilities (Net)  | 3        | 142.17                          | 159.36                          |
| (b) Other long term liabilities     | 4        | 10.05                           | 10.05                           |
| (c) Long term provisions            | 5        | 52.96                           | 46.87                           |
| <b>TOTAL(B)</b>                     |          | <b>205.18</b>                   | <b>216.28</b>                   |
| <b>(C) Current Liabilities:</b>     |          |                                 |                                 |
| (a) Short-term borrowings           | 6        | 4,096.79                        | 1,726.54                        |
| (b) Trade payables                  | 7        | 3,957.06                        | 3,880.70                        |
| (c) Other current liabilities       | 8        | 1,341.57                        | 257.07                          |
| (d) Short-term provisions           | 9        | 291.28                          | 555.59                          |
| <b>TOTAL(C)</b>                     |          | <b>9,686.70</b>                 | <b>6,419.90</b>                 |
| <b>TOTAL(A+B+C)</b>                 |          | <b>17,519.98</b>                | <b>13,658.82</b>                |
| <b>II. ASSETS</b>                   |          |                                 |                                 |
| <b>(D) Non-Current Assets</b>       |          |                                 |                                 |
| (a) Fixed assets                    | 10       |                                 |                                 |
| (i) Tangible assets                 |          | 1,323.45                        | 1,350.58                        |
| (ii) Intangible assets              |          | 61.69                           | 45.67                           |
| (b) Non-current investments         | 11       | 9,243.11                        | 6,556.60                        |
| (c) Long term loans and advances    | 12       | 259.15                          | 218.03                          |
| (d) Other non-current assets        | 13       | 1,025.00                        | –                               |
| <b>TOTAL(D)</b>                     |          | <b>11,912.40</b>                | <b>8,170.88</b>                 |
| <b>(E) Current assets</b>           |          |                                 |                                 |
| (a) Current investments             | 14       | 16.36                           | –                               |
| (b) Trade receivables               | 15       | 4,548.76                        | 3,229.72                        |
| (c) Cash and bank balances          | 16       | 894.24                          | 2,028.74                        |
| (d) Short-term loans and advances   | 17       | 116.97                          | 186.46                          |
| (e) Other current assets            | 18       | 31.25                           | 43.02                           |
| <b>TOTAL(E)</b>                     |          | <b>5,607.58</b>                 | <b>5,487.94</b>                 |
| <b>TOTAL(D+E)</b>                   |          | <b>17,519.98</b>                | <b>13,658.82</b>                |

Significant Accounting Policies  
Notes forming part of accounts  
Notes referred to above form an integral part of the financial statements

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27-50

As per our attached report of even date

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration no. 103523W

**Amit A. Hundia**  
Partner  
Membership No. 120761  
Place : Mumbai  
Dated : 30th April 2016

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

**Ajay Menon**  
Chairman & Managing Director  
DIN No. 00024589  
Place : Mumbai  
Dated : 30th April 2016

**Harsh Joshi**  
Whole Time Director  
DIN No. 02951058

# STATEMENT OF PROFIT AND LOSS

## Statement of Profit and Loss for the period ended 31st March, 2016

|  | Note No. | For the year ended 31-Mar-16<br>₹ in Million | For the year ended 31-Mar-15<br>₹ in Million |
|--|----------|--|--|
| <b>(A) REVENUE</b>   |          |  |  |
| Income from operations   | 19       | 5,467.70                                     | 5,301.01                                     |
| Other Income   | 20       | 37.37  | 124.60                                       |
| <b>TOTAL (A)</b>   |          | <b>5,505.07</b>                              | <b>5,425.61</b>                              |
| <b>(B) EXPENSES</b>  |          |  |  |
| Employee benefits  | 21       | 1,388.77                                     | 1,132.43                                     |
| Finance cost   | 22       | 456.67                                       | 118.97                                       |
| Depreciation and amortization expenses                             | 23       | 234.59                                       | 203.72                                       |
| Operating expenses   | 24       | 1,627.81                                     | 1,655.30                                     |
| Other expenses   | 25       | 1,003.24                                     | 822.20                                       |
| <b>TOTAL (B)</b>   |          | <b>4,711.08</b>                              | <b>3,932.62</b>                              |
| <b>Profit before taxation and exceptional item (C) = (A) - (B)</b> |          | <b>793.99</b>                                | <b>1,492.99</b>                              |
| Less: Provision for taxation                                       |          |  |  |
| i) For current year  |          |  |  |
| Current tax  |          | 205.72                                       | 421.34                                       |
| Deferred tax   |          | (17.19)                                      | 14.93  |
| ii) For previous year(s) (Income tax)                              |          | —  | (24.51)                                      |
| <b>Total Tax Expenses (D)</b>                                      |          | <b>188.53</b>                                | <b>411.76</b>                                |
| Profit after tax before extraordinary items                        |          | 605.46                                       | 1,081.23                                     |
| <b>Profit for the year (E)=(C)-(D)</b>                             |          | <b>605.46</b>                                | <b>1,081.23</b>                              |
| <b>Earnings Per Share (Face Value Per Share ₹ 10 /- )</b>          | 44       |  |  |
| Basic  |          | 459.09                                       | 819.84                                       |
| Diluted  |          | 459.09                                       | 819.84                                       |
| Significant Accounting Policies                                    | 26       |  |  |
| Notes forming part of Accounts                                     | 27-50    |  |  |

As per our attached report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration no. 103523W

**Amit A. Hundia**

Partner

Membership No. 120761

Place : Mumbai

Dated : 30th April 2016

For and on behalf of the Board of Directors

**MOTILAL OSWAL SECURITIES LTD.**

**Ajay Menon**

Chairman & Managing Director

DIN No. 00024589

Place : Mumbai

Dated : 30th April 2016

**Harsh Joshi**

Whole Time Director

DIN No. 02951058

# CASH FLOW STATEMENT

## Cash Flow Statement for the year ended 31st March, 2016

| Particulars   | For the Year ended<br>31st March 2016<br>₹ in Million | For the Year ended<br>31st March 2015<br>₹ in Million |
|---|---|---|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>          |   |   |
| Profit Before Taxation                              | 793.99  | 1,492.99  |
| Add 1) Depreciation                                 | 234.59  | 203.72  |
| 2) Loss in Partnership                              | 9.47  | 1.68  |
| 3) Deposit Written Off                              | 5.63  | 2.27  |
| 4) Interest Paid/Borrowing Cost                     | 456.67  | 118.49  |
| 5) Bad debts w/off                                  | 46.16   | 13.62   |
| 6) Gratuity   | 23.52   | 6.14  |
| 7) Leave Salary                                     | 3.90  | 3.13  |
| 8) Provision for doubtful debts                     | (9.06)  | —   |
|   | <b>1,564.87</b>                                       | <b>1,842.05</b>                                       |
| Less 1) Profit on Investments                       | 306.21  | 259.73  |
| 2) Profit on Sale of Fixed Assets                   | 0.75  | 0.05  |
| 3) Profit in Partnership                            | 103.42  | 17.43   |
| 4) Dividend Income                                  | 28.35   | 74.08   |
| 5) Rent Income                                      | 20.52   | 23.16   |
| 6) Interest Income from Loans                       | 6.38  | 100.53  |
| 7) Interest Income from investments                 | 27.67   | 47.93   |
|   | <b>493.30</b>   | <b>522.90</b>   |
| <b>OPERATING PROFIT</b>                             | <b>1,071.57</b>                                       | <b>1,319.14</b>                                       |
| Adjustments for:                                    |   |   |
| 1) (Increase) in Trade Receivables                  | (1,356.14)  | (869.33)  |
| 2) Decrease in Stock-in-trade                       | —   | 606.26  |
| 3) (Increase) in Current Investments                | (16.36)   | —   |
| 4) Decrease Short Term in Loans & Advances          | 43.27   | 107.43  |
| 5) (Increase) in Long Term Loans & Advances         | (20.07)   | (33.16)   |
| 6) (Increase)/Decrease in Non Current Assets        | (1,025.00)  | 16.62   |
| 7) (Increase)/Decrease in Fixed Deposits with banks | 956.49  | (818.29)  |
| 8) Increase in Other Current Asset                  | 6.65  | 119.06  |
| 9) Increase in Trade Payable                        | 76.36   | 482.17  |
| 10) Increase in Other Current Liabilities           | 1,082.44  | 141.34  |
| 11) Increase/(Decrease) in Short Term Provision     | (107.15)  | 167.42  |
| 12) Increase in Other Long Term Liability           | —   | 6.32  |
| 13) Increase in Provision for Gratuity              | 6.10  | 15.70   |
|   | <b>(353.42)</b>                                       | <b>(58.46)</b>  |
| <b>CASH GENERATED FROM OPERATIONS</b>               | <b>718.15</b>   | <b>1,260.68</b>                                       |
| Taxes Paid  | (248.59)  | (390.21)  |
| <b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b> | <b>469.56</b>   | <b>870.47</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>          |   |   |
| Purchase of Fixed Assets                            | (223.86)  | (224.44)  |
| Purchase of Investments                             | (2,398.63)  | (2,643.36)  |
| Loan to Holding Company                             | (13,857.80)   | (23,137.78)   |
| Repayment of loans from Holding Company             | 13,884.01   | 24,671.24   |
| Interest received from investments                  | 30.09   | 47.93   |
| Proceeds from Sale of Investments                   | 1,109.40  | 973.92  |
| Investment in Subsidiaries Company                  | (1,000.00)  | (1,650.00)  |
| Proceeds from Sale of Fixed Assets                  | 3.89  | 0.15  |
| Rent received                                       | 23.21   | 17.15   |
| Dividend received                                   | 28.35   | 74.08   |
| Interest Received from Loans                        | 6.38  | 108.63  |
|   | <b>(2,394.95)</b>                                     | <b>(1,762.48)</b>                                     |
| <b>NET CASH (USED) IN INVESTING ACTIVITIES</b>      | <b>(2,394.95)</b>                                     | <b>(1,762.48)</b>                                     |

# CASH FLOW STATEMENT (Contd..)

| Particulars  | For the Year ended<br>31st March 2016<br>₹ in Million |                 | For the Year ended<br>31st March 2015<br>₹ in Million |                 |
|--|---|-----------------|---|-----------------|
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                       |   |                 |   |                 |
| Bank Overdraft (Net of Repayment)                                | 494.08  |                 | 508.45  |                 |
| Loans & Advances from Subsidiary Company                         | 991.72  |                 | –   |                 |
| Repayment of loans to Subsidiary Company                         | (864.27)  |                 | –   |                 |
| Commercial Paper Issued  | 15,500.00   |                 | 3,830.00  |                 |
| Commercial Paper Redeemed  | (13,751.28)   |                 | (2,612.72)  |                 |
| Final Dividend and DDT   | (168.26)  |                 | (486.27)  |                 |
| Interest Paid  | (454.62)  | 1,747.37        | (115.05)  | 1,124.41        |
| <b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>              |   | <b>1,747.37</b> |   | <b>1,124.41</b> |
| <b>NET CASH FLOW GENERATED FROM / (USED) IN FOR THE PERIOD</b>   |   | <b>(178.01)</b> |   | <b>232.40</b>   |
| <b>Cash &amp; Cash Equivalents as at beginning of year</b>       |   |                 |   |                 |
| Cash on hand   | 1.74  |                 | 10.86   |                 |
| Bank balance in current account                                  | 451.37  | 453.11          | 209.85  | 220.71          |
| <b>Total Cash &amp; Cash Equivalents as at beginning of year</b> |   | <b>453.11</b>   |   | <b>220.71</b>   |
| <b>Cash &amp; Cash Equivalents as at end of year</b>             |   |                 |   |                 |
| Cash on hand   | 3.80  |                 | 1.74  |                 |
| Bank balance in current account                                  | 271.30  | 275.10          | 451.37  | 453.11          |
| <b>Total Cash &amp; Cash Equivalents as at end of year</b>       |   | <b>275.10</b>   |   | <b>453.11</b>   |

#Operating Activity as shown above includes expenditure in respect of Corporate Social Responsibility of ₹ 30.46 Million (P.Y. ₹ 18.51 Million) (Note No. - 49)

As per our attached report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration no. 103523W

**Amit A. Hundia**

Partner

Membership No. 120761

Place : Mumbai

Dated : 30th April 2016

For and on behalf of the Board of Directors

**MOTILAL OSWAL SECURITIES LTD.**

**Ajay Menon**

Chairman & Managing Director

DIN No. 00024589

Place : Mumbai

Dated : 30th April 2016

**Harsh Joshi**

Whole Time Director

DIN No. 02951058

# NOTES TO FINANCIAL STATEMENT

## Note 1 : Share Capital

|   | As at 31-Mar-16   |               | As at 31-Mar-15   |               |
|---|-------------------|---------------|-------------------|---------------|
|   | Number            | ₹ in Million  | Number            | ₹ in Million  |
| <b>AUTHORISED</b>   |                   |               |                   |               |
| Equity Shares of ₹ 10/- each (P.Y. ₹10 each)  | 5,500,000         | 55.00         | 5,500,000         | 55.00         |
| 1% Redeemable Cumulative Preference Shares of ₹ 10/- each (P.Y. ₹ 10 each)                                      | 6,500,000         | 65.00         | 6,500,000         | 65.00         |
| <b>TOTAL</b>  | <b>12,000,000</b> | <b>120.00</b> | <b>12,000,000</b> | <b>120.00</b> |
| <b>ISSUED</b>   |                   |               |                   |               |
| Equity Shares of ₹ 10/- each (P.Y. ₹ 10 each)   | 1,318,830         | 13.19         | 1,318,830         | 13.19         |
| <b>ISSUED, SUBSCRIBED &amp; PAID UP</b>   |                   |               |                   |               |
| Equity shares of ₹ 10/- each (P.Y. ₹ 10 each) fully paid  | 1,318,830         | 13.19         | 1,318,830         | 13.19         |
| All the above, 13,18,830 shares (PY 13,18,830) held by holding company Motilal Oswal Financial Services Limited |                   |               |                   |               |
| <b>TOTAL</b>  | <b>1,318,830</b>  | <b>13.19</b>  | <b>1,318,830</b>  | <b>13.19</b>  |

### 1.1 Terms/Rights attached to Equity Shares

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

During the year ended March 31, 2016, the Company paid interim dividend to equity shareholders of ₹ Nil (PY ₹210/-) per equity share and proposed a final dividend of ₹ Nil /-(PY. ₹ 106/-) per equity share. The total dividend appropriated amounted to ₹ Nil (PY ₹492.51 millions) Including corporate dividend tax of ₹ Nil (PY-₹75.56 millions).

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

### 1.2 Terms/Rights attached to Preference Shares

The Company has one class of preference share having a par value of ₹ 10/- each as on 31st march, 2016.

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

### 1.3 Reconciliation of the number of shares outstanding

|  | As at 31-Mar-16  |              | As at 31-Mar-15  |              |
|--|------------------|--------------|------------------|--------------|
|  | Number           | ₹ in Million | Number           | ₹ in Million |
| Number of shares at the beginning                        | 1,318,830        | 13.19        | 1,318,830        | 13.19        |
| Add: Shares issued on exercise of employee stock options | –                | –            | –                | –            |
| <b>Number of shares at the end of the year</b>           | <b>1,318,830</b> | <b>13.19</b> | <b>1,318,830</b> | <b>13.19</b> |

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

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

# NOTES TO FINANCIAL STATEMENT

## Note 2: Reserves and Surplus

|  | As at 31-Mar-16<br>₹ in Million | As at 31-Mar-15<br>₹ in Million |
|--|---------------------------------|---------------------------------|
| <b>Capital Reserve</b>                     |                                 |                                 |
| Opening balance                            | 1.42                            | 1.42                            |
| Add: Current year transfer                 | –                               | –                               |
| <b>Closing Balance</b>                     | <b>1.42</b>                     | <b>1.42</b>                     |
| <b>General Reserve</b>                     |                                 |                                 |
| Opening Balance                            | 335.54                          | 281.48                          |
| Add: Current year transfer                 | –                               | 54.06                           |
| <b>Closing Balance</b>                     | <b>335.54</b>                   | <b>335.54</b>                   |
| <b>Surplus</b>                             |                                 |                                 |
| Opening balance                            | 6,672.49                        | 6,154.49                        |
| Less: Transition Provision of Depreciation | –                               | 16.66                           |
| Add: Current year profit                   | 605.46                          | 1,081.23                        |
| Less: Proposed dividend                    | –                               | 139.80                          |
| Less: Interim dividend                     | –                               | 277.15                          |
| Less: Dividend distribution tax            | –                               | 75.56                           |
| Less: Transfer to General Reserve          | –                               | 54.06                           |
| <b>Closing Balance</b>                     | <b>7,277.95</b>                 | <b>6,672.49</b>                 |
| <b>TOTAL</b>                               | <b>7,614.91</b>                 | <b>7,009.45</b>                 |

## Note 3 : Deferred Taxes and Liabilities

|   | As at 31-Mar-16<br>₹ in Million | As at 31-Mar-15<br>₹ in Million |
|---|---------------------------------|---------------------------------|
| <b>Deferred Tax Liability</b>                 |                                 |                                 |
| Difference in Net block of fixed assets       | (167.69)                        | (179.86)                        |
| Sign on bonus pending write off               | (0.37)                          | –                               |
| <b>Deferred Tax Asset</b>                     |                                 |                                 |
| Long term capital loss on sale of investments | –                               | (0.38)                          |
| Provision for doubtful debts                  | –                               | 3.13                            |
| Gratuity provision                            | 25.89                           | 17.75                           |
| <b>Deferred Tax Assets/(Liability)</b>        | <b>(142.17)</b>                 | <b>(159.36)</b>                 |

## Note 4 : Other Long Term Liabilities

|              | As at 31-Mar-16<br>₹ in Million | As at 31-Mar-15<br>₹ in Million |
|--------------|---------------------------------|---------------------------------|
| Rent Deposit | 10.05                           | 10.05                           |
| <b>TOTAL</b> | <b>10.05</b>                    | <b>10.05</b>                    |

# NOTES TO FINANCIAL STATEMENT

## Note 5: Long Term Provisions

|                        | As at 31-Mar-16<br>₹ in Million | As at 31-Mar-15<br>₹ in Million |
|------------------------|---------------------------------|---------------------------------|
| Provision for Gratuity | 52.96                           | 46.87                           |
| <b>TOTAL</b>           | <b>52.96</b>                    | <b>46.87</b>                    |

## Note 6 : Short Term Borrowings

|   | As at 31-Mar-16<br>₹ in Million | As at 31-Mar-15<br>₹ in Million |
|---|---------------------------------|---------------------------------|
| <b>Secured*</b>                         |                                 |                                 |
| Bank Overdraft                          | 1,003.26                        | 509.26                          |
| Cash Credit                             | 0.07                            | –                               |
| <b>Unsecured</b>                        |                                 |                                 |
| Loans and advances from related parties | 127.45                          | –                               |
| Other loans & Advances (specify):-      |                                 |                                 |
| Commercial Paper(Principal Portion)     | 3,000.00                        | 1,230.00                        |
| Less: Discount not written off          | 34.00                           | 12.72                           |
| <b>TOTAL</b>                            | <b>4,096.79</b>                 | <b>1,726.54</b>                 |

\* The same is secured against Mutual Funds / Fixed deposits / Property pledged with the banks (includes Motilal Oswal Tower Property of holding company) / Hypothecated against Book Debts.

## Note 7 : Trade Payables

|   | As at 31-Mar-16<br>₹ in Million | As at 31-Mar-15<br>₹ in Million |
|---|---------------------------------|---------------------------------|
| Margin money  | 596.51                          | 556.07                          |
| Trade Payables (includes payable to clients)                                    |                                 |                                 |
| Due to Outstanding of Micro, Small and Medium Enterprises<br>(Ref. Note No. 38) | 0.10                            | –                               |
| Due Outstanding of Creditors other than Micro, Small and Medium<br>Enterprises  | 3,360.45                        | 3,324.63                        |
| <b>TOTAL</b>  | <b>3,957.06</b>                 | <b>3,880.70</b>                 |

## Note 8: Other Current Liabilities

|  | As at 31-Mar-16<br>₹ in Million | As at 31-Mar-15<br>₹ in Million |
|--|---------------------------------|---------------------------------|
| Advance received from customers                      | 8.20                            | 2.50                            |
| Accrued salaries & benefits                          | 4.16                            | 3.21                            |
| Interest accrued and due on loan                     | 5.49                            | 3.44                            |
| <b>For other liabilities</b>                         |                                 |                                 |
| – Taxes payable                                      | 68.49                           | 46.38                           |
| – Book overdraft from banks                          | 1,075.19                        | 3.04                            |
| – Other payables (includes payable to vendors)       | 180.04                          | 151.24                          |
| – Mark to Market Margin - Equity Index/Stock Futures | –                               | 47.26                           |
| <b>TOTAL</b>   | <b>1,341.57</b>                 | <b>257.07</b>                   |

# NOTES TO FINANCIAL STATEMENT

## Note 9: Short Term Provisions

|  | As at 31-Mar-16<br>₹ in Million | As at 31-Mar-15<br>₹ in Million |
|--|---------------------------------|---------------------------------|
| <b>Provision for employee benefits</b>                               |                                 |                                 |
| – ExGratia payable   | 239.96                          | 333.24                          |
| – Gratuity obligation  | 21.85                           | 4.43                            |
| – Leave salary   | 3.90                            | 3.13                            |
| <b>Others</b>  |                                 |                                 |
| – Proposed dividend  | –                               | 139.80                          |
| – Provision for proposed Dividend distribution tax                   | –                               | 28.46                           |
| – Other provisions (includes provision for expenses)                 | 25.57                           | 30.21                           |
| – Provision for income taxes (net of Advance tax PY 405.02 millions) | –                               | 16.32                           |
| <b>TOTAL</b>   | <b>291.28</b>                   | <b>555.59</b>                   |

## Note 10 : Fixed Assets

(₹ in Million)

| PARTICULARS              | GROSS BLOCK         |                      |                                  |                       |                     | DEPRECIATION        |                         |                                 |                       |                     | NET BLOCK           |                     |  |
|--------------------------|---------------------|----------------------|----------------------------------|-----------------------|---------------------|---------------------|-------------------------|---------------------------------|-----------------------|---------------------|---------------------|---------------------|--|
|                          | As on<br>01.04.2015 | Additions<br>2015-16 | Other<br>Adjustments*<br>2015-16 | Deductions<br>2015-16 | As on<br>31.03.2016 | As on<br>01.04.2015 | For the year<br>2015-16 | Other<br>Adjustments<br>2015-16 | Deductions<br>2015-16 | As on<br>31.03.2016 | As on<br>31.03.2016 | As on<br>31.03.2015 |  |
| <b>Tangible Assets</b>   |                     |                      |                                  |                       |                     |                     |                         |                                 |                       |                     |                     |                     |  |
| Land                     | 108.44              | –                    | –                                | –                     | 108.44              | –                   | –                       | –                               | –                     | –                   | 108.44              | 108.44              |  |
| Buildings#               | 1,197.79            | 51.00                | –                                | –                     | 1,248.79            | 217.41              | 62.69                   | –                               | –                     | 280.10              | 968.70              | 980.38              |  |
| Plant & Equipment        | 398.47              | 86.60                | (8.31)                           | 3.31                  | 473.44              | 270.41              | 95.64                   | (4.37)                          | 0.63                  | 361.05              | 112.39              | 119.75              |  |
| Furniture & Fixture      | 148.33              | 35.56                | –                                | –                     | 183.88              | 100.62              | 20.17                   | –                               | –                     | 120.79              | 63.09               | 47.71               |  |
| Vehicles                 | 29.73               | 9.51                 | –                                | 3.15                  | 36.09               | 19.49               | 4.52                    | –                               | 2.72                  | 21.29               | 14.80               | 10.24               |  |
| Office Equipments        | 280.48              | 11.62                | 8.31                             | –                     | 300.41              | 204.73              | 35.13                   | 4.37                            | –                     | 244.23              | 56.03               | 84.06               |  |
| <b>Total (A)</b>         | <b>2,163.24</b>     | <b>194.29</b>        | <b>–</b>                         | <b>6.46</b>           | <b>2,351.05</b>     | <b>812.66</b>       | <b>218.15</b>           | <b>–</b>                        | <b>3.34</b>           | <b>1,027.47</b>     | <b>1,323.45</b>     | <b>1,350.58</b>     |  |
| <b>Intangible Assets</b> |                     |                      |                                  |                       |                     |                     |                         |                                 |                       |                     |                     |                     |  |
| Goodwill                 | 9.00                | –                    | –                                | –                     | 9.00                | 9.00                | –                       | –                               | –                     | 9.00                | –                   | –                   |  |
| Computer Software        | 254.94              | 29.56                | –                                | –                     | 284.50              | 209.27              | 13.55                   | –                               | –                     | 222.82              | 61.69               | 45.67               |  |
| Bse Cards                | 64.81               | –                    | –                                | –                     | 64.81               | 64.81               | –                       | –                               | –                     | 64.81               | –                   | –                   |  |
| Custom Right             | 68.35               | –                    | –                                | –                     | 68.35               | 68.35               | –                       | –                               | –                     | 68.35               | –                   | –                   |  |
| <b>Total (B)</b>         | <b>397.10</b>       | <b>29.56</b>         | <b>–</b>                         | <b>–</b>              | <b>426.66</b>       | <b>351.43</b>       | <b>13.55</b>            | <b>–</b>                        | <b>–</b>              | <b>364.98</b>       | <b>61.69</b>        | <b>45.67</b>        |  |
| <b>GRAND TOTAL (A+B)</b> | <b>2,560.34</b>     | <b>223.85</b>        | <b>–</b>                         | <b>6.46</b>           | <b>2,777.71</b>     | <b>1,164.09</b>     | <b>231.71</b>           | <b>–</b>                        | <b>3.34</b>           | <b>1,392.45</b>     | <b>1,385.13</b>     | <b>1,396.25</b>     |  |

| PARTICULARS              | GROSS BLOCK         |                      |                                  |                       |                     | DEPRECIATION/AMMORTIZATION |                         |                                 |             |                              | NET BLOCK           |                     |                     |
|--------------------------|---------------------|----------------------|----------------------------------|-----------------------|---------------------|----------------------------|-------------------------|---------------------------------|-------------|------------------------------|---------------------|---------------------|---------------------|
|                          | As on<br>01.04.2014 | Additions<br>2014-15 | Other<br>Adjustments*<br>2014-15 | Deductions<br>2014-15 | As on<br>31.03.2015 | As on<br>01.04.2014        | For the year<br>2014-15 | Other<br>Adjustments<br>2014-15 | Deductions  | Transitional<br>Depreciation | As on<br>31.03.2015 | As on<br>31.03.2015 | As on<br>31.03.2014 |
| <b>Tangible Assets</b>   |                     |                      |                                  |                       |                     |                            |                         |                                 |             |                              |                     |                     |                     |
| Land                     | 108.44              | –                    | –                                | –                     | 108.44              | –                          | –                       | –                               | –           | –                            | –                   | 108.44              | 108.44              |
| Buildings                | 1,165.84            | 31.96                | –                                | –                     | 1,197.79            | 158.37                     | 52.78                   | –                               | –           | 6.26                         | 217.41              | 980.38              | 1,007.47            |
| Plant & Equipment        | 258.07              | 124.51               | 15.89                            | –                     | 398.47              | 201.85                     | 50.02                   | 11.83                           | –           | 11.08                        | 274.78              | 123.68              | 56.22               |
| Furniture & Fixture      | 124.77              | 23.55                | –                                | –                     | 148.33              | 85.74                      | 14.89                   | –                               | –           | –                            | 100.63              | 47.71               | 39.03               |
| Vehicles                 | 25.83               | 5.40                 | –                                | 1.49                  | 29.73               | 18.24                      | 2.46                    | –                               | 1.39        | 0.18                         | 19.49               | 10.24               | 7.59                |
| Office Equipments        | 281.37              | 16.57                | (17.46)                          | –                     | 280.48              | 151.04                     | 53.44                   | (11.84)                         | –           | 7.71                         | 200.35              | 80.12               | 130.33              |
| <b>Total (A)</b>         | <b>1,964.31</b>     | <b>201.99</b>        | <b>(1.57)</b>                    | <b>1.49</b>           | <b>2,163.24</b>     | <b>615.24</b>              | <b>173.59</b>           | <b>(0.01)</b>                   | <b>1.39</b> | <b>25.23</b>                 | <b>812.66</b>       | <b>1,350.58</b>     | <b>1,349.08</b>     |
| <b>Intangible Assets</b> |                     |                      |                                  |                       |                     |                            |                         |                                 |             |                              |                     |                     |                     |
| Goodwill                 | 9.00                | –                    | –                                | –                     | 9.00                | 9.00                       | –                       | –                               | –           | –                            | 9.00                | –                   | –                   |
| Computer Software        | 230.92              | 22.45                | 1.57                             | –                     | 254.94              | 182.21                     | 27.05                   | 0.01                            | –           | –                            | 209.27              | 45.67               | 48.71               |
| Bse Cards                | 64.81               | –                    | –                                | –                     | 64.81               | 64.81                      | –                       | –                               | –           | –                            | 64.81               | –                   | –                   |
| Custom Right             | 68.35               | –                    | –                                | –                     | 68.35               | 68.35                      | –                       | –                               | –           | –                            | 68.35               | –                   | –                   |
| <b>Total (B)</b>         | <b>373.09</b>       | <b>22.45</b>         | <b>1.57</b>                      | <b>–</b>              | <b>397.10</b>       | <b>324.38</b>              | <b>27.05</b>            | <b>0.01</b>                     | <b>–</b>    | <b>–</b>                     | <b>351.43</b>       | <b>45.67</b>        | <b>48.71</b>        |
| <b>GRAND TOTAL (A+B)</b> | <b>2,337.40</b>     | <b>224.44</b>        | <b>–</b>                         | <b>1.49</b>           | <b>2,560.34</b>     | <b>939.61</b>              | <b>200.64</b>           | <b>–</b>                        | <b>1.39</b> | <b>25.23</b>                 | <b>1,164.09</b>     | <b>1,396.25</b>     | <b>1,397.79</b>     |

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

#The Company has mortgaged its Immovable property " Motilal Oswal Tower" (Gross Block of ₹ 919.63 millions and Net Block ₹ 743.28 million as at 31st March 2016) to HDFC Bank Limited for the banking facilities availed.

#The Company has mortgaged its Immovable property " Motilal Oswal Tower" (Gross Block of ₹ 915.54 millions and Net Block ₹ 739.27 million as at 31st March 2015) to HDFC Bank Limited for the banking facilities availed.

# NOTES TO FINANCIAL STATEMENT

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

| Sr. No. | Name Of The Body Corporate  | Subsidiary / Associate / JV/ Controlled Entity / Others | No. of Shares / Units |                 | Quoted / Unquoted | Partly Paid / Fully paid | Face Value    | Amount                          |                                 |
|---------|---|---|-----------------------|-----------------|-------------------|--------------------------|---------------|---------------------------------|---------------------------------|
|         |   |   | As at 31-Mar-16       | As at 31-Mar-15 |                   |                          |               | As at 31-Mar-16<br>₹ in Million | As at 31-Mar-15<br>₹ in Million |
|         | <b>Other Investments</b>  |   |                       |                 |                   |                          |               |                                 |                                 |
| (a)     | <b>Investment in Equity Instruments</b>   |   |                       |                 |                   |                          |               |                                 |                                 |
|         | Central Depository Services India Ltd   | Others  | 100                   | 100             | Unquoted          | Fully paid up            | 0.01          | 0.00                            | 0.00                            |
|         | Motilal Oswal Capital Markets Pvt Ltd   | Subsidiary  | 349,999               | 349,999         | Unquoted          | Fully paid up            | 10.00         | 3.50                            | 3.50                            |
|         | Motilal Oswal Securities International Pvt Ltd  | Subsidiary  | 4,569,200             | 4,569,200       | Unquoted          | Fully paid up            | 10.00         | 45.69                           | 45.69                           |
|         | Motilal Oswal Wealth Management Ltd   | Subsidiary  | 80,000                | 80,000          | Unquoted          | Fully paid up            | 10.00         | 122.64                          | 122.64                          |
|         | Motilal Oswal Asset Management Company Ltd  | Subsidiary  | 65,000,000            | 65,000,000      | Unquoted          | Fully paid up            | 10.00         | 650.13                          | 650.13                          |
|         | Motilal Oswal Trustee Company Ltd   | Subsidiary  | 100,000               | 100,000         | Unquoted          | Fully paid up            | 10.00         | 1.00                            | 1.00                            |
|         | Motilal Oswal Capital Markets (Honkong) Pvt .Ltd  | Subsidiary  | 6,000,000             | 6,000,000       | Unquoted          | Fully paid up            | 6.87          | 41.20                           | 41.20                           |
|         | Motilal Oswal Capital Markets (Singapore) Pte .Ltd  | Subsidiary  | 250,000               | 250,000         | Unquoted          | Fully paid up            | 39.55         | 9.89                            | 9.89                            |
|         | Aspire Home Finance Corporation Limited   | Subsidiary  | 249,358,336           | 199,999,994     | Unquoted          | Fully paid up            | 10.00         | 2,500.00                        | 1,500.00                        |
|         | AU Finance (India) Limited  | Others  | 546,966               | 546,966         | Unquoted          | Fully paid up            | 10.00         | 188.70                          | 188.70                          |
|         | Shubham Housing Development Finance Co Pvt Ltd  | Others  | 21,377                | 21,377          | Unquoted          | Fully paid up            | 10.00         | 18.05                           | 18.05                           |
|         | Infosys Limited   | Others  | 71,478                | 71,478          | Quoted            | Fully paid up            | 5.00          | 76.83                           | 153.66                          |
|         | Shriram New Horizons Limited  | Others  | 750,000               | 750,000         | Unquoted          | Fully paid up            | 10.00         | 101.25                          | 101.25                          |
| (b)     | <b>Investments in Preference Shares</b>   |   |                       |                 |                   |                          |               |                                 |                                 |
|         | 7% Non cumulative optional convertible redeemable shares of Motilal Oswal Capital Markets Pvt Ltd | Subsidiary  | 900,000               | 900,000         | Unquoted          | Fully paid up            | 10.00         | 9.00                            | 9.00                            |
|         | 14.625%, Cumulative redeemable shares of Edelweiss Finance & Investment Limited                   | Others  | 4,190,000             | 4,190,000       | Unquoted          | Fully paid up            | 10.00         | 63.85                           | 63.85                           |
|         | Compulsory Convertible shares of Shubham Housing Development Finance Co Pvt Ltd                   | Others  | 220,260               | 220,260         | Unquoted          | Fully paid up            | 10.00         | 185.94                          | 185.94                          |
| (c)     | <b>Investments in partnership firms</b>   |   |                       |                 |                   |                          |               |                                 |                                 |
|         | Emerging Manager Group LP   | Partnership   | -                     | 234200          | Unquoted          | Fully paid up            |               | 11.67                           | 13.35                           |
|         | Less: Share of loss   |   |                       |                 |                   |                          |               | 9.47                            | 1.68                            |
|         | Less: Capital Return  |   |                       |                 |                   |                          |               | 2.20                            | -                               |
|         | Closing balance   |   |                       |                 |                   |                          |               | -                               | 11.67                           |
|         | India Realty Excellence Fund II LLP   | Associate   | -                     | -               | Unquoted          | Fully paid up            | 100,000.00    | 386.78                          | 210.85                          |
|         | Add: Share of Profit  |   |                       |                 |                   |                          |               | 103.42                          | 175.93                          |
|         | Add: Purchase during the year   |   |                       |                 |                   |                          |               | 274.97                          | -                               |
|         | Closing balance   |   |                       |                 |                   |                          |               | 765.17                          | 386.78                          |
|         | Contrarian Vriddhi Fund I LLP   | Others  | 1,000                 | 1,000           | Unquoted          | Fully paid up            | 6,000.00      | 2.00                            | 2.00                            |
|         | Add: Purchase during the year   |   |                       |                 |                   |                          |               | 4.00                            | -                               |
|         | Closing balance   |   |                       |                 |                   |                          |               | 6.00                            | 2.00                            |
| (d)     | <b>Investment in Units of Mutual fund</b>   |   |                       |                 |                   |                          |               |                                 |                                 |
|         | Motilal Oswal MOST Focused 25 Fund  | Others  | 674,602               | 31,544,702      | Unquoted          | Fully paid up            |               | 3.00                            | 355.33                          |
|         | Most Focused 30 Fund  | Others  | 4,086,368             | 31,788,924      | Unquoted          | Fully paid up            |               | 411.36                          | 502.50                          |
|         | Most Shares N100 ETF  | Others  | 18,330                | -               | Unquoted          |                          |               | 5.13                            | -                               |
|         | Most Focused Multicap 35 Fund   | Others  | 131,029,091           | 130,907,502     | Unquoted          | Fully paid up            |               | 1,867.49                        | 1,815.00                        |
|         | Most Shares M50 ETF   | Others  | 59,499                | -               | Unquoted          | Fully paid up            |               | 4.78                            | -                               |
|         | MOST Shares Midcap 100 ETF  | Others  | 507,650               | -               | Unquoted          | Fully paid up            |               | 6.79                            | -                               |
|         | Most Focused Long Term Fund   | Others  | 190,816               | 190,816         | Unquoted          | Fully paid up            |               | 2.00                            | 2.00                            |
|         | Reliance Mutual Fund -Liquid  | Others  | 543,438               | -               | Quoted            | Fully paid up            |               | 1,644.35                        | -                               |
| (e)     | <b>Investments in Debentures or Bonds</b>   |   |                       |                 |                   |                          |               |                                 |                                 |
|         | Citicorp Finance (India) Limited  | Others  | -                     | 170             | Unquoted          | Fully paid up            | 100,000.00    | -                               | 17.00                           |
|         | 20% , Redeemable non convertible debentures of Shankeshwar Properties Private Limited             | Others  | -                     | 16              | Unquoted          | Fully paid up            | 10,000,000.00 | -                               | 87.79                           |

# NOTES TO FINANCIAL STATEMENT

| Sr. No.    | Name Of The Body Corporate   | Subsidiary / Associate / JV/ Controlled Entity / Others | No. of Shares / Units |                 | Quoted / Unquoted | Partly Paid / Fully paid | Face Value    | Amount                          |                                 |
|------------|--|---|-----------------------|-----------------|-------------------|--------------------------|---------------|---------------------------------|---------------------------------|
|            |  |   | As at 31-Mar-16       | As at 31-Mar-15 |                   |                          |               | As at 31-Mar-16<br>₹ in Million | As at 31-Mar-15<br>₹ in Million |
|            | 20.5%, Redeemable non convertible debentures of Gajra Home Maker                 | Others  | –                     | 10              | Unquoted          | Fully paid up            | 10,000,000.00 | –                               | 35.40                           |
|            | 10%, Redeemable non convertible debenture of Rajesh Estates And Nirman Pvt. Ltd. | Others  | –                     | 11              | Unquoted          | Fully paid up            | 10,000,000.00 | –                               | 110.00                          |
|            | 17.5%, Redeemable non convertible debenture of Akshaya Private Limited           | Others  | 3                     | 3               | Unquoted          | Fully paid up            | 10,000,000.00 | 16.50                           | 30.00                           |
| <b>(f)</b> | <b>Investment in Private Equity Funds</b>  |   |                       |                 |                   |                          |               |                                 |                                 |
|            | India Business Excellence Fund   | Others  | –                     | 25,000          | Unquoted          | Fully paid up            | 1,000.00      | –                               | 12.00                           |
|            | India Business Excellence Fund I   | Others  | 25,000                | 25,000          | Unquoted          | Fully paid up            | 1,000,000.00  | 30.59                           | 35.58                           |
|            | India Business Excellence Fund II  | Others  |                       |                 | Unquoted          | Fully paid up            |               | 406.11                          | –                               |
| <b>(g)</b> | <b>Non trade investments</b>   |   |                       |                 |                   |                          |               |                                 |                                 |
|            | <b>Investment Property(Gross)</b>  |   |                       |                 |                   |                          |               | <b>70.42</b>                    | <b>70.42</b>                    |
|            | Less : Accumulated Depreciation  |   |                       |                 |                   |                          |               | 14.25                           | 11.37                           |
|            | Closing WDV  |   |                       |                 |                   |                          |               | 56.17                           | 59.05                           |
|            | <b>Total (a+b+c+d+e+f+g)</b>   |   |                       |                 |                   |                          |               | <b>9,243.11</b>                 | <b>6,556.60</b>                 |

Aggregate amount of quoted investments  
 Market Value of quoted investments  
 Aggregate amount of unquoted investments  
 Aggregate provision for diminution in value of investment

| Current Year<br>₹ in Million | Previous Year<br>₹ in Million |
|------------------------------|-------------------------------|
| 1,721.18                     | 153.66                        |
| 1,774.40                     | 158.44                        |
| 7,521.92                     | 6,402.94                      |
| Nil                          | Nil                           |

## Details of partnership with Emerging Manager Group, LP

| Name of partner                           | Units Outstanding |                 | Capital Contribution |                    | Percentage Ownership |                 |
|---|-------------------|-----------------|----------------------|--------------------|----------------------|-----------------|
|   | As at 31-Mar-16   | As at 31-Mar-15 | As at 31-Mar-16      | As at 31-Mar-15    | As at 31-Mar-16      | As at 31-Mar-15 |
| Emerging Managers Capital Management, LLC | –                 | 68644           | –                    | \$1,500            | –                    | 0.69%           |
| Karan Trehan                              | –                 | 3615940         | –                    | \$571,205          | –                    | 36.16%          |
| Trehan Family Trust                       | –                 | 1205318         | –                    | \$190,401          | –                    | 12.05%          |
| White Williams Holdings                   | –                 | 551143          | –                    | \$396,000          | –                    | 5.51%           |
| Pat Farrell                               | –                 | 137952          | –                    | \$80,000           | –                    | 1.38%           |
| Cross Ridge Capital LLC                   | –                 | 137952          | –                    | \$80,000           | –                    | 1.38%           |
| Robert Turner                             | –                 | 217738          | –                    | \$500,000          | –                    | 2.18%           |
| Christopher McHugh                        | –                 | 109572          | –                    | \$250,000          | –                    | 1.10%           |
| The Chalice Fund, L.P.                    | –                 | 43321           | –                    | \$100,000          | –                    | 0.43%           |
| Custodia Holdings Inc                     | –                 | 668147          | –                    | \$174,571          | –                    | 6.68%           |
| Vidya AG                                  | –                 | 296958          | –                    | \$467              | –                    | 2.97%           |
| Waddell & Reed                            | –                 | 2341917         | –                    | \$5,000,000        | –                    | 23.42%          |
| Motilal Oswal                             | –                 | 234200          | –                    | \$500,000          | –                    | 2.34%           |
| Viking One Corp                           | –                 | 371198          | –                    | \$145,392          | –                    | 3.71%           |
| <b>TOTAL</b>                              | <b>–</b>          | <b>10000000</b> | <b>–</b>             | <b>\$7,989,536</b> | <b>–</b>             | <b>100.00%</b>  |

- Note 1 Emerging Manager Group has been dissolved during the financial year 2015-16.
- Note 2 During the current financial year the company has classified the office premises which has been leased out to Eskay Motors amounting to ₹ 37,35,600 as Investment in property under Non current investments.

# NOTES TO FINANCIAL STATEMENT

## Note 12: Long Term Loans & Advances

|  | As at 31-Mar-16<br>₹ in Million | As at 31-Mar-15<br>₹ in Million |
|--|---------------------------------|---------------------------------|
| <b>Unsecured, Considered good</b>  |                                 |                                 |
| – Rent, Electricity and other deposits   | 97.85                           | 80.08                           |
| – Capital Advances   | 6.50                            | 16.40                           |
| – Deposits with Exchange   | 14.05                           | 14.05                           |
| <b>Other Loans &amp; Advances:</b>   |                                 |                                 |
| – Prepaid Exp  | 5.30                            | 0.66                            |
| – Loan to staff  | 3.28                            | 1.35                            |
| Advance Tax (Net of provision ₹ 24724.95 millions and P.Y. ₹ 1903.07 millions) | 132.17                          | 105.49                          |
| <b>TOTAL</b>   | <b>259.15</b>                   | <b>218.03</b>                   |

## Note 13: Other Non Current Assets

|  | As at 31-Mar-16<br>₹ in Million | As at 31-Mar-15<br>₹ in Million |
|--|---------------------------------|---------------------------------|
| Unsecured, considered good   |                                 |                                 |
| Other bank balances  |                                 |                                 |
| – Fixed deposits (maturity more than 12 months) *  | 1,025.00                        | –                               |
| <b>TOTAL</b>   | <b>1,025.00</b>                 | <b>–</b>                        |
| Fixed deposit receipt under lien with ICICI Bank For Professional Clearing Member services | 1,270.00                        | –                               |

## Note 14: Current Investments

|   | As at 31-Mar-16<br>₹ in Million | As at 31-Mar-15<br>₹ in Million |
|---|---------------------------------|---------------------------------|
| 16 fully paidup unquoted 20% Redeemable non convertible debentures of Shankeshwar Properties Private Limited having face value of ₹ 100 million | 16.36                           | –                               |
| <b>TOTAL</b>  | <b>16.36</b>                    | <b>–</b>                        |

## Note 15: Trade Receivables

|   | As at 31-Mar-16<br>₹ in Million | As at 31-Mar-15<br>₹ in Million |
|---|---------------------------------|---------------------------------|
| <b>Secured, Considered good</b>   |                                 |                                 |
| a) Outstanding for a period more than six months from the date they are due for payment | 160.30                          | 9.50                            |
| b) Outstanding for a period less than six months from the date they are due for payment | 3,275.75                        | 2,275.74                        |
| <b>(A)</b>  | <b>3,436.05</b>                 | <b>2,285.24</b>                 |
| <b>Unsecured, Considered good</b>   |                                 |                                 |
| a) Outstanding for a period more than six months from the date they are due for payment | 50.43                           | 66.55                           |
| b) Outstanding for a period less than six months from the date they are due for payment | 1,062.28                        | 886.99                          |
| Less: provision for doubtful debts (C.Y ₹ Nil, P.Y ₹ 9.06 millions)                     | –                               | (9.06)                          |
| <b>(B)</b>  | <b>1,112.71</b>                 | <b>944.48</b>                   |
| <b>TOTAL</b>  | <b>(A+B) 4,548.76</b>           | <b>3,229.72</b>                 |

\*Secured against securities given as collateral by the customer

# NOTES TO FINANCIAL STATEMENT

## Note 16: Cash and Bank Balances

|  | As at 31-Mar-16<br>₹ in Million | As at 31-Mar-15<br>₹ in Million |
|--|---------------------------------|---------------------------------|
| <b>Cash and Cash equivalents</b>                                     |                                 |                                 |
| Cash on hand   | 3.80                            | 1.74                            |
| <b>Balance with banks</b>  |                                 |                                 |
| In current accounts  | 271.30                          | 451.37                          |
| Other Bank balance   |                                 |                                 |
| Fixed deposit (maturity more than 3 months but less than 12 months)* | 619.14                          | 1,575.64                        |
| <b>TOTAL</b>   | <b>894.24</b>                   | <b>2,028.74</b>                 |
| *Fixed deposit receipt under lien with exchange                      | 349.14                          | 98.17                           |
| *Fixed deposit receipt lien with banks against borrowings            | 25.00                           | 832.50                          |

## Note 17: Short Term Loans and Advances

|   | As at 31-Mar-16<br>₹ in Million | As at 31-Mar-15<br>₹ in Million |
|---|---------------------------------|---------------------------------|
| <b>Unsecured, Considered good unless otherwise stated</b> |                                 |                                 |
| Loans to related parties                                  | 1.10                            | 27.32                           |
| <b>Others</b>   |                                 |                                 |
| <b>Advances</b>   |                                 |                                 |
| – Prepaid Expenses  | 18.91                           | 14.22                           |
| – For supply of services                                  | 45.12                           | 27.50                           |
| – Loan & Advance to staff                                 | 5.14                            | 15.75                           |
| – Service tax credit receivable                           | 14.88                           | 5.43                            |
| – Deposits with exchange                                  | 31.82                           | 96.24                           |
| <b>TOTAL</b>  | <b>116.97</b>                   | <b>186.46</b>                   |

## Note 18: Other Current Assets

|                                    | As at 31-Mar-16<br>₹ in Million | As at 31-Mar-15<br>₹ in Million |
|------------------------------------|---------------------------------|---------------------------------|
| Interest accrued on Fixed Deposit  | 25.21                           | 30.75                           |
| Stock of stamps                    | 0.49                            | 2.38                            |
| Rent Receivable                    | 4.62                            | 7.31                            |
| Sign on bonus pending amortization | 0.77                            | –                               |
| Interest accrued and due on loan   | 0.15                            | 2.58                            |
| <b>TOTAL</b>                       | <b>31.25</b>                    | <b>43.02</b>                    |

# NOTES TO FINANCIAL STATEMENT

## Note 19 : Revenue from Operations

|  | For the year ended<br>31-Mar-16<br>₹ in Million | For the year ended<br>31-Mar-15<br>₹ in Million |
|--|---|---|
| (A) Income from operations                       |   |   |
| Brokerage  | 3,986.10  | 4,028.31  |
| Research & Advisory Fees                         | 166.47  | 119.20  |
| Portfolio Management Commission                  | 216.24  | 205.61  |
| Depository Income                                | 111.57  | 117.43  |
| Income from Arbitrage Transaction/Stock in trade | (3.20)  | 42.80   |
| Dividend Income                                  | 28.35   | 74.08   |
| Partnership Gain/(Loss)                          |   |   |
| From Fund  | 103.42  | 17.43   |
| From Other                                       | (9.47)  | (1.68)  |
| Profit on sale of investments                    | –   |   |
| Current Investment                               | 94.78   | 19.24   |
| Non-current Investment                           | 211.43  | 240.50  |
| <b>Total (A)</b>                                 | <b>4,905.69</b>                                 | <b>4,862.91</b>                                 |
| (B) Other Operating Revenue :                    |   |   |
| Interest   | 518.58  | 383.24  |
| Others   | 43.43   | 54.86   |
| <b>Total (B)</b>                                 | <b>562.01</b>                                   | <b>438.10</b>                                   |
| <b>TOTAL(A+B)</b>                                | <b>5,467.70</b>                                 | <b>5,301.01</b>                                 |

## Note 20: Other Income

|                                | For the year ended<br>31-Mar-16<br>₹ in Million | For the year ended<br>31-Mar-15<br>₹ in Million |
|--------------------------------|---|---|
| Interest                       | 6.38  | 100.53  |
| Profit on sale of fixed assets | 0.75  | 0.05  |
| Rent Income                    | 20.52   | 23.16   |
| Other Miscellaneous Income     | 9.72  | 0.86  |
| <b>TOTAL</b>                   | <b>37.37</b>                                    | <b>124.60</b>                                   |

## Note 21: Employee Benefits

|   | For the year ended<br>31-Mar-16<br>₹ in Million | For the year ended<br>31-Mar-15<br>₹ in Million |
|---|---|---|
| Salary, Bonus and Allowances            | 1,282.10  | 1,074.84  |
| Contribution to provident & other funds | 25.06   | 14.86   |
| Staff welfare expenses                  | 49.65   | 36.59   |
| Gratuity (Ref Note No. 39)              | 31.96   | 6.14  |
| <b>TOTAL</b>                            | <b>1,388.77</b>                                 | <b>1,132.43</b>                                 |

# NOTES TO FINANCIAL STATEMENT

## Note 22: Finance Cost

|                      | For the year ended<br>31-Mar-16<br>₹ in Million | For the year ended<br>31-Mar-15<br>₹ in Million |
|----------------------|---|---|
| Interest cost        | 436.91  | 92.06   |
| Other borrowing cost | 19.76   | 26.91   |
| <b>TOTAL</b>         | <b>456.67</b>                                   | <b>118.97</b>                                   |

## Note 23: Depreciation and Amortisation Expenses

|                                     | For the year ended<br>31-Mar-16<br>₹ in Million | For the year ended<br>31-Mar-15<br>₹ in Million |
|-------------------------------------|---|---|
| Depreciation on Tangible Assets     | 218.16  | 173.59  |
| Depreciation on Investment property | 2.88  | 3.08  |
| Amortisation on Intangible Assets   | 13.55   | 27.05   |
| <b>TOTAL</b>                        | <b>234.59</b>                                   | <b>203.72</b>                                   |

## Note 24: Operating Expenses

|                                       | For the year ended<br>31-Mar-16<br>₹ in Million | For the year ended<br>31-Mar-15<br>₹ in Million |
|---------------------------------------|---|---|
| Brokerage sharing with intermediaries | 1,559.34  | 1,581.69  |
| Depository charges                    | 23.06   | 25.08   |
| Advisory and other fees               | 45.41   | 48.53   |
| <b>TOTAL</b>                          | <b>1,627.81</b>                                 | <b>1,655.30</b>                                 |

## Note 25: Other Expenses

|   | For the year ended<br>31-Mar-16<br>₹ in Million | For the year ended<br>31-Mar-15<br>₹ in Million |
|---|---|---|
| Rates & Taxes   | 10.97   | 23.31   |
| Rent  | 142.95  | 68.79   |
| Insurance   | 3.44  | 3.80  |
| Repairs - Building  | 3.93  | 10.27   |
| Repairs & Maintenance - Others  | 15.81   | 16.94   |
| Computer Maintenance & Software Charges   | 61.98   | 58.32   |
| Legal & Professional Charges  | 80.08   | 65.31   |
| Remuneration to auditors (Refer Note No.31)   | 1.23  | 1.11  |
| Service charges   | 57.12   | 54.95   |
| Marketing & brand promotion expenses  | 84.38   | 87.22   |
| Advertisement expenses  | 57.00   | 48.17   |
| Printing & Stationary   | 30.34   | 27.36   |
| Power and fuel  | 68.86   | 60.30   |
| Communication and data charges  | 116.86  | 93.25   |
| Travelling, lodging and boarding expenses   | 105.96  | 94.68   |
| Donations   | 2.71  | 0.18  |
| CSR Donations (Refer Note No. 49)   | 30.46   | 18.51   |
| Donation to political party*  | 0.01  | 12.09   |
| Bad Debts Written Off/Trading loss  | 46.16   | 13.62   |
| Foreign exchange (Gain)/Loss (CY net of profit ₹ 1.34 million, P.Y net of loss of ₹ 1.71 million) | 1.29  | (0.10)  |
| Miscellaneous expenses  | 81.70   | 64.12   |
| <b>TOTAL</b>  | <b>1,003.24</b>                                 | <b>822.20</b>                                   |

# NOTES TO FINANCIAL STATEMENT

| *Donation to Political party | For the year ended<br>31-Mar-16<br>₹ in Million | For the year ended<br>31-Mar-15<br>₹ in Million |
|------------------------------|---|---|
| Bhartiya Janata Party        | –   | 11.00   |
| National Congress Party      | 0.01  | –   |
| Shiv Sena                    | –   | 1.10  |
| Maharashtra Navnirman Sena   | 0.00  | –   |
| <b>TOTAL</b>                 | <b>0.01</b>                                     | <b>12.10</b>                                    |

## Note 26 : Significant Accounting Policies

### 26.1 Basis of Preparation of Financial Statements:

The accompanying financial statements are prepared under the historical cost convention, on the accrual basis of accounting and comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 and in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 issued by Institute of Chartered Accountant of India and the provisions of the Companies Act, 2013.

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

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

### 26.2 Use of Estimates:

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

### 26.3 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. Depreciation is based on the cost of an asset less its residual value as notified in Schedule II to the Companies Act, 2013. In pursuant of Schedule II of the Companies Act 2013, fixed assets of the significant value are componentized with separate useful life. On all assets, except as mentioned below, depreciation has been provided based on Written Down Value method using the useful life as specified in Schedule II to the Companies Act, 2013.

Improvements to leasehold premises are depreciated over the remaining period of lease

### 26.4 Borrowing Cost:

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

### 26.5 Intangible Assets and Amortization:

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

### 26.6 Investments:

- 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.

# NOTES TO FINANCIAL STATEMENT

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

## 26.7 Investment Property :

Properties given on lease are shown as Investment in property under Non Current Investment and depreciated using Written Down Value method using the useful life prescribed under schedule II of Companies Act 2013.

## 26.8 Stock in Trade:

Stock in Trade comprises of equity shares, units of mutual funds, commodities. These are valued at cost or market value whichever is less. The comparison of cost and market value is done separately for each category of stocks. Cost is considered on weighted average basis.

## 26.9 Revenue Recognition:

- a) Brokerage income is recognized on trade date basis and is exclusive of service tax and securities transaction tax (STT) wherever applicable.
- b) Research, Advisory and Transactional processing fee income is accounted for on an accrual basis in accordance with the terms & contracts entered into between the Company and the counterparty.
- c) Portfolio management commissions are recognized on an accrual basis in accordance with the terms of the agreement entered with Asset Management Company.
- d) Interest income is recognized on accrual basis.
- e) Dividend income is recognized when the right to receive payment is established
- f) Income from investment in Private Equity Funds ("the fund"), is booked as and when the same is distributed by the Fund. Return of capital contribution is reduced from the original cost of investment.
- g) Income from arbitrage and trading in securities and derivatives comprises profit/loss on sale determined based on the Weighted Average cost of the securities/currency sold.
- h) The Company recognizes lease rentals from the property leased out, on accrual basis as per the term of agreements enter with the counter parties.
- i) In respect of other heads of income the Company accounts the same on accrual basis.

## 26.10 Commercial Paper:

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

## 26.11 Foreign Currency Transactions:

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

## 26.12 Employee Benefits:

### Provident Fund:

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

### New Pension Scheme:

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

# NOTES TO FINANCIAL STATEMENT

## **Gratuity:**

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

## **Compensated Absences:**

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

## **Ex-gratia (Bonus):**

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

## **26.13 Taxation:**

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

### **Current Tax:**

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

### **Deferred Taxation:**

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

## **26.14 Operating Leases:**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss.

## **26.15 Sign on Bonus**

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

## **26.16 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. 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.

# NOTES TO FINANCIAL STATEMENT

## 26.17 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 Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

## 26.18 Segment Reporting :

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted by the Company. Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable in that segment. Certain revenue and expenses, which form component of total revenue and expenses, are not identifiable to specific segments as the underlying resources are used interchangeably, same has been allocated on reasonable basis to respective segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated expenses/income".

Assets and liabilities in relation to segments are categorized based on items that are individually identifiable in that segment. Certain assets and liabilities, which form component of total assets and liabilities, are not identifiable to specific segments as the underlying resources are used interchangeably. Assets and liabilities, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated assets/Liabilities".

## Note 27 : Contingent Liabilities and Commitments to the extent not provided for

| Particulars  | For the year ended<br>31-Mar-16<br>₹ in Million | For the year ended<br>31-Mar-15<br>₹ in Million |
|--|---|---|
| <b>Contingent Liabilities:</b>   |   |   |
| (a) Demand in respect of Income tax matters for which appeal is pending (Refer note a) | 139.31  | 103.87  |
| (b) Capital Commitments  |   |   |
| (i) Estimated amount of contracts remaining to be executed on capital account          | 62.99   | 58.41   |
| (ii) Uncalled Liability on shares and other investments partly paid:                   |   |   |
| (1) India Realty Excellence Fund II LLP (Refer note b)                                 | –   | 261.39  |
| (2) India Business Excellence Fund II (Refer note c)                                   | 243.96  | 19.50   |
| (3) India Realty Excellence Fund III LLP (Refer note d)                                | 200.00  | –   |
| <b>(c) Claims against the Company:</b>   |   |   |

| Pending against forum      | 2015-16      |              | 2014-15      |              |
|----------------------------|--------------|--------------|--------------|--------------|
|                            | No. of cases | ₹ in Million | No. of cases | ₹ in Million |
| Civil/Consumer court cases | 38           | 39.93        | 32           | 39.93        |
| Arbitration cases          | 9            | 26.84        | 11           | 21.02        |
| <b>TOTAL</b>               | <b>47</b>    | <b>66.77</b> | <b>43</b>    | <b>60.95</b> |

- (a) Demand in respect of Income tax matters for which appeal is pending is ₹ 139.31 millions (Previous year ₹ 103.87 millions). This is disputed by the Company and hence not provided for. The company has paid demand of ₹ 59.16 millions till date. (Previous year ₹ 60.71 millions). These does not include interest u/s 234(b) & u/s 234(c) as same is not determinable till the final outcome.

The Company is contesting the demands and the management, including its tax advisors, believes that its position will likely be upheld in the appellat process. No tax expenses has been accrued in the financial statement for the tax demand raised.

# NOTES TO FINANCIAL STATEMENT

The management believes that ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

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

## Note 28 : Contingent Liability

a) The Company has provided bank guarantees aggregating to ₹ 485 millions (Previous Year : ₹ 2120 millions) as on 31 March 2016 for the following purposes to:

- 1) Bombay Stock Exchange Limited - ₹ 125 millions (Previous year : ₹ 320 millions) for meeting margin requirements.
- 2) National Stock exchange - ₹ 360 millions (Previous year ₹ 1800 millions) for meeting margin requirements.

The company has pledged fixed deposits with banks aggregating of ₹ 147.5 millions. (Previous Year ₹ 832.5 millions) for obtaining bank guarantee.

## Note 29 :

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

## Note 30 :

In the opinion of the Board of Directors, all current assets, loans and advances would be realizable at least of an amount equal to the amount at which they are stated in the Balance sheet. There is no impairment in the Fixed Assets.

## Note 31 : Auditors' Remuneration

| Particulars           | 2015-16<br>₹ in Million | 2014-15<br>₹ in Million |
|-----------------------|-------------------------|-------------------------|
| <b>As Auditors:</b>   |                         |                         |
| Audit fees            | 1.02                    | 0.93                    |
| Tax Audit fees        | 0.10                    | 0.10                    |
| Other Services        | 0.11                    | 0.03                    |
| Out of pocket expense | 0.02                    | 0.02                    |
| <b>TOTAL</b>          | <b>1.25</b>             | <b>1.08</b>             |

(Exclusive of service tax)

## Note 32 : Operating Leases-Expenses( Company as a lessee)

| Particulars   | 2015-16<br>₹ in Million         | 2014-15<br>₹ in Million         |
|---|---------------------------------|---------------------------------|
| (a) Lease Payments recognised under the head "Rent" | 142.95                          | 68.79                           |
| <b>(b) Minimum Future Lease payables :</b>          |                                 |                                 |
| <b>Particulars</b>                                  | <b>2015-16<br/>₹ in Million</b> | <b>2014-15<br/>₹ in Million</b> |
| Not later than 1 year                               | 17.68                           | 14.17                           |
| More than 1 year and not later 3 years              | 10.51                           | 9.36                            |
| Later than 5 year                                   | —                               | —                               |
| <b>Total</b>  | <b>28.19</b>                    | <b>23.53</b>                    |

# NOTES TO FINANCIAL STATEMENT

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

- i) Lease rentals are charged on the basis of agreed terms.
- ii) Assets are taken on lease for a period of 3 - 5 years.
- iii) All agreements are cancellable at the option of the both the parties by giving prior notice.

## Immovable properties taken on lease:

The company has entered into lease/license agreements in respect of immovable properties with different parties. Certain such agreements contain escalation clause related to lease rentals/license fees from 5% to 20% p.a.

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

| Particulars  | 2015-16<br>₹ in Million | 2014-15<br>₹ in Million |
|--|-------------------------|-------------------------|
| (b) Rent Income recognised under the head "Other Income" | 20.52                   | 23.16                   |

## Minimum Future Lease receivables :

| Particulars                            | 2015-16<br>₹ in Million | 2014-15<br>₹ in Million |
|--|-------------------------|-------------------------|
| Not later than 1 year                  | 8.22                    | 7.47                    |
| More than 1 year and not later 5 years | 11.46                   | 19.67                   |
| Later than 5 year                      | —                       | —                       |
| <b>Total</b>                           | <b>19.68</b>            | <b>27.14</b>            |

## General description of lease terms: -(In respect of assets given on lease)

- i) Lease rentals are charged on the basis of agreed terms
- ii) Assets are given on lease for a period of 5 years
- iii) Agreement is an non cancellable agreement for initial period of 5 years

## Immovable properties given on lease:

The company has entered into lease/license agreement in respect of immovable properties with a party. It contain escalation clause related to lease rentals/license fees with 15% from the 4th year.

## Note 33 : Related party disclosure

### Name of related parties

#### (i) Relationships during the year

- A) Holding Company
  - Passionate Investment Management Private Limited - Ultimate Holding Company
  - Motilal Oswal Financial Services Limited – Holding Company
- B) Subsidiaries
  - Motilal Oswal Capital Markets Private Limited
  - Motilal Oswal Trustee Company Limited
  - Motilal Oswal Wealth Management Private Limited
  - Motilal Oswal Securities International Private Limited
  - Motilal Oswal Asset Management Company Private Limited
  - Motilal Oswal Capital Market (Honkong) Private Limited
  - Motilal Oswal Capital Markets (Singapore) Pte. Limited
  - Aspire Housing Finance Corporation Limited
  - Motilal Oswal Asset Management (Mauritius) Private Limited
  - Carnation Township Management LLP



# NOTES TO FINANCIAL STATEMENT

(₹ in millions)

| Transaction                                       | Name of the related Party                         | Holding Company/<br>Subsidiary company |                 | Fellow Subsidiaries |               | Associate Enterprises |                | Enterprises in which<br>Key Managerial<br>Personnel exercise<br>Significant Influence |              | Key Managerial<br>Personnel / Relative<br>of Key Managerial<br>Personnel |               |
|---|---|--|-----------------|---------------------|---------------|-----------------------|----------------|---|--------------|--|---------------|
|   |   | 2015-16                                | 2014-15         | 2015-16             | 2014-15       | 2015-16               | 2014-15        | 2015-16   | 2014-15      | 2015-16  | 2014-15       |
| Interest (Received)/Paid                          | Aspire Home Finance Corporation Ltd               | -                                      | (0.11)          | -                   | -             | -                     | -              | -   | -            | -  | -             |
|   | Motilal Oswal Financial Services Limited          | 55.88                                  | 5.33            | -                   | -             | -                     | -              | -   | -            | -  | -             |
|   | Motilal Oswal Financial Services Limited          | (5.73)                                 | (99.67)         | -                   | -             | -                     | -              | -   | -            | -  | -             |
|   | Motilal Oswal Wealth Management Ltd               | 38.68                                  | -               | -                   | -             | -                     | -              | -   | -            | -  | -             |
| <b>Total Interest Received</b>                    |   | <b>(5.73)</b>                          | <b>(99.78)</b>  | -                   | -             | -                     | -              | -   | -            | -  | -             |
| <b>Total Interest Paid</b>                        |   | <b>94.57</b>                           | <b>5.33</b>     | -                   | -             | -                     | -              | -   | -            | -  | -             |
| Dividend Paid                                     | Motilal Oswal Financial Services Limited          | 139.80                                 | 415.63          | -                   | -             | -                     | -              | -   | -            | -  | -             |
| <b>Total Dividend Paid</b>                        |   | <b>139.80</b>                          | <b>415.63</b>   | -                   | -             | -                     | -              | -   | -            | -  | -             |
| Brokerage on Mutual Fund (Received)               | Motilal Oswal Asset Management Company Limited    | (30.50)                                | (21.36)         | -                   | -             | -                     | -              | -   | -            | -  | -             |
| <b>Total Brokerage on Mutual Fund (Received)</b>  |   | <b>(30.50)</b>                         | <b>(21.36)</b>  | -                   | -             | -                     | -              | -   | -            | -  | -             |
| Brokerage Sharing Paid                            | Motilal Oswal Wealth Management Ltd               | 48.48                                  | 36.03           | -                   | -             | -                     | -              | -   | -            | -  | -             |
| <b>Total Brokerage Sharing Paid</b>               |   | <b>48.48</b>                           | <b>36.03</b>    | -                   | -             | -                     | -              | -   | -            | -  | -             |
| PMS Distribution (Received)                       | Motilal Oswal Asset Management Company Limited    | (216.24)                               | (205.61)        | -                   | -             | -                     | -              | -   | -            | -  | -             |
| <b>Total PMS Distribution (Received)</b>          |   | <b>(216.24)</b>                        | <b>(205.61)</b> | -                   | -             | -                     | -              | -   | -            | -  | -             |
| Rent (Received)/Paid                              | Aspire Home Finance Corporation Ltd               | (5.27)                                 | (5.27)          | -                   | -             | -                     | -              | -   | -            | -  | -             |
|   | Motilal Oswal Investment Advisors Private Limited | -                                      | -               | (1.98)              | (1.98)        | -                     | -              | -   | -            | -  | -             |
|   | Motilal Oswal Financial Services Limited          | (0.18)                                 | (0.18)          | -                   | -             | -                     | -              | -   | -            | -  | -             |
|   | Motilal Oswal Financial Services Limited          | 65.46                                  | 9.27            | -                   | -             | -                     | -              | -   | -            | -  | -             |
|   | Motilal Oswal Capital Markets Private Ltd         | (1.43)                                 | (0.34)          | -                   | -             | -                     | -              | -   | -            | -  | -             |
|   | Motilal Oswal Commodities Broker Private Limited  | -                                      | -               | (0.27)              | (0.27)        | -                     | -              | -   | -            | -  | -             |
|   | Motilal Oswal Wealth Management Ltd               | 10.95                                  | 10.95           | -                   | -             | -                     | -              | -   | -            | -  | -             |
|   | Motilal Oswal Wealth Management Ltd               | (10.60)                                | (10.60)         | -                   | -             | -                     | -              | -   | -            | -  | -             |
|   | Textile Exports Private Limited                   | -                                      | -               | -                   | -             | -                     | -              | 1.59  | 1.59         | -  | -             |
|   | Passionate Investment Management Private Limited  | (0.06)                                 | (0.06)          | -                   | -             | -                     | -              | -   | -            | -  | -             |
| Motilal Oswal Securities International Pvt. Ltd.  | (0.72)  | (0.72)                                 | -               | -                   | -             | -                     | -              | -   | -            | -  |               |
| <b>Total Rent (Received)</b>                      |   | <b>(18.26)</b>                         | <b>(17.17)</b>  | <b>(2.25)</b>       | <b>(2.25)</b> | -                     | -              | -   | -            | -  | -             |
| <b>Total Rent Paid</b>                            |   | <b>76.41</b>                           | <b>20.23</b>    | -                   | -             | -                     | -              | <b>1.59</b>   | <b>1.59</b>  | -  | -             |
| Brokerage Received                                | Ajay Menon  | -                                      | -               | -                   | -             | -                     | -              | -   | -            | (0.01)   | (0.02)        |
|   | OSAG Enterprises LLP                              | -                                      | -               | (0.74)              | (0.09)        | -                     | -              | -   | -            | -  | -             |
|   | Motilal Oswal                                     | -                                      | -               | -                   | -             | -                     | -              | -   | -            | (0.50)   | (1.20)        |
|   | Raamdeo Agarawal                                  | -                                      | -               | -                   | -             | -                     | -              | -   | -            | (1.06)   | (5.27)        |
|   | Govinddeo R. Agarawal                             | -                                      | -               | -                   | -             | -                     | -              | -   | -            | 0.00   | -             |
|   | Vimladevi Salecha                                 | -                                      | -               | -                   | -             | -                     | -              | -   | -            | 0.01   | -             |
|   | Motilal Oswal Financial Services Limited          | -                                      | -               | -                   | -             | -                     | -              | -   | -            | 0.00   | -             |
| <b>Total Brokerage Received</b>                   |   | -                                      | -               | <b>(0.74)</b>       | <b>(0.09)</b> | -                     | -              | -   | -            | <b>(1.57)</b>  | <b>(6.49)</b> |
| Donation  | Motilal Oswal Foundation                          | -                                      | -               | -                   | -             | -                     | -              | -   | 14.78        | -  | -             |
| <b>Total Donation Paid</b>                        |   | -                                      | -               | -                   | -             | -                     | -              | -   | <b>14.78</b> | -  | -             |
| Reimbursement of Expenses (Received)/Paid         | Motilal Oswal Wealth Management Ltd               | (1.18)                                 | (1.16)          | -                   | -             | -                     | -              | -   | -            | -  | -             |
|   | Motilal Oswal Commodities Broker Private Limited  | (0.15)                                 | (0.14)          | -                   | -             | -                     | -              | -   | -            | -  | -             |
|   | Motilal Oswal Financial Services Limited          | 42.23                                  | 27.76           | -                   | -             | -                     | -              | -   | -            | -  | -             |
|   | Aspire Home Finance Corporation Ltd               | (1.09)                                 | (3.35)          | -                   | -             | -                     | -              | -   | -            | -  | -             |
|   | Motilal Oswal Capital Markets Private Ltd         | (5.22)                                 | -               | -                   | -             | -                     | -              | -   | -            | -  | -             |
|   | Motilal Oswal Investment Advisors Private Limited | (0.36)                                 | -               | -                   | -             | -                     | -              | -   | -            | -  | -             |
| <b>Total Reimbursement of Expenses (Received)</b> |   | <b>(7.99)</b>                          | <b>(4.65)</b>   | -                   | -             | -                     | -              | -   | -            | -  | -             |
| <b>Total Reimbursement of Expenses Paid</b>       |   | <b>42.23</b>                           | <b>27.76</b>    | -                   | -             | -                     | -              | -   | -            | -  | -             |
| Partnership Gain                                  | India Realty Excellence Fund II LLP               | -                                      | -               | -                   | -             | (103.42)              | (17.43)        | -   | -            | -  | -             |
| <b>Total</b>                                      |   | -                                      | -               | -                   | -             | <b>(103.42)</b>       | <b>(17.43)</b> | -   | -            | -  | -             |
| (Gain) on sale of Investment                      | Carnation Township Management LLP                 | (10.35)                                | -               | -                   | -             | -                     | -              | -   | -            | -  | -             |
|   | India Realty Excellence Fund II LLP               | -                                      | -               | -                   | -             | (15.87)               | -              | -   | -            | -  | -             |
| <b>Total</b>                                      |   | <b>(10.35)</b>                         | -               | -                   | -             | <b>(15.87)</b>        | -              | -   | -            | -  | -             |

# NOTES TO FINANCIAL STATEMENT

(₹ in millions)

| Transaction                            | Name of the related Party                               | Holding Company/<br>Subsidiary company |                 | Fellow Subsidiaries |               | Associate Enterprises |               | Enterprises in which<br>Key Managerial<br>Personnel exercise<br>Significant Influence |         | Key Managerial<br>Personnel / Relative<br>of Key Managerial<br>Personnel |         |
|--|---|--|-----------------|---------------------|---------------|-----------------------|---------------|---|---------|--|---------|
|  |   | 2015-16                                | 2014-15         | 2015-16             | 2014-15       | 2015-16               | 2014-15       | 2015-16   | 2014-15 | 2015-16  | 2014-15 |
| Capital contribution / (withdrawal)    | India Realty Excellence Fund II LLP                     | -                                      | -               | -                   | -             | 421.90                | 175.93        | -   | -       | -  | -       |
|  | India Realty Excellence Fund II LLP                     | -                                      | -               | -                   | -             | (84.39)               | -             | -   | -       | -  | -       |
|  | Carnation Township Management LLP                       | 574.32                                 | -               | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Carnation Township Management LLP                       | 574.32                                 | -               | -                   | -             | -                     | -             | -   | -       | -  | -       |
| <b>Total Capital contribution</b>      |   | <b>574.32</b>                          | -               | -                   | -             | <b>421.90</b>         | <b>175.93</b> | -   | -       | -  | -       |
| <b>Total Capital (withdrawal)</b>      |   | <b>574.32</b>                          | -               | -                   | -             | <b>(84.39)</b>        | -             | -   | -       | -  | -       |
| Subscription/Purchase of Equity Shares | Motilal Oswal Asset Management Company Limited          | -                                      | 300.00          | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Aspire Home Finance Corporation Ltd                     | 1,000.00                               | 1,350.00        | -                   | -             | -                     | -             | -   | -       | -  | -       |
| <b>Total</b>                           |   | <b>1,000.00</b>                        | <b>1,650.00</b> | -                   | -             | -                     | -             | -   | -       | -  | -       |
| Loan Given to / (Taken from)           | Motilal Oswal Financial Services Limited                | (13,884.01)                            | (23,137.78)     | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Aspire Home Finance Corporation Ltd                     | -                                      | 10.31           | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Wealth Management Ltd                     | (991.72)                               | -               | -                   | -             | -                     | -             | -   | -       | -  | -       |
| Loan (Repaid by) / Repaid to           | Motilal Oswal Financial Services Limited                | 13,857.80                              | 24,671.24       | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Aspire Home Finance Corporation Ltd                     | (10.31)                                | -               | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Wealth Management Ltd                     | 864.27                                 | -               | -                   | -             | -                     | -             | -   | -       | -  | -       |
| <b>Outstanding balance</b>             |   |  |                 |                     |               |                       |               |   |         |  |         |
| (a) Unsecured loan Given / (Taken)     | Motilal Oswal Financial Services Limited                | 1.10                                   | 27.32           | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Wealth Management Ltd                     | (127.45)                               | -               | -                   | -             | -                     | -             | -   | -       | -  | -       |
| <b>Total Unsecured loan Given</b>      |   | <b>1.10</b>                            | <b>27.32</b>    | -                   | -             | -                     | -             | -   | -       | -  | -       |
| <b>Total Unsecured loan (Taken)</b>    |   | <b>(127.45)</b>                        | -               | -                   | -             | -                     | -             | -   | -       | -  | -       |
| (b) Collateral taken for Loan          | Motilal Oswal Financial Services Limited                | 1,626.56                               | 4,275.98        | -                   | -             | -                     | -             | -   | -       | -  | -       |
| <b>Total Collateral taken for loan</b> |   | <b>1,626.56</b>                        | <b>4,275.98</b> | -                   | -             | -                     | -             | -   | -       | -  | -       |
| c) Other Receivables / (payables)      | Motilal Oswal Real Estate Investment Advisors II P Ltd  | -                                      | -               | (1.01)              | (1.65)        | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Real Estate Investment Advisors II P Ltd  | -                                      | -               | 9.78                | -             | -                     | -             | -   | -       | -  | -       |
|  | Aspire Home Finance Corporation Ltd                     | 0.17                                   | 2.86            | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Investment Advisors Private Limited       | -                                      | -               | 0.07                | 0.66          | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Asset Management Company Limited          | 14.91                                  | 145.99          | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Financial Services Limited                | (14.99)                                | (9.61)          | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Commodities Broker Private Limited        | -                                      | -               | 0.04                | 0.04          | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Capital Market Pvt Ltd                    | -                                      | 0.22            | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Capital Market-Pvt Ltd Singapore          | (3.90)                                 | (2.93)          | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Capital Market-Pvt Ltd Singapore          | 0.89                                   | -               | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Wealth Management Ltd                     | 0.32                                   | 0.32            | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Wealth Management Ltd                     | (5.77)                                 | (5.19)          | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Commodities Broker Private Limited (NSEL) | -                                      | -               | 2.87                | 2.87          | -                     | -             | -   | -       | -  | -       |
|  | MOPE Investment Advisors Private Limited                | -                                      | -               | 0.29                | -             | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Securities International Pvt. Ltd.        | (2.71)                                 | -               | -                   | -             | -                     | -             | -   | -       | -  | -       |
| <b>Total Receivables</b>               |   | <b>(27.37)</b>                         | <b>(17.73)</b>  | <b>(1.01)</b>       | <b>(1.65)</b> | -                     | -             | -   | -       | -  | -       |
| <b>Total (Payables)</b>                |   | <b>16.29</b>                           | <b>149.40</b>   | <b>13.05</b>        | <b>3.57</b>   | -                     | -             | -   | -       | -  | -       |
| d) Security Deposit                    | Motilal Oswal Wealth Management Ltd                     | 5.48                                   | 5.48            | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Aspire Home Finance Corporation Ltd.                    | (0.05)                                 | (0.05)          | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Capital Markets Pvt. Ltd                  | (0.72)                                 | (0.72)          | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Commodities Broker Pvt. Ltd               | -                                      | -               | (0.14)              | (0.14)        | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Financial services ltd.                   | (0.09)                                 | (0.09)          | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Financial services ltd.                   | 32.73                                  | 16.58           | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Wealth Management Ltd                     | (5.30)                                 | (5.30)          | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Motilal Oswal Securities International Pvt. Ltd.        | (0.36)                                 | (0.36)          | -                   | -             | -                     | -             | -   | -       | -  | -       |
|  | Passionate Investment Management Pvt Ltd                | (0.03)                                 | (0.03)          | -                   | -             | -                     | -             | -   | -       | -  | -       |
| <b>Total Receivables</b>               |   | <b>(6.54)</b>                          | <b>(6.54)</b>   | -                   | -             | -                     | -             | -   | -       | -  | -       |
| <b>Total (Payables)</b>                |   | <b>38.20</b>                           | <b>22.06</b>    | <b>(0.14)</b>       | <b>(0.14)</b> | -                     | -             | -   | -       | -  | -       |

# NOTES TO FINANCIAL STATEMENT

(₹ in millions)

| Transaction  | Name of the related Party                          | Holding Company/<br>Subsidiary company |                   | Fellow Subsidiaries |          | Associate Enterprises |          | Enterprises in which<br>Key Managerial<br>Personnel exercise<br>Significant Influence |          | Key Managerial<br>Personnel / Relative<br>of Key Managerial<br>Personnel |          |
|--|--|--|-------------------|---------------------|----------|-----------------------|----------|---|----------|--|----------|
|  |  | 2015-16                                | 2014-15           | 2015-16             | 2014-15  | 2015-16               | 2014-15  | 2015-16   | 2014-15  | 2015-16  | 2014-15  |
| Employee's Stock Option Granted to the employee of the Company (In Nos.)             | Motilal Oswal Financial Services Limited           | 1,730,000                              | 1,762,750         | -                   | -        | -                     | -        | -   | -        | -  | -        |
| Employee's Stock Option Exercised by the employee of the Company (In Nos.)           | Motilal Oswal Financial Services Limited           | 1,726,000                              | 1,872,350         | -                   | -        | -                     | -        | -   | -        | -  | -        |
| <b>Total Employee's Stock Option outstanding at the end of year (In Nos.)</b>        |  | <b>4,514,175</b>                       | <b>5,229,650</b>  | <b>-</b>            | <b>-</b> | <b>-</b>              | <b>-</b> | <b>-</b>  | <b>-</b> | <b>-</b>   | <b>-</b> |
| <b>B) Maximum Balance in respect of Loan and advances to related parties</b>         |  |  |                   |                     |          |                       |          |   |          |  |          |
| a) Loan (Taken) / Given (Maximum Balance)*   | Motilal Oswal Financial Services Limited           | (1,330.45)                             | (2,666.76)        | -                   | -        | -                     | -        | -   | -        | -  | -        |
|  | Aspire Home Finance Corporation Ltd                | -                                      | (10.36)           | -                   | -        | -                     | -        | -   | -        | -  | -        |
|  | Motilal Oswal Wealth Management Ltd                | (504.40)                               | -                 | -                   | -        | -                     | -        | -   | -        | -  | -        |
| <b>Total Loan (Maximum Balance)</b>  |  | <b>(1,834.86)</b>                      | <b>(2,677.12)</b> | <b>-</b>            | <b>-</b> | <b>-</b>              | <b>-</b> | <b>-</b>  | <b>-</b> | <b>-</b>   | <b>-</b> |
| (b) Collateral taken for Loan (Maximum Balance)                                      | Motilal Oswal Financial Services Limited           | 1,626.56                               | 4,275.98          | -                   | -        | -                     | -        | -   | -        | -  | -        |
| <b>Total Collateral taken for Loan (Maximum Balance)</b>                             |  | <b>1,626.56</b>                        | <b>4,275.98</b>   | <b>-</b>            | <b>-</b> | <b>-</b>              | <b>-</b> | <b>-</b>  | <b>-</b> | <b>-</b>   | <b>-</b> |
| <b>C) Maximum / Outstanding Balance in respect of Investments in related parties</b> |  |  |                   |                     |          |                       |          |   |          |  |          |
| Investment Outstanding / Maximum Balance   | Motilal Oswal Capital Markets Pvt Ltd              | 12.50                                  | 12.50             | -                   | -        | -                     | -        | -   | -        | -  | -        |
|  | Motilal Oswal Securities International Pvt Ltd     | 45.69                                  | 45.69             | -                   | -        | -                     | -        | -   | -        | -  | -        |
|  | Motilal Oswal Wealth Management Ltd                | 122.64                                 | 122.64            | -                   | -        | -                     | -        | -   | -        | -  | -        |
|  | Motilal Oswal Asset Management Company Ltd         | 650.13                                 | 650.13            | -                   | -        | -                     | -        | -   | -        | -  | -        |
|  | Motilal Oswal Trustee Company Ltd                  | 1.00                                   | 1.00              | -                   | -        | -                     | -        | -   | -        | -  | -        |
|  | Motilal Oswal Capital Markets (Honkong) Pvt .Ltd   | 41.20                                  | 41.20             | -                   | -        | -                     | -        | -   | -        | -  | -        |
|  | Motilal Oswal Capital Markets (Singapore) Pte .Ltd | 9.89                                   | 9.89              | -                   | -        | -                     | -        | -   | -        | -  | -        |
|  | Aspire Home Finance Corporation Limited            | 2,500.00                               | 1,500.00          | -                   | -        | -                     | -        | -   | -        | -  | -        |
|  | India Realty Excellence Fund II LLP                | -                                      | -                 | -                   | -        | 386.78                | 210.85   | -   | -        | -  | -        |

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

## Note 34 :

### Quantitative information in respect of Income from Arbitrage transaction

| Cash Segment  | 31-Mar-16 |              | 31-Mar-15  |              |
|---------------|-----------|--------------|------------|--------------|
|               | Quantity  | ₹ in Million | Quantity   | ₹ in Million |
| Opening Stock | -         | -            | 2,393,869  | 606.26       |
| Purchase      | 7,273,352 | 1,857.23     | 31,226,277 | 14,201.74    |
| Sales         | 7,273,352 | 1,862.56     | 33,620,146 | 14,808.00    |
| Closing stock | -         | -            | -          | -            |

### Quantitative Information in respect of Income from Commodity Transaction

| Commodity Segment | 31-Mar-16 |              | 31-Mar-15 |              |
|-------------------|-----------|--------------|-----------|--------------|
|                   | Quantity  | ₹ in Million | Quantity  | ₹ in Million |
| Opening Stock     | -         | -            | -         | -            |
| Purchase          | -         | -            | 800.98    | 40.01        |
| Sales             | -         | -            | 800.98    | 38.94        |
| Stock W/off       | -         | -            | -         | -            |
| Closing stock     | -         | -            | -         | -            |

Initial margin in respect of outstanding Derivative instruments contracts at year end is ₹ Nil (Previous year ₹ 8.40 Millions) which comprises of cash margin, fixed deposits, bank guarantee & collaterals.

# NOTES TO FINANCIAL STATEMENT

## Note 35 :

### Open interest in individual stock futures/commodities as on 31st March, 2016

#### 35.1 Open Long Positions in Stock futures:

There is no open long position in stock futures as on 31st March 2016.

#### 35.2 Open Short Positions in Stock futures:

There is no open short position in stock futures as on 31st March 2016.

#### Open interest in individual stock futures as on 31st March, 2015

##### Open Long Positions in Stock futures

| Name of Equity Index/Stock Future | Expiry Date | No. of Contracts | No. of Units |
|-----------------------------------|-------------|------------------|--------------|
| ASIANPAINT                        | 30-Apr-15   | 20               | 10000        |
| BHEL                              | 30-Apr-15   | 210              | 210000       |

##### Open Short Positions in Stock futures:

| Name of Equity Index/Stock Future | Expiry Date | No. of Contract | No. of Units |
|-----------------------------------|-------------|-----------------|--------------|
| BANKNIFTY                         | 30-Apr-15   | 7               | 175          |
| NIFTY                             | 30-Apr-15   | 31              | 775          |

## Note 36 :

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

(₹ in millions)

| Particulars                             | Equity Broking & Other related activities |                 | Fund Based activities |               | Total           |                 |
|---|---|-----------------|-----------------------|---------------|-----------------|-----------------|
|   | 31-Mar-16                                 | 31-Mar-15       | 31-Mar-16             | 31-Mar-15     | 31-Mar-16       | 31-Mar-15       |
| <b>REVENUE:</b>                         |   |                 |                       |               |                 |                 |
| External Revenue                        | 5,102.06                                  | 4,962.17        | 403.01                | 463.44        | 5,505.07        | 5,070.36        |
| Inter-Segment Revenue                   |   | –               |                       | –             |                 | 355.25          |
| <b>Total Revenue</b>                    | <b>5,102.06</b>                           | <b>4,962.17</b> | <b>403.01</b>         | <b>463.44</b> | <b>5,505.07</b> | <b>5,425.61</b> |
| <b>RESULT:</b>                          |   |                 |                       |               |                 |                 |
| Segment Result                          | 859.72                                    | 1,075.73        | 310.25                | 541.20        | 1,169.97        | 1,616.93        |
| Unallocated Corporate Expenses          |   | –               |                       | –             | 34.42           | 31.89           |
| Operating Profit                        |   | –               |                       | –             | 1,135.55        | 1,585.05        |
| Interest Expenses                       |   | –               |                       | –             | 341.56          | 92.06           |
| Interest Income                         |   | –               |                       | –             |                 |                 |
| Tax Expenses:                           |   | –               |                       | –             |                 |                 |
| Income Tax                              |   |                 |                       |               | 205.72          | 421.34          |
| Deferred Tax                            |   |                 |                       |               | (17.19)         | 6.35            |
| Tax Impact of Transitional Depreciation |   |                 |                       |               |                 | 8.58            |
| For previous year(s) (Income tax)       |   |                 |                       |               |                 | (24.51)         |
| <b>Profit from Ordinary Activities</b>  |   | –               |                       | –             | <b>605.46</b>   | <b>1,081.22</b> |
| Exceptional Item                        |   | –               |                       | –             | –               | –               |
| <b>Net Profit</b>                       |   | –               |                       | –             | <b>605.46</b>   | <b>1,081.22</b> |

# NOTES TO FINANCIAL STATEMENT

| Particulars                               | (₹ in millions)                           |           |                       |           |           |           |
|---|---|-----------|-----------------------|-----------|-----------|-----------|
|   | Equity Broking & Other related activities |           | Fund Based activities |           | Total     |           |
|   | 31-Mar-16                                 | 31-Mar-15 | 31-Mar-16             | 31-Mar-15 | 31-Mar-16 | 31-Mar-15 |
| <b>OTHER INFORMATION:</b>                 |   |           |                       |           |           |           |
| Segment Assets                            | 9,783.02                                  | 6,959.91  | 4,221.74              | 4,210.38  | 14,004.76 | 11,170.29 |
| Unallocated Corporate Asset               | 3,515.21                                  | –         | –                     | –         | 3,515.21  | 2,488.53  |
| Total Asset                               | 13,298.24                                 | 6,959.91  | 4,221.74              | 4,210.38  | 17,519.97 | 13,658.82 |
| Segment Liabilities                       | 5,642.87                                  | 3,948.34  | 808.09                | 613.39    | 6,450.96  | 4,561.72  |
| Unallocated Corporate Liabilities         | 3,440.93                                  | –         | –                     | –         | 3,440.93  | 2,074.45  |
| Total Liabilities                         | 5,642.87                                  | 3,948.34  | 808.09                | 613.39    | 9,891.89  | 6,636.18  |
| Capital Expenditure                       | 224.49                                    | 224.44    | –                     | –         | 224.49    | 224.44    |
| Depreciation                              | 234.59                                    | 203.72    | –                     | –         | 234.59    | –         |
| Non-cash expenses other than depreciation | 51.79                                     | 15.89     | –                     | –         | 51.79     | 15.89     |

## Note 37 : Imports (Value on the Cost, Insurance and Freight basis)

| Particulars   | 31-Mar-16<br>₹ in Million | 31-Mar-15<br>₹ in Million |
|---------------|---------------------------|---------------------------|
| Capital goods | 43.00                     | 65.35                     |

## Note 38 :

The company has sent letters to suppliers to confirm whether they are covered under Micro, Small and Medium Enterprises Development Act 2006 as well as they have filled required memorandum with prescribed authorities. Out of the letters sent to the parties, some confirmation have been received till date of finalisation of Balance Sheet. Based on the confirmations received, the outstanding amounts payable to vendors covered under Micro, Small and Medium Enterprises Development Act 2006 are given below.

| Particulars   | 31-Mar-16<br>₹ in Million | 31-Mar-15<br>₹ in Million |
|---|---------------------------|---------------------------|
| The Principal amount remaining unpaid at the end of the year  | 0.10                      | –                         |
| The Interest amount remaining unpaid at the end of the year   | –                         | –                         |
| The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year  | –                         | –                         |
| The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)   | –                         | –                         |
| The amount of interest accrued and remaining unpaid at the end of accounting year   | –                         | –                         |
| The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 | –                         | –                         |
| The balance of MSMED parties as at the end of the year.   | 0.10                      | –                         |

# NOTES TO FINANCIAL STATEMENT

## Note 39 : Employee Benefits Disclosure

### (a) Defined Contribution Plan

| Particulars                               | 31-Mar-16<br>₹ in Million | 31-Mar-15<br>₹ in Million |
|---|---------------------------|---------------------------|
| Employer's contribution to Provident Fund | 21.14                     | 12.38                     |
| Employer's contribution to ESIC           | 1.76                      | 0.83                      |
| Employer's contribution to NPS            | 2.16                      | 1.65                      |

### (b) Defined Benefit Plan

#### Gratuity Plan

|  | (₹ in Millions)         |                       |
|--|-------------------------|-----------------------|
|  | 31-Mar-16               | 31-Mar-15             |
| <b>I) Assumptions as at</b>                              |                         |                       |
| Mortality  | IALM (2006-08) Ult.     | IALM (2006-08) Ult.   |
| Interest / Discount Rate                                 | 7.49%                   | 7.77%                 |
| Rate of increase in compensation                         | 10.00%                  | 6.00%                 |
| Employee Attrition Rate(Past Service (PS))               | PS: 0 to 37 :<br>23.25% | PS: 0 to 37 :<br>3.7% |
| Expected average remaining service                       | 3.23                    | 14.56                 |
| <b>II) Changes in present value of obligations</b>       |                         |                       |
| PVO at beginning of period                               | 51.30                   | 51.35                 |
| Interest cost  | 3.66                    | 4.22                  |
| Current Service Cost                                     | 11.34                   | 10.31                 |
| Past Service Cost- (non vested benefits)                 | —                       | —                     |
| Past Service Cost -(vested benefits)                     | —                       | —                     |
| Benefits Paid  | (8.44)                  | (6.20)                |
| Actuarial (Gain)/Loss on obligation                      | 16.96                   | (8.39)                |
| PVO at end of period                                     | 74.82                   | 51.30                 |
| <b>III Changes in fair value of plan assets</b>          |                         |                       |
| Fair Value of Plan Assets at beginning of period         | —                       | —                     |
| Expected Return on Plan Assets                           | —                       | —                     |
| Contributions  | 8.44                    | 6.20                  |
| Benefit Paid   | (8.44)                  | (6.20)                |
| Actuarial Gain/(Loss) on plan assets                     | —                       | —                     |
| Fair Value of Plan Assets at end of period               | —                       | —                     |
| <b>IV Fair Value of Plan Assets</b>                      |                         |                       |
| Fair Value of Plan Assets at beginning of period         | —                       | —                     |
| Actual Return on Plan Assets                             | —                       | —                     |
| Contributions  | 8.44                    | 6.20                  |
| Benefit Paid   | (8.44)                  | (6.20)                |
| Fair Value of Plan Assets at end of period               | —                       | —                     |
| Funded Status (including unrecognized past service cost) | (74.82)                 | (51.30)               |
| Excess of actual over estimated return on Plan Assets    | —                       | —                     |

# NOTES TO FINANCIAL STATEMENT

|  | 31-Mar-16 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 |
|--|-----------|-----------|-----------|-----------|-----------|
| <b>V Experience History</b>  |           |           |           |           |           |
| PVO at end of period   | 74.82     | 51.30     | 51.35     | 50.60     | 52.38     |
| Fair Value of Plan Assets at end of period   | –         | –         | –         | –         | –         |
| Surplus / (Deficit)  | (74.82)   | (51.30)   | (51.35)   | (50.60)   | (52.38)   |
| (Gain)/Loss on obligation due to change in Assumption  | 13.76     | (7.33)    | (5.00)    | (4.05)    | (4.47)    |
| Experience (Gain)/ Loss on obligation  | 3.19      | (1.06)    | 3.13      | (6.75)    | 7.64      |
| Actuarial Gain/(Loss) on plan assets   | –         | –         | –         | –         | –         |
| <b>VI Actuarial Gain/(Loss) recognized</b>   |           |           |           |           |           |
| Actuarial Gain/(Loss) for the period (Obligation)  |           |           |           | (16.96)   | 8.39      |
| Actuarial Gain/(Loss) for the period (Plan Assets)   |           |           |           | –         | –         |
| Total Gain/(Loss) for the period   |           |           |           | (16.96)   | 8.39      |
| Actuarial Gain/(Loss) recognized for the period  |           |           |           | (16.96)   | 8.39      |
| Unrecognized Actuarial Gain/(Loss) at end of period  |           |           |           | –         | –         |
| <b>VII Past Service Cost recognized</b>  |           |           |           |           |           |
| Past Service Cost- (non vested benefits)   |           |           |           | –         | –         |
| Past Service Cost -(vested benefits)   |           |           |           | –         | –         |
| Average remaining future service till vesting of the benefit recognized Past service Cost- non vested benefits |           |           |           | –         | –         |
| recognized Past service Cost- vested benefits  |           |           |           | –         | –         |
| Unrecognized Past Service Cost- non vested benefits  |           |           |           | –         | –         |
| <b>VIII Amounts to be recognized in the balance sheet and Statement of Profit and Loss</b>                     |           |           |           |           |           |
| PVO at end of period   |           |           |           | 74.82     | 51.30     |
| Fair Value of Plan Assets at end of period   |           |           |           | –         | –         |
| Funded Status  |           |           |           | (74.82)   | (51.30)   |
| Unrecognized Actuarial Gain/(Loss)   |           |           |           | –         | –         |
| Unrecognized Past Service Cost- non vested benefits  |           |           |           | –         | –         |
| Net Asset/(Liability) recognized in the balance sheet  |           |           |           | (74.82)   | (51.30)   |
| <b>IX Expense recognized in the statement of P &amp; L A/C</b>   |           |           |           |           |           |
| Current Service Cost   |           |           |           | 11.34     | 10.31     |
| Interest cost  |           |           |           | 3.66      | 4.22      |
| Past Service Cost- (non vested benefits)   |           |           |           | –         | –         |
| past Service Cost "(vested benefits)   |           |           |           | –         | –         |
| Unrecognized Past Service Cost- non vested benefits  |           |           |           | –         | –         |
| Expected Return on Plan Assets   |           |           |           | –         | –         |
| Net Actuarial (Gain)/Loss recognized for the period  |           |           |           | 16.96     | (8.39)    |
| Expense recognized in the statement of P & L A/C   |           |           |           | 31.96     | 6.14      |
| <b>X Movements in the Liability recognized in Balance Sheet</b>  |           |           |           |           |           |
| Opening Net Liability  |           |           |           | 51.30     | 51.35     |
| Expenses as above  |           |           |           | 31.96     | 6.14      |
| Contribution paid  |           |           |           | (8.44)    | (6.20)    |
| Closing Net Liability  |           |           |           | 74.82     | 51.30     |
| <b>XI Schedule III of Companies Act 2013</b>   |           |           |           |           |           |
| Current Liability  |           |           |           | 21.85     | 4.43      |
| Non-Current Liability  |           |           |           | 52.96     | 46.87     |

# NOTES TO FINANCIAL STATEMENT

## Note 40 :

The Cost incurred by Motilal Oswal Financial Services (Holding Company) for issuing ESOP to the Employees of the company is ₹ Nil.

## Note 41 :

During the year, Crisil Limited reaffirmed the Credit Rating of 'CRISIL A1+' (pronounced 'CRISIL A One Plus') to the following Debt programmes / Bank loan facilities of the company :-

Commercial Paper of ₹ 7000 Million (previous year ₹ 3000 Millions).

## Note 42 : Business support:

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

## Note 43 : Foreign Currency Transactions:

### Expenditure in Foreign Currency

| Particulars                    | For the year ended<br>31-Mar-16<br>₹ in Million | For the year ended<br>31-Mar-15<br>₹ in Million |
|--------------------------------|---|---|
| Travelling Expenses            | 18.20   | 20.02   |
| Hire Charges equipment         | 0.07  | —   |
| Legal and Professional charges | 0.02  | —   |
| Marketing Commission           | 18.07   | 41.10   |
| Membership Fees                | 0.19  | 0.17  |
| Software Charges               | 18.68   | 16.66   |
| Lodging and Boarding Expenses  | 5.84  | 5.23  |
| Client Entertainment Expenses  | 0.44  | 1.29  |
| Advisory fees                  | 13.94   | 13.90   |
| <b>TOTAL</b>                   | <b>75.46</b>                                    | <b>98.37</b>                                    |

### Income in Foreign Currency

| Particulars   | For the year ended<br>31-Mar-16<br>₹ in Million | For the year ended<br>31-Mar-15<br>₹ in Million |
|---------------|---|---|
| Royalty       | 0.51  | 0.42  |
| Advisory Fees | 133.86  | 113.99  |
| <b>TOTAL</b>  | <b>134.38</b>                                   | <b>114.41</b>                                   |

## Note 44 : Earnings Per Share

| Particular   | As at 31-Mar-16 | As at 31-Mar-15 |
|--|-----------------|-----------------|
| Net Profit attributable to equity shareholders (₹ In millions) (A) | 605.46          | 1,081.23        |
| Number of weighted average equity shares (B) (In numbers)          | 1,318,830       | 1,318,830       |
| <b>EPS (A/B) ₹ (F.V. of ₹ 10 each) (In ₹ )</b>                     | <b>459.09</b>   | <b>819.84</b>   |

# NOTES TO FINANCIAL STATEMENT

## Note 45 : Proposed Dividend

### Particular

The final dividend proposed for the year is as follows:

|   | As at 31-Mar-16 | As at 31-Mar-15 |
|---|-----------------|-----------------|
| On Equity Shares of ₹ 10 each               |                 |                 |
| Amount of dividend proposed (₹ in millions) | –               | 139.80          |
| Dividend per Equity Share ( in ₹)           | –               | 106             |

## Note 46 :

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

|                        | Opening balance as on 01- April 2015<br>₹ in Million | Provided for the F.Y. 2015-16<br>₹ in Million | Provision reversed / paid for the FY 2015-16<br>₹ in Million | Closing balance as of 31 - Mar - 2016<br>₹ in Million |
|------------------------|--|---|--|---|
| Ex - gratia            | 333.25   | 239.96  | 333.25   | 239.96  |
| Provision for Gratuity | 51.30  | 31.96   | 8.44   | 74.82   |
| Compensated Absences   | 3.13   | 3.90  | 3.13   | 3.90  |

Provisions made for the year ended 31st March 2015 comprises of :

|                        | Opening balance as on 01- April 2014<br>₹ in Million | Provided for the F.Y. 2014-15<br>₹ in Million | Provision reversed / paid for the FY 2014-15<br>₹ in Million | Closing balance as of 31 - Mar - 2015<br>₹ in Million |
|------------------------|--|---|--|---|
| Ex - gratia            | 82.54  | 347.89  | 97.19  | 333.25  |
| Provision for Gratuity | 51.35  | 6.14  | 6.20   | 51.30   |
| Compensated Absences   | 2.06   | 3.13  | 2.06   | 3.13  |

## Note 47 :

Amount of margin money and shares received from clients and outstanding as on 31st March, 2016 are as follows

| Security Settlement for the | In the form of Securities at market Value*<br>₹ in Million | Bank Guarantees and Fixed Deposits<br>₹ in Million | Received in bank<br>₹ in Million |
|-----------------------------|--|--|----------------------------------|
| Year ended 31.03.2016       | 10184.97   | 135.00   | 575.77                           |
| Year ended 31.03.2015       | 8068.68  | 91.10  | 530.73                           |

Margin money received in the form of securities from clients, as per the Regulations, is held by the Company. Out of this, securities worth ₹ 8436.88 Millions are pledged with Exchange as on 31st March, 2016.( Previous Year ₹ 5285.87 Millions)

## Note 48 : Disclosures pursuant to Sec. 186 of the Companies Act, 2013

### Particulars

|  | As at 31-Mar-16 | As at 31-Mar-15 |
|--|-----------------|-----------------|
| Loan to Holding Company - Motilal Oswal Financial Services Limited<br>(For the purpose of meeting working capital requirements. It is repayable on demand and carries an average rate of interest of 10.75% (P.Y. 12%) | 1.10            | 27.32           |

## Note 49 : Corporate Social Responsibility

# NOTES TO FINANCIAL STATEMENT

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

- a) Gross amount required to be spent by the company during the year ₹ 17.90 Millions (Previous Year ₹ 14.55 Millions)  
b) Amount spent during the period ended 31st March 2016 on :

| Particulars                               | Paid In Cash |              | Yet to be paid in Cash |          | Total        |              |
|---|--------------|--------------|------------------------|----------|--------------|--------------|
|   | 2015-16      | 2014-15      | 2015-16                | 2014-15  | 2015-16      | 2014-15      |
| i) Construction/acquisition of any asset: | 0.26         | –            | –                      | –        | 0.26         | –            |
| ii) On Purposes other than (i) above      | 30.20        | 18.51        | –                      | –        | 48.71        | 18.51        |
| <b>Total</b>                              | <b>30.46</b> | <b>18.51</b> | <b>–</b>               | <b>–</b> | <b>30.46</b> | <b>18.51</b> |

## Note 50 :

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

As per our attached report of even date

**For Haribhakti & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration no. 103523W

**Amit A. Hundia**

*Partner*

Membership No. 120761

Place : Mumbai

Dated : 30th April 2016

For and on behalf of the Board of Directors

**MOTILAL OSWAL SECURITIES LTD.**

**Ajay Menon**

*Chairman & Managing Director*

Place : Mumbai

Dated : 30th April 2016

**Harsh Joshi**

*Whole Time Director*

# **Motilal Oswal Investment Advisors Private Limited**

**Annual Report 2015-2016**

# BOARD'S REPORT

To the Members,

Your Directors have pleasure in presenting their 10th Annual Report together with the audited Financial Statement of your Company for the year ended 31st March 2016.

## Financial Highlights

A summary of the financial performance of the Company for the financial year ended on 31st March 2016 is given below:

| Particulars   | Amount (₹)                         |                                    |
|---|------------------------------------|------------------------------------|
|   | Financial Year<br>Ended 31.03.2016 | Financial Year<br>Ended 31.03.2015 |
| Revenue   | 248,957,087                        | 200,654,990                        |
| Profit before Interest, Depreciation & Taxation             | 31,831,499                         | 12,143,590                         |
| Interest Paid   | 7,139,018                          | 9,746,323                          |
| Depreciation  | 5,952,110                          | 4,485,697                          |
| <b>Profit / (Loss) before Taxation and exceptional item</b> | <b>18,740,371</b>                  | <b>(2,088,430)</b>                 |
| Less: Provision for Taxation                                |                                    |                                    |
| Current Tax   | 1,750,999                          | –                                  |
| Deferred Tax  | 9,102,556                          | (934,800)                          |
| Tax for earlier year(s)                                     | –                                  | –                                  |
| Profit / (Loss) for the year                                | 7,886,816                          | (1,153,630)                        |
| Balance Profit / (Loss) brought Forward                     | (120,391,371)                      | (118,857,464)                      |
| Less: Transfer to General Reserve                           | –                                  | –                                  |
| Less: Transitional Depreciation                             | –                                  | (380,277)                          |
| Balance Profit / (Loss) carried Forward                     | (112,504,555)                      | (120,391,371)                      |

## Review of Operations and Future Outlook

While there was traction in the economy, the volatility in global markets coupled with the lackluster demand for smaller deals confined the fund raising plans of the Companies. While the markets have remained at the elevated levels the much needed multiplier effect on investments and jobs is still to run its course. With the banking sector struggling with its asset quality, fresh funding through debt was in short supply, thereby causing a deferment in the equity fund raising plans of the companies. With several of the key elections out of the way, the Government is likely to push through some much needed policy reforms and debottlenecking of projects that should spur growth in the near to medium term.

In this backdrop, the teams, across service offerings, managed to close several deals in this fiscal, which has increased the visibility of MOIAPL as a full service investment bank. With the pipeline that the teams have built, we believe that the outlook for the forthcoming fiscal looks promising.

## Dividend and Reserves

Your Directors have not recommended payment of dividend for the Financial Year 2015-16 with a view to conserve the resources of the Company for the expansion of the operations of the Company.

During the year under review, the Company did not transfer any amount to Reserves.

## Share Capital

The issued and paid-up share capital of the Company as on 31st March 2016 is ₹ 99,000,000/- divided into 1,000,000 Equity Shares of ₹ 10/- each and 8,900,000 Preference Shares of ₹ 10/- each.

## Deposits and Loans / Advances

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013 during the year under review.

During the year under review, the Company has accepted loans / advances from its Holding Company and the same is disclosed in the note no. 4 of annual accounts of the Company pursuant to Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## Subsidiaries / Joint Ventures / Associate Companies

The Company does not have any Subsidiary Companies, Joint Ventures and Associate Companies as on 31st March 2016.

## Directors and Key Managerial Personnel

During the year, there was no appointment or resignation of Directors(s).

Mr. Raamdeo Agarawal, Director of the Company, retires by rotation at the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment.

During the year, Ms. Vidhi Gala, was appointed as the Company Secretary of the Company w.e.f. 21st December, 2015 and was designated as the Key Managerial Personnel pursuant to provisions of Section 2(51) and Section 203(1) of the Companies Act, 2013.

## Number of Board Meetings

The Board meets at regular intervals to discuss and decide on the Company / business policy and strategy apart from other Board business. During the year under review, five Board Meetings were held and the interval between any two meetings was not more than 120 days. The status of attendance of Directors at these Board Meetings are as follows:

| Name of the Director                | Designation | Director Identification Number (DIN) | Meetings attended in Financial Year |
|-------------------------------------|-------------|--------------------------------------|-------------------------------------|
| Mr. Motilal Oswal                   | Director    | 00024503                             | 5                                   |
| Mr. Raamdeo Agarawal                | Director    | 00024533                             | 5                                   |
| Mr. Navin Agrawal                   | Director    | 00024561                             | 5                                   |
| Total meetings held during the year |             |                                      | 5                                   |

## Business Risk Management

The organization realizes the importance of Enterprise Risk Management (ERM) framework and had taken early initiatives towards its implementation of business risk management policy. The organization has introduced several improvements to the business risk management policy.

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

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

## Internal Financial Controls

The Company has in place adequate Internal Financial Control systems with reference to financial statements. During the year under review, no material or serious observation has been received from the Auditors of the Company for inefficiency or inadequacy of such controls.

## Loans, Guarantees and Investments

The details of investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in note no. 9 to financial statements. During the year under review, there were no loans and guarantees given by the Company.

## Related Party Transactions

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

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

# BOARD'S REPORT (Contd..)

## Statutory Auditors

Your Company had appointed M/s Aneel Lasod & Co., as Statutory Auditors for the term of five years at the Annual General Meeting held on September 30, 2014. In compliance to the provisions of Section 139 of the Companies Act, 2013, the appointment of the auditors is to be ratified by the members at every Annual General Meeting. M/s Aneel Lasod & Co., Chartered Accountant (ICAI Firm Registration No. 124609W) have given their consent for re-appointment. The members are requested to ratify the appointment of Auditors and fix their remuneration.

There were no qualifications, reservations, adverse remarks or disclaimers in the report of Statutory Auditors of the Company nor any frauds were reported by the auditor under Section 143(12) as per Companies Act, 2013.

## Details in respect of Frauds reported by Auditors under section 143(12)

There were no such frauds reported by auditor.

## Particulars of Employees as required under section 197 of the Companies Act, 2013 and rules framed there under

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

## Directors' Responsibility Statement

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (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, 2016 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, 2013 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.
- (v) they have devised proper systems to ensure compliance with the provisions of all applicable laws and the systems were adequate and operating effectively.

## Extract of Annual Return

The Extract of Annual Return in Form MGT-9 under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed herewith to this report as "Annexure 2".

## Significant and Material Orders

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

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

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

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

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

There was no inflow of foreign exchange during the year under review. The details of outflow of foreign exchange is given in note no. 24 of the financial statement.

## Mandatory disclosures in the Boards' report

Following mandatory disclosures in the Boards' Report pursuant to the provisions of the Companies Act, 2013 are not applicable to the Company:

- Section 134(3)(d) - A statement on declaration given by independent directors under sub-section (6) of section 149;
- Section 134(3)(e) - As per sub-section (1) of section 178, policies on appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178;
- Section 134(3)(f) - Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the Company secretary in practice in his secretarial audit report;
- Section 134(3)(l) - Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relate and the date of the report;
- Section 135 - Corporate Social Responsibility;
- Section 177 - Audit Committee;
- Section 177(9) - Establishment of Vigil Mechanism;
- Section 178 - Nomination And Remuneration Committee and stakeholders Relationship Committee;
- Section 204 - Secretarial Audit;
- Performance Evaluation of the Board of Directors;

## Acknowledgments

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

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

**Motilal Oswal**  
Chairman  
(DIN: 00024503)

Place : Mumbai

Date : 22nd April, 2016.

# ANNEXURE 1 TO THE BOARD'S REPORT

## Form No. AOC-2

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

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

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

(Amount in ₹)

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

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

(Amount in ₹)

| Sr. No. | Name of the Related Party                | Nature of the relationship | Nature of Contract             | Duration of Contract | Salient terms of the contracts or arrangements or transactions including the value, if any   | Amount paid as advances, if any |
|---------|--|----------------------------|--------------------------------|----------------------|--|---------------------------------|
| 1       | Motilal Oswal Financial Services Limited | Holding Company            | Availing of services           | On going             | Loan Taken by Motilal Oswal Investment Advisors Private Limited from Motilal Oswal Financial Services Limited                              | Nil                             |
| 2       | Motilal Oswal Financial Services Limited | Holding Company            | Availing of services           | On going             | Interest accrued on borrowings to be paid by Motilal Oswal Investment Advisors Private Limited to Motilal Oswal Financial Services Limited | Nil                             |
| 3       | Motilal Oswal Financial Services Limited | Holding Company            | Rendering of Advisory services | On going             | Advisory fees received by Motilal Oswal Investment Advisors Private Limited from Motilal Oswal Financial Services Limited                  | Nil                             |
| 4       | Motilal Oswal Financial Services Limited | Holding Company            | Availing of services           | On going             | Rent paid by Motilal Oswal Investment Advisors Private Limited to Motilal Oswal Financial Services Limited                                 | Nil                             |
| 5       | Motilal Oswal Financial Services Limited | Holding Company            | Availing of services           | On going             | Interest paid by Motilal Oswal Investment Advisors Private Limited to Motilal Oswal Financial Services Limited                             | Nil                             |

\* Definition of Materiality has been adopted from Regulation 23 of the Listing Regulations, 2015 which states as follows: Transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statement of the Company. Since the Company does not have any subsidiary Company, materiality is decided based on transactions exceeding 10% of the standalone turnover as per the last audited financial statement of the Company.

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

Place : Mumbai

Date : 22nd April, 2016.

**Motilal Oswal**  
Chairman  
(DIN : 00024503)

# ANNEXURE 2 TO THE BOARD'S REPORT

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2016

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

#### I. Registration and Other Details

|  |  |
|--|--|
| i) CIN   | U67190MH2006PTC160583  |
| ii) Registration Date  | 20th March, 2006   |
| iii) Name of the Company   | Motilal Oswal Investment Advisors Private Limited  |
| iv) Category / Sub Category of the Company                                     | Public Limited Company   |
| v) Address of the Registered Office and contact details                        | Motilal Oswal Tower, 12th Floor,<br>Rahimtullah Sayani Road, Opposite Parel ST Depot,<br>Prabhadevi, Mumbai-400025.<br>Tel. No. +91 22 3980 4200 |
| vi) Whether Shares Listed On Recognized Stock Exchange(s)                      | No   |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | N.A.   |

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

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

| Sr. No. | Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the Company |
|---------|--|-----------------------------------|------------------------------------|
| 1       | Sale of Services (Advisory & Referral Fees)      | 6619                              | 99.73%                             |

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

| Sr. No | Name and Address of the Company                  | CIN / GLN             | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|--------|--|-----------------------|----------------------------------|------------------|--------------------|
| 1      | Motilal Oswal Financial Services Limited (MOFSL) | L67190MH2005PLC153397 | Holding                          | 100              | 2(46)              |

##### Note:

- There are no Subsidiary and Associate Companies of the Company as on 31st March 2016.
- Passionate Investment Management Private Limited (PIMPL) is the ultimate holding Company and holds 54.01% shares in Motilal Oswal Financial Services Limited (MOFSL).

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

##### i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year |          |                  |                   | No. of Shares held at the end of the year |          |                  |                   | % Change during the year |
|--------------------------|---|----------|------------------|-------------------|---|----------|------------------|-------------------|--------------------------|
|                          | Demat   | Physical | Total            | % of Total Shares | Demat                                     | Physical | Total            | % of Total Shares |                          |
| <b>A. Promoters</b>      |   |          |                  |                   |   |          |                  |                   |                          |
| <b>(1) Indian</b>        |   |          |                  |                   |   |          |                  |                   |                          |
| Bodies Corp.             | 10,00,000                                       | –        | 10,00,000        | 100               | 10,00,000                                 | –        | 10,00,000        | 100               | 0                        |
| <b>Sub-total (A) (1)</b> | <b>10,00,000</b>                                | <b>–</b> | <b>10,00,000</b> | <b>100</b>        | <b>10,00,000</b>                          | <b>–</b> | <b>10,00,000</b> | <b>100</b>        | <b>0</b>                 |

# ANNEXURE 2 TO THE BOARD'S REPORT

| Category of Shareholders                           | No. of Shares held at the beginning of the year |          |                  |                   | No. of Shares held at the end of the year |          |                  |                   | % Change during the year |
|--|---|----------|------------------|-------------------|---|----------|------------------|-------------------|--------------------------|
|  | Demat   | Physical | Total            | % of Total Shares | Demat                                     | Physical | Total            | % of Total Shares |                          |
| (2) Foreign  | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| Sub-total (A) (2)                                  | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) | 10,00,000                                       | -        | 10,00,000        | 100               | 10,00,000                                 | -        | 10,00,000        | 100               | 0                        |
| <b>B. Public Shareholding</b>                      |   |          |                  |                   |   |          |                  |                   |                          |
| 1. Institutions                                    | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| Sub-total (B)(1)                                   | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| 2. Non-Institutions                                | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| Sub-total (B)(2)                                   | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| Total Public Shareholding (B)=(B)(1)+ (B)(2)       | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| C. Shares held by Custodian for GDRs & ADRs        | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| <b>GRAND TOTAL (A+B+C)</b>                         | <b>10,00,000</b>                                | <b>-</b> | <b>10,00,000</b> | <b>100</b>        | <b>10,00,000</b>                          | <b>-</b> | <b>10,00,000</b> | <b>100</b>        | <b>0</b>                 |

## (ii) Shareholding of Promoters:

| Sr. No. | Shareholder's Name   | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                      |  |  |
|---------|--|---|----------------------------------|--|-------------------------------------|--------------------------------------|--|--|
|         |  | No. of shares                             | % of total shares of the company | % of shares Pledged / encumbered to total shares | No. of shares                       | % of the total shares of the company | % of the shares pledged / encumbered to total shares | % change in shareholding during the year |
| 1       | Motilal Oswal Financial Services Ltd.                                | 9,99,999                                  | 100                              | -  | 9,99,999                            | 100                                  | -  | 0  |
| 2       | Motilal Oswal Financial Services Ltd. Jointly with Mr. Motilal Oswal | 1   | 0                                | -  | 1                                   | 0                                    | -  | 0  |
|         | <b>Total</b>   | <b>1,000,000</b>                          | <b>100</b>                       | <b>-</b>   | <b>1,000,000</b>                    | <b>100</b>                           | <b>-</b>   | <b>0</b>                                 |

## iii) Change in Promoters' Shareholding:

| Sr. No. | Shareholder's Name   | Shareholding at the beginning of the year/ end of the year |                                  | Date       | Increase / (Decrease) in Share-holding | Reason                       | Cumulative Shareholding during the year |                                  |
|---------|--|--|----------------------------------|------------|--|------------------------------|---|----------------------------------|
|         |  | No. of Shares  | % of total Shares of the company |            |  |                              | No. of Shares                           | % of total Shares of the company |
| 1       | Motilal Oswal Financial Services Ltd.                                | 9,99,999   | 100                              | 01-04-2015 | 0                                      | Nil movement during the year | 9,99,999                                | 100                              |
|         |  | 9,99,999   | 100                              | 31-03-2016 |  |                              |   |                                  |
| 2       | Motilal Oswal Financial Services Ltd. Jointly with Mr. Motilal Oswal | 1  | 0                                | 01-04-2015 | 0                                      | Nil movement during the year | 1                                       | 0                                |
|         |  | 1  | 0                                | 31-03-2016 |  |                              |   |                                  |

# ANNEXURE 2 TO THE BOARD'S REPORT

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

| Sr. No. | For each of the Top 10 Shareholders | Shareholding at the beginning of the year |                                  | Shareholding at the end of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|-------------------------------------|---|----------------------------------|-------------------------------------|----------------------------------|---|----------------------------------|
|         |                                     | No. of shares                             | % of total Shares of the company | No. of shares                       | % of total Shares of the company | No. of shares                           | % of total Shares of the company |
| NIL     |                                     |   |                                  |                                     |                                  |   |                                  |

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

| Sr. No. | Name | Designation | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|------|-------------|---|----------------------------------|---|----------------------------------|
|         |      |             | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| NIL     |      |             |   |                                  |   |                                  |

## V. Indebtedness

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

(Amount in ₹)

| Particulars  | Secured Loans excluding deposits | Unsecured Loans   | Deposits | Total Indebtedness |
|--|----------------------------------|-------------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                   |          |                    |
| i) Principal Amount  | -                                | 42,156,213        | -        | 42,156,213         |
| ii) Interest due but not paid                              | -                                | 972,313           | -        | 972,313            |
| iii) Interest accrued but not due                          | -                                | -                 | -        | -                  |
| <b>Total (i+ii+iii)</b>                                    |                                  | <b>43,128,526</b> |          | <b>43,128,526</b>  |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                   |          |                    |
| • Addition   | -                                | 161,500,000       | -        | 161,500,000        |
| • Reduction  | -                                | 147,471,400       | -        | 147,471,400        |
| <b>Net Change</b>  | <b>-</b>                         | <b>14,028,600</b> | <b>-</b> | <b>14,028,600</b>  |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                   |          |                    |
| i) Principal Amount  | -                                | 27,411,963        | -        | 27,411,963         |
| ii) Interest due but not paid                              | -                                | 1,200,619         | -        | 1,200,619          |
| iii) Interest accrued but not due                          | -                                | -                 | -        | -                  |
| <b>Total (i+ii+iii)</b>                                    | <b>-</b>                         | <b>28,612,582</b> | <b>-</b> | <b>28,612,582</b>  |

# ANNEXURE 2 TO THE BOARD'S REPORT

## VI. Remuneration of Directors and Key Managerial Personnel

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

(Amount in ₹)

| Sr. No. | Particulars of Remuneration   | Name of MD / WTD / Manager | Total Amount |
|---------|---|----------------------------|--------------|
| 1       | <b>Gross salary</b>   |                            |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | –                          | –            |
|         | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | –                          | –            |
|         | (c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961       | –                          | –            |
| 2       | Stock Option  | –                          | –            |
| 3       | Sweat Equity  | –                          | –            |
| 4       | Commission as % of profit   | –                          | –            |
| 5       | Others, please specify Variable Incentives  | –                          | –            |
|         | <b>Total (A)</b>  | –                          | –            |
|         | Ceiling as per the Act<br>*5% of the net profit calculated as per Section 198       |                            |              |

### B. Remuneration to other directors:

(Amount in ₹)

| Sr. No. | Particulars of Remuneration                    | Name of Directors | Total Amount |
|---------|--|-------------------|--------------|
| 1.      | Independent Directors                          |                   |              |
|         | • Fee for attending board / committee meetings | –                 | –            |
|         | • Commission                                   | –                 | –            |
|         | • Others, please specify                       | –                 | –            |
|         | <b>Total (1)</b>                               | –                 | –            |
| 2.      | Other Non-Executive Directors                  |                   |              |
|         | • Fee for attending board / committee meetings | –                 | –            |
|         | • Commission                                   | –                 | –            |
|         | • Others, please specify                       | –                 | –            |
|         | <b>Total</b>                                   | –                 | –            |

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

(Amount in ₹)

| Sr. No. | Particulars of Remuneration  | Key Managerial Personnel |   |     |         |
|---------|--|--------------------------|---|-----|---------|
|         |  | CEO                      | Company Secretary (appointed w.e.f. 21.12.2015) | CFO | Total   |
|         |  |                          | Vidhi Gala                                      |     |         |
| 1       | Gross Salary   |                          |   |     |         |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961* | –                        | 250,000   | –   | 250,000 |
|         | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                       | –                        | –   | –   | –       |
|         | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961        | –                        | –   | –   | –       |

\* For the period 21.12.2015 to 31.03.2016.

# INDEPENDENT AUDITORS' REPORT

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

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

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

Place : Mumbai  
Date : 22nd April, 2016.

**Motilal Oswal**  
Chairman  
(DIN : 00024503)

# INDEPENDENT AUDITORS' REPORT

The MEMBERS of MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED.

## Report on the Financial Statements:

We have audited the accompanying financial statements of MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED ("the Company"), which comprises the Balance Sheet as at 31st March 2016, the statement of Profit and Loss and the Cash Flow Statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2016; and
- (ii) In the case of the statement of Profit and Loss, of the Loss for the year ended on that date;
- (iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (1) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit
  - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - (c) The company's balance sheet and profit and loss account dealt with in the report are in agreement with the books of account and returns;
  - (d) In our opinion, the financial statements comply with the accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

# INDEPENDENT AUDITORS' REPORT

- (e) On the basis of written representations received from the directors as on 31st March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.
- (f) The company has adequate internal financial controls system in place and is operating effectively.
- (g) The company does not have any pending litigations as at 31st March 2016 which would impact its financial position.
- (h) The company did not have any Long Term Contracts including derivative contracts for which there were any material foreseeable losses.

For **ANEEL LASOD AND ASSOCIATES**

*Chartered Accountants*

Firm Registration No.:- 124609W

**Aneel Lasod**

*Partner*

Membership No.040117

Place: Mumbai

Date: April 22, 2016

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

**Annexure referred to in our report to the members of MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED for the year ended March 31, 2016.**

**We report that:**

**1. Fixed Assets:**

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

**2. Inventories:**

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

**3. Loans and Advances:**

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

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

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

**5. Deposits from Public:**

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

**6. Cost Records:**

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

**7. Statutory Records:**

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

**8. Repayment of Dues:**

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

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

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

**10. Fraud:**

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

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

## **11. Managerial Remuneration:**

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

## **12. Nidhi Company:**

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

## **13. Related Party Transaction:**

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

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

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

## **15. Non cash transactions:**

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

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

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

For **ANEEL LASOD AND ASSOCIATES**

*Chartered Accountants*

Firm Registration No.:- 124609W

**Aneel Lasod**

*Partner*

Membership No.040117

Place: Mumbai

Date: April 22, 2016

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

The MEMBERS of MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED.

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

We have audited the internal financial controls over financial reporting of MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED ("the Company") as of 31st March 2016 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

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

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

Controls over Financial Reporting issued by The Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of financial information, as required under the Companies Act, 2013.

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

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

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

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

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatement due to error or fraud may occur and not to be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial

reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

## **Opinion:**

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st, 2016, based on the essential components of internal control stated in the guidance notes issued by ICAI.

For **ANEEL LASOD AND ASSOCIATES**

*Chartered Accountants*

Firm Registration No.:- 124609W

**Aneel Lasod**

*Partner*

Membership No.040117

Place: Mumbai

Date: April 22, 2016

# BALANCE SHEET

## Balance Sheet as at March 31, 2016

|                                 | Note No. | As on 31-Mar-16<br>(In ₹) | As on 31-Mar-15<br>(In ₹) |
|---------------------------------|----------|---------------------------|---------------------------|
| <b>I EQUITY AND LIABILITIES</b> |          |                           |                           |
| <b>Share Holders' Funds :</b>   |          |                           |                           |
| Share Capital                   | 1        | 99,000,000                | 99,000,000                |
| Reserves and Surplus            | 2        | 43,839,711                | 35,952,895                |
| <b>Non-Current Liabilities:</b> |          |                           |                           |
| Long-term Provision             | 3        | 6,554,121                 | 6,070,441                 |
| Other long term liabilities     |          |                           |                           |
| <b>Current Liabilities:</b>     |          |                           |                           |
| Short-term Borrowings           | 4        | 27,411,963                | 42,156,213                |
| Trade Payables                  | 5        | 67,461                    | 2,098,939                 |
| Other Current Liabilities       | 6        | 15,128,223                | 16,745,030                |
| Short-term Provisions           | 7        | 9,245,402                 | 6,832,911                 |
| <b>TOTAL</b>                    |          | <b>201,246,881</b>        | <b>208,856,429</b>        |
| <b>II. ASSETS</b>               |          |                           |                           |
| <b>Non- Current Assets</b>      |          |                           |                           |
| Property Plant & Equipments:    |          |                           |                           |
| Tangible Assets                 | 8 (1)    | 6,548,307                 | 8,583,894                 |
| Intangible Assets               | 8 (2)    | 25,941                    | 14,423                    |
| Non-Current Investments         | 9        | 28,526,613                | 28,526,603                |
| Deferred Tax Asset (Net)        | 10       | 40,602,738                | 49,705,294                |
| Long Term Loans & Advances      | 11       | 76,366,613                | 56,963,726                |
| Trade Receivables               | 12       | 40,000,697                | 52,964,889                |
| Cash and bank balances          | 13       | 1,800,365                 | 4,260,520                 |
| Short Term Loans & Advances     | 14       | 7,375,606                 | 7,837,079                 |
| <b>TOTAL</b>                    |          | <b>201,246,881</b>        | <b>208,856,429</b>        |

Notes to Accounts referred above form a significant part of the financial statements

As per our attached report of even date

**For Aneel Lasod and Associates**

*Chartered Accountants*

**Aneel Lasod**

*Partner*

M No: 40117

Place : Mumbai

Dated : 22nd April, 2016

For and on behalf of the Board of  
**Motilal Oswal Investment Advisors Private. Ltd**

**Motilal Oswal**

*Director*

DIN No. 00024503

**Raamdeo Agarawal**

*Director*

DIN No. 00024533

**Vidhi Gala**

*Company Secretary*

# STATEMENT OF PROFIT AND LOSS

## Statement of Profit and Loss for the year ended 31st March, 2016

|                                      | Note No. | For the Period ended<br>31-Mar-16<br>(In ₹) | For the Period ended<br>31-Mar-15<br>(In ₹) |
|--------------------------------------|----------|---|---|
| <b>REVENUE :</b>                     |          |   |   |
| Revenue from operations              | 15       | 248,284,202                                 | 200,600,419                                 |
| Other Income                         | 16       | 672,885                                     | 54,571                                      |
| <b>Total Revenue</b>                 |          | <b>248,957,087</b>                          | <b>200,654,990</b>                          |
| <b>EXPENSES</b>                      |          |   |   |
| Employee benefit Expenses            | 17       | 147,541,528                                 | 124,364,790                                 |
| Finance Cost                         | 17       | 7,139,018                                   | 9,746,323                                   |
| Depreciation                         | 8        | 5,952,110                                   | 4,485,697                                   |
| Other Expenses                       | 17       | 69,584,059                                  | 64,146,610                                  |
| <b>Total Expenses</b>                |          | <b>230,216,716</b>                          | <b>202,743,420</b>                          |
| <b>Profit/(Loss) Before Taxation</b> |          | <b>18,740,371</b>                           | <b>(2,088,430)</b>                          |
| <b>Tax Expenses</b>                  |          |   |   |
| Current tax                          |          | 1,750,999                                   | –   |
| Minimum Alternate Tax Credit         |          | –   | –   |
| Deferred tax                         |          | 9,102,556                                   | (934,800)                                   |
| For previous year(s)                 |          | –   | –   |
| <b>Profit/(Loss) for the period</b>  |          | <b>7,886,816</b>                            | <b>(1,153,630)</b>                          |
| Earnings/(Loss) per share (₹)        |          |   |   |
| Equity share of par value ₹10 each   |          |   |   |
| Basic                                |          | 7.89  | (1.15)                                      |
| Diluted                              |          | 7.89  | (1.15)                                      |

Notes to Accounts referred above form a significant part of the financial statements

As per our attached report of even date

**For Aneel Lasod and Associates**

*Chartered Accountants*

For and on behalf of the Board of  
**Motilal Oswal Investment Advisors Private. Ltd**

**Aneel Lasod**

*Partner*

M No: 40117

Place : Mumbai

Dated : 22nd April, 2016

**Motilal Oswal**

*Director*

DIN No. 00024503

**Raamdeo Agarawal**

*Director*

DIN No. 00024533

**Vidhi Gala**

*Company Secretary*

# CASH FLOW STATEMENT

## Cash flow statement as of 31st March 2016

| Particulars   | For the Period ended<br>31-Mar-16<br>(In ₹) | For the Period ended<br>31-Mar-15<br>(In ₹) |
|---|---|---|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>            |   |   |
| <b>PROFIT/ (LOSS) BEFORE TAX</b>                      | 18,740,371                                  | (2,088,430)                                 |
| Add   |   |   |
| 1) Depreciation                                       | 5,952,110                                   | 4,485,697                                   |
| 2) Interest Paid                                      | 7,139,018                                   | 9,746,323                                   |
| Less  |   |   |
| 1) Dividend Received                                  | (671,410)                                   | (54,343)                                    |
| <b>OPERATING PROFIT</b>                               | <b>31,160,089</b>                           | <b>12,089,247</b>                           |
| Adjustment For:                                       |   |   |
| 1) Increase/(Decrease) In Long-term Provision         | 483,680                                     | 1,724,794                                   |
| 2) Increase/(Decrease) in Short-term Provision        | 2,412,491                                   | 4,919,342                                   |
| 3) Increase/(Decrease) in Trade payable               | (2,031,478)                                 | 2,098,939                                   |
| 4) Increase/(Decrease) in Other Current Liabilities   | (1,616,807)                                 | 4,944,734                                   |
| 5) Increase/(Decrease) in short term borrowing        | (14,744,250)                                | (23,184,400)                                |
| 6) (Increase)/Decrease in Trade Receivables           | 12,964,192                                  | (11,184,825)                                |
| 7) (Increase)/Decrease in Short Term Loans & Advances | 461,472                                     | (1,024,694)                                 |
| 8) (Increase)/Decrease in Long Term Loans & Advances  | (19,402,887)                                | (20,425,007)                                |
| <b>CASH GENERATED FROM OPERATION</b>                  | <b>9,686,503</b>                            | <b>(30,041,870)</b>                         |
| Taxes Paid  | (1,746,796)                                 | –   |
| <b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>   | <b>7,939,708</b>                            | <b>(30,041,870)</b>                         |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>            |   |   |
| Purchase of Fixed Assets                              | (3,932,244)                                 | (1,217,016)                                 |
| Sale of investment                                    | (10)  | 836,658                                     |
| Purchase of Investment                                | –   | –   |
| Dividend Received                                     | 671,410                                     | 54,343                                      |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>        | <b>(3,260,844)</b>                          | <b>(326,015)</b>                            |

# CASH FLOW STATEMENT (Contd..)

| Particulars  | For the Period ended<br>31-Mar-16<br>(In ₹) | For the Period ended<br>31-Mar-15<br>(In ₹) |
|--|---|---|
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                     |   |   |
| Increase/(Decrease) In Share capital                           | –   | 39,000,000                                  |
| Interest Paid  | (7,139,018)                                 | (9,746,323)                                 |
| <b>NET CASH GENERATED/(USED) FROM FINANCING ACTIVITIES</b>     | <b>(7,139,018)</b>                          | <b>29,253,677</b>                           |
| <b>NET CASH GENERATED/(USED)FOR THE YEAR ENDED</b>             | <b>(2,460,155)</b>                          | <b>(1,114,208)</b>                          |
| <b>Cash &amp; Cash Equivalents as at beginning of period :</b> |   |   |
| Cash as at beginning of period                                 | 66,434                                      | 18,178                                      |
| Scheduled Banks- In Current Accounts                           | 4,194,086                                   | 5,356,550                                   |
| <b>Cash &amp; Cash Equivalents as at beginning of year</b>     | <b>4,260,520</b>                            | <b>5,374,728</b>                            |
| <b>Cash &amp; Cash Equivalents as at end of period :</b>       |   |   |
| Cash as at end of period                                       | 8,460                                       | 66,434                                      |
| Scheduled Banks- In Current Accounts                           | 1,791,905                                   | 4,194,086                                   |
| <b>Cash &amp; Cash Equivalents as at end of year</b>           | <b>1,800,365</b>                            | <b>4,260,520</b>                            |

As per our attached report of even date

**For Aneel Lasod and Associates**

*Chartered Accountants*

**Aneel Lasod**

*Partner*

M No: 40117

Place : Mumbai

Dated : 22nd April, 2016

For and on behalf of the Board of  
**Motilal Oswal Investment Advisors Private. Ltd**

**Motilal Oswal**

*Director*

DIN No. 00024503

**Raamdeo Agarawal**

*Director*

DIN No. 00024533

**Vidhi Gala**

*Company Secretary*

# NOTES TO FINANCIAL STATEMENT

## Note 1 : Share Capital

|  | As at 31-Mar-16   |                    | As at 31-Mar-15   |                    |
|--|-------------------|--------------------|-------------------|--------------------|
|  | In Numbers        | In ₹               | In Numbers        | In ₹               |
| <b>Authorised</b>                              |                   |                    |                   |                    |
| Equity Shares, of ₹ 10/- par value             | 1,000,000         | 10,000,000         | 1,000,000         | 10,000,000         |
| Preference Shares of ₹ 10/- par value          | 9,000,000         | 90,000,000         | 9,000,000         | 90,000,000         |
| <b>TOTAL</b>                                   | <b>10,000,000</b> | <b>100,000,000</b> | <b>10,000,000</b> | <b>100,000,000</b> |
| <b>Issued, Subscribed &amp; Paid Up</b>        |                   |                    |                   |                    |
| Equity Shares of ₹10/- each fully paid up      | 1,000,000         | 10,000,000         | 1,000,000         | 10,000,000         |
| Preference Shares of ₹ 10/- each fully paid up | 8,900,000         | 89,000,000         | 8,900,000         | 89,000,000         |
| <b>TOTAL</b>                                   | <b>9,900,000</b>  | <b>99,000,000</b>  | <b>9,900,000</b>  | <b>99,000,000</b>  |

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

#### 1.1.1 Equity Shares :

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

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

#### 1.1.2 Preference Shares :

The Company has one class of preference shares having a par value of ₹ 10 /- each and 89,00,000 preference shares of ₹ 10 each issued & subscribed as on 31.03.2015 . The company has issued Nil preference shares in Current Year

### 1.2 Reconciliation of the number of shares outstanding

| Particulars                              | As at 31-Mar-16 |            | As at 31-Mar-15 |            |
|--|-----------------|------------|-----------------|------------|
|  | In Numbers      | In ₹       | In Numbers      | In ₹       |
| Number of share at beginning of the year | 1,000,000       | 10,000,000 | 10,000,000      | 10,000,000 |
| Number of share at end of the year       | 1,000,000       | 10,000,000 | 1,000,000       | 10,000,000 |

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

| Share Holders                         | As at 31-Mar-16 |              | As at 31-Mar-15 |              |
|---------------------------------------|-----------------|--------------|-----------------|--------------|
|                                       | No of Shares    | % of Holding | No of Shares    | % of Holding |
| Motilal Oswal Financial Services Ltd. | 1,000,000       | 100          | 10,000,000      | 100          |
| Motilal Oswal Financial Services Ltd. | 8,900,000       | 100          | 89,000,000      | 100          |

# NOTES TO FINANCIAL STATEMENT

## Note 2: Reserves and Surplus

|                                      | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--------------------------------------|-------------------------|-------------------------|
| <b>General Reserve</b>               |                         |                         |
| Opening balance                      | 66,344,267              | 66,344,267              |
| Add: Addition during the year        | (1)                     | –                       |
| <b>Balance as at end of the year</b> | <b>66,344,266</b>       | <b>66,344,267</b>       |
| <b>Capital Redemption Reserve</b>    |                         |                         |
| Opening balance                      | 90,000,000              | 90,000,000              |
| Add: Addition during the year        | –                       | –                       |
| <b>Balance as at end of the year</b> | <b>90,000,000</b>       | <b>90,000,000</b>       |
| <b>Surplus</b>                       |                         |                         |
| Opening balance                      | (120,391,371)           | (118,857,464)           |
| Less: Loss of Current year           | 7,886,816               | (1,153,630)             |
| Less: Transition Depreciation        |                         | (380,277)               |
| <b>Balance as at end of the year</b> | <b>(112,504,555)</b>    | <b>(120,391,371)</b>    |
| <b>TOTAL</b>                         | <b>43,839,711</b>       | <b>35,952,895</b>       |

## Note 3 : Long Term Provisions

|   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---|-------------------------|-------------------------|
| Provision for employee benefits             |                         |                         |
| Provision for Gratuity (also refer note 23) | 6,554,121               | 6,070,441               |
| <b>TOTAL</b>                                | <b>6,554,121</b>        | <b>6,070,441</b>        |

## Note 4 : Short Term Borrowings

|   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---|-------------------------|-------------------------|
| <b>Loan from Related Party (Unsecured, Considered Good)</b> |                         |                         |
| From Holding Company( Motilal Oswal Financial Services Ltd) | 27,411,963              | 42,156,213              |
| <b>TOTAL</b>  | <b>27,411,963</b>       | <b>42,156,213</b>       |

## Note 5: Trade Payables

|                | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|----------------|-------------------------|-------------------------|
| Trade Payables | 67,461                  | 2,098,939               |
| <b>TOTAL</b>   | <b>67,461</b>           | <b>2,098,939</b>        |

# NOTES TO FINANCIAL STATEMENT

## Note 6 : Other Current Liabilities

|                                     | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|-------------------------------------|-------------------------|-------------------------|
| For Other Liabilities:              |                         |                         |
| Salary, bonus & other benefits      | 487,469                 | 442,354                 |
| For Expenses                        | 1,258,675               | 4,197,964               |
| Withholding and other Taxes Payable | 8,090,391               | 9,019,090               |
| Other Payables                      | 4,091,068               | 2,113,309               |
| Interest Accrued and due            | 1,200,619               | 972,313                 |
| <b>TOTAL</b>                        | <b>15,128,223</b>       | <b>16,745,030</b>       |

## Note 7 : Short Term Provisions

|                                   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|-----------------------------------|-------------------------|-------------------------|
| Provision for employee benefits   |                         |                         |
| For Gratuity (also refer note 23) | 1,145,402               | 2,032,911               |
| Ex-Gratia                         | 8,100,000               | 4,800,000               |
| <b>TOTAL</b>                      | <b>9,245,402</b>        | <b>6,832,911</b>        |

## Note 8 :

(in ₹)

| PARTICULARS                             | GROSS BLOCK       |                  |                  |                   | DEPRICIATION      |                  |           |                   | NET BLOCK         |                   |
|---|-------------------|------------------|------------------|-------------------|-------------------|------------------|-----------|-------------------|-------------------|-------------------|
|   | As At<br>1-Apr-15 | Additions        | Deduction        | As At<br>1-Apr-16 | As At<br>1-Apr-15 | Additions        | Deduction | As At<br>1-Apr-16 | As At<br>1-Apr-16 | As At<br>1-Apr-15 |
| Computer Software                       | 146,000           | 64,084           | 32,042           | 178,042           | 131,576           | 20,522           |           | 152,098           | 14,424            | 25,944            |
| Renovation To Leased<br>Office Premises |                   | 7,376,808        | 3,688,404        | 3,688,404         |                   | 1,236,346        |           | 1,236,346         | 0                 | 2,452,058         |
| Lease Hold<br>Improvement               | 17,642,662        |                  |                  | 17,642,662        | 11,557,401        | 3,046,782        |           | 14,604,183        | 6,085,261         | 3,038,479         |
| Furniture                               | 4,842,927         |                  |                  | 4,842,927         | 3,385,736         | 996,472          |           | 4,382,208         | 1,457,191         | 460,719           |
| Electrical Equipment                    | 439,097           |                  |                  | 439,097           | 294,987           | 50,332           |           | 345,319           | 113,643           | 93,778            |
| Mobile                                  | 299,513           |                  |                  | 299,513           | 263,447           | 21,090           |           | 284,537           | 36,066            | 14,976            |
| Office Equipments                       | 320,578           | 68,800           | 26,000           | 363,378           | 162,594           | 106,595          |           | 269,189           | 192,651           | 94,189            |
| Projector                               | 100,829           |                  |                  | 100,829           | 95,788            |                  |           | 95,788            | 5,041             | 5,041             |
| Computer-1                              | 2,970,187         | 337,996          | 168,998          | 3,139,185         | 2,276,150         | 473,972          |           | 2,750,122         | 694,037           | 389,063           |
| <b>Total</b>                            | <b>26,761,793</b> | <b>7,847,688</b> | <b>3,915,444</b> | <b>30,694,037</b> | <b>18,163,479</b> | <b>5,952,110</b> | <b>0</b>  | <b>24,115,589</b> | <b>8,598,314</b>  | <b>6,574,248</b>  |

# NOTES TO FINANCIAL STATEMENT

## Note 9 : Non-Current Investments

|  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--|-------------------------|-------------------------|
| <b>Non-Current Investments (At Cost )</b>  |                         |                         |
| <b>Others (unquoted )</b>  |                         |                         |
| <b>Investment in Funds</b>   |                         |                         |
| Reliance Alternative Investments Fund - Private Equity Scheme I<br>15,00,000 units of ₹ 10 each, ₹ 10 paid up,<br>(Previous Year 15,00,000 units of ₹ 10 each, ₹ 10 Paid up) | 15,000,000              | 15,000,000              |
| Aditya Birla Private Equity - Fund I<br>1,41,263 units of ₹ 95.76, ₹ 95.76 paid up<br>(Previous Year 1,41,263 units of ₹ 95.76, ₹ 95.76 paid up, face value of ₹ 100 each)   | 13,526,603              | 13,526,603              |
| Investment in Shares/Debentures  | 10                      | —                       |
| <b>TOTAL</b>   | <b>28,526,613</b>       | <b>28,526,603</b>       |

## Note 10: Deferred Taxes (Net)

|                                    | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|------------------------------------|-------------------------|-------------------------|
| <b>Deferred tax asset on</b>       |                         |                         |
| Written Down Value of Fixed Assets | 3,402,881               | 2,266,596               |
| Business Loss                      | 34,820,705              | 40,841,967              |
| Prov for bad debts                 |                         | 4,092,795               |
| Gratuity provision                 | 2,379,153               | 2,503,936               |
| <b>Total</b>                       | <b>40,602,738</b>       | <b>49,705,294</b>       |

## Note 11: Long Term Loans and Advances

|                                 | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---------------------------------|-------------------------|-------------------------|
| Other deposits                  | 7,160,970               | 7,160,970               |
| Prepaid Expenses                | 396,204                 | 38,789                  |
| Advance Tax (Net of Provisions) | 68,809,439              | 49,763,967              |
| <b>TOTAL</b>                    | <b>76,366,613</b>       | <b>56,963,726</b>       |

## Note 12: Trade Receivable

|   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---|-------------------------|-------------------------|
| <b>Unsecured, Considered Good</b>                   |                         |                         |
| Debts outstanding for a period exceeding Six months | 27,458,650              | 43,510,716              |
| Other debts for a period Less then Six months       | 12,542,047              | 23,724,421              |
| <b>Unsecured, Considered Doubtful</b>               |                         |                         |
| Debts outstanding for a period exceeding Six months | —                       | —                       |
| Less: Provision for Doubtful Debts                  | —                       | (14,270,248)            |
| <b>TOTAL</b>  | <b>40,000,697</b>       | <b>52,964,889</b>       |

# NOTES TO FINANCIAL STATEMENT

## Note 13: Cash And Cash Equivalents

|                                      | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--------------------------------------|-------------------------|-------------------------|
| <b>Cash and Cash Equivalents</b>     |                         |                         |
| Cash in Hand                         | 8,460                   | 66,434                  |
| Balance with Bank                    |                         |                         |
| Scheduled Banks- In Current Accounts | 1,791,905               | 4,194,086               |
| <b>TOTAL</b>                         | <b>1,800,365</b>        | <b>4,260,520</b>        |

## Note 14: Short Term Loans and Advances

|                                   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|-----------------------------------|-------------------------|-------------------------|
| <b>Unsecured, considered good</b> |                         |                         |
| Prepaid Expenses                  | 1,211,478               | 1,850,663               |
| Others                            | 182,766                 | 7,873                   |
| Advance Tax (Net of Provisions)   | 5,978,543               | 5,978,543               |
| Service Tax Credit receivable     | 2,819                   |                         |
| <b>TOTAL</b>                      | <b>7,375,606</b>        | <b>7,837,079</b>        |

## Note 15: Revenue from operations

|  | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|--|---|---|
| Sale of Services(Advisory & Referral Fees) | 248,284,202                             | 200,600,419                             |
| Other Operating Revenue                    | -                                       | -                                       |
| <b>TOTAL</b>                               | <b>248,284,202</b>                      | <b>200,600,419</b>                      |

## Note 16: Other Income

|                                       | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|---------------------------------------|---|---|
| Interest Income (Gross)               | 1,475                                   | -                                       |
| Dividend Income                       | 671,410                                 | 54,343                                  |
| Foreign Exchange Fluctuation - Income | -                                       | -                                       |
| Other Non Operating Revenue           | -                                       | 228                                     |
| <b>TOTAL</b>                          | <b>672,885</b>                          | <b>54,571</b>                           |

# NOTES TO FINANCIAL STATEMENT

## Note 17: Expenses

|   | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|---|---|---|
| <b>EMPLOYEE BENEFIT</b>                               |   |   |
| Salary, Bonus and Allowances                          | 139,509,301                             | 117,581,659                             |
| Contribution to provident & other Funds               | 3,301,289                               | 2,757,947                               |
| Staff Welfare Expenses                                | 4,442,077                               | 1,707,970                               |
| Gratuity (refer note 23)                              | 288,862                                 | 2,317,214                               |
| <b>TOTAL</b>  | <b>147,541,528</b>                      | <b>124,364,790</b>                      |
| <b>FINANCE COST</b>                                   |   |   |
| Interest Cost   | 7,139,018                               | 9,746,323                               |
| <b>TOTAL</b>  | <b>7,139,018</b>                        | <b>9,746,323</b>                        |
| <b>OTHER EXPENSES</b>                                 |   |   |
| Advisory/Referral expenses                            | –                                       | 2,456,000                               |
| Rent  | 16,330,095                              | 16,302,924                              |
| Rates & Taxes   | 9,970                                   | 9,667                                   |
| Insurance   | 687,742                                 | 325,795                                 |
| Computer Maintenance                                  | 6,422                                   | 34,807                                  |
| Legal & Professional Charges                          | 4,095,088                               | 1,593,138                               |
| Remuneration to Auditors (Refer Note 18)              | 138,935                                 | 75,000                                  |
| Membership & Subscription                             | 4,394,878                               | 2,102,220                               |
| Marketing & Brand Promotion Expenses                  | 836,951                                 | 209,358                                 |
| Printing & Stationery                                 | 1,403,207                               | 828,222                                 |
| Power & Fuel  | 2,585,411                               | 2,730,222                               |
| Communication Expenses                                | 2,434,160                               | 2,236,800                               |
| Travelling Expenses & Conveyance                      | 16,749,435                              | 13,248,722                              |
| Entertainment Expenses                                | 3,896,188                               | 3,450,046                               |
| Preliminary Expenses written off                      | –                                       | –                                       |
| Loss on sale of Fixed Assets                          | –                                       | –                                       |
| Foreign Exchange Fluctuation                          | 639,613                                 | (14,942)                                |
| Bad debts w/off (Net of provision for doubtful debts) | 6,133,675                               | 1,024,956                               |
| Provision for Bad & Doubtful Debts                    | –                                       | 14,270,248                              |
| Brokerage Paid  | 5,398,751                               | –                                       |
| Office Expenses                                       | –                                       | –                                       |
| Filing Fees   | 559,940                                 | –                                       |
| Miscellaneous Expenses                                | 3,272,598                               | 3,263,427                               |
| Repairs & Maintenance -Others                         | 11,000                                  | –                                       |
| <b>TOTAL</b>  | <b>69,584,059</b>                       | <b>64,146,610</b>                       |

# NOTES TO FINANCIAL STATEMENT

## **Note 18 : Nature of Business**

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

## **Note 19 : Significant Accounting Policies:**

### **19.1 Basis of Preparation of Financial Statements:**

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

All assets and liabilities have been classified as current or noncurrent as per the company's normal operating cycle and other criteria set out in the schedule III to the Companies Act 2013. Based on the nature of business the company has ascertained its operating cycle as twelve months for the purpose of current and non - current classification of assets and liabilities.

### **19.2 Use of Estimates:**

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

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

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

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

### **19.4 Intangible Assets and Amortization:**

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

### **19.5 Investments:**

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

Long term investments are valued at cost and the cost is determined on the basis of the average carrying amount of the total holding of the investment. Provision for diminution in value of long term investments is made if in the opinion of management such a decline is other than temporary.

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

### **19.6 Revenue Recognition:**

- a) Advisory fees from Investment Banking activities and fees for other services are accounted on percentage completion method based on its reasonable certainty of its ultimate collection", net of service tax.
- b) Interest income is recognised on accrual basis.

# NOTES TO FINANCIAL STATEMENT

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

## 19.7 Foreign Currency Transactions:

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

## 19.8 Employee Benefits:

### Provident Fund:

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

### Gratuity:

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

### Compensated Absences:

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

### Bonus / Ex-gratia Plans:

The company recognizes the costs of bonus payments when it has a present obligation to make such payments as a result of past events and the reliable estimate of the obligation can be made.

## 19.9 Taxation:

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

### Current Tax:

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

### Deferred Tax:

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

### Classification:

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

# NOTES TO FINANCIAL STATEMENT

## 19.10 Sign on Bonus:

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

## 19.11 Provisions and Contingencies:

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

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

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

## 19.12 Impairment of Assets:

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

## Note 20 : Auditor's Remuneration

|                | 31-Mar-16<br>In (₹) | 31-Mar-15<br>In (₹) |
|----------------|---------------------|---------------------|
| Audit Fees     | 30,000              | 30,000              |
| Tax Audit Fees | 15,000              | 15,000              |
| Interim Review | 30,000              | 30,000              |
| Other Services | 63,935              | —                   |
| <b>TOTAL</b>   | <b>138,935</b>      | <b>75,000</b>       |

## Note 21 : Basic & Diluted Earnings per share:

|  | 31-Mar-16 | 31-Mar-15   |
|--|-----------|-------------|
| Net Profit /(Loss) attributable to equity shareholders [A]       | 7,886,816 | (1,153,630) |
| Number of weighted average equity shares issued [B]              | 1,000,000 | 1,000,000   |
| Basic Earnings/(Loss) per share (EPS) –[A/B] (₹)                 | 7.89      | (1.15)      |
| Weighted Number of equity shares outstanding for Diluted EPS [C] | 1,000,000 | 1,000,000   |
| Diluted Earnings/(loss) per share (DEPS) [A/C] (₹)               | 7.89      | (1.15)      |

## Note 22 : Related Party Disclosure As Per AS 18:

### (i) Relationships during the year

#### Holding Company:

- Motilal Oswal Financial Services Limited

# NOTES TO FINANCIAL STATEMENT

## Ultimate Holding Company:

- Passionate Investment Management Private Limited

## Fellow subsidiaries:

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

## Key management personnel

- Motilal Oswal Chairman
- Raamdeo Agrawal – Director

## Enterprises in which key management personnel exercise significant influence

- Motilal Oswal Foundation

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

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

| Transaction                     | Name of the related Party                | Holding Company |               | Fellow Subsidiaries |           | Total        |               |
|---------------------------------|--|-----------------|---------------|---------------------|-----------|--------------|---------------|
|                                 |  | 2015-2016       | 2014-2015     | 2015-2016           | 2014-2015 | 2015-2016    | 2014-2015     |
| Advisory Fees (Income)          | Motilal Oswal Financial Services Limited | (5,323,453)     | (7,366,613)   |                     |           | (5,323,453)  | (7,366,613)   |
|                                 | Motilal Oswal Securities Limited         | –               | –             | (1,500,000)         | –         | (1,500,000)  | –             |
| Referral Fee Expense            | Motilal Oswal Wealth Management Limited  | 260,000         | –             | –                   | –         | 260,000      | –             |
| Interest Expense                | Motilal Oswal Financial Services Limited | 6,954,059       | 9,708,163     |                     |           | 6,954,059    | 9,708,163     |
| Rent Expense                    | Motilal Oswal Financial Services Limited | 14,321,940      | 14,321,940    |                     |           | 14,321,940   | 14,321,940    |
|                                 | Motilal Oswal Securities Limited         | –               | –             | 1,980,984           | 1,980,984 | 1,980,984    | 1,980,984     |
| Loans (Maximum balance)         | Motilal Oswal Financial Services Limited | (90,527,613)    | (128,156,213) | –                   | –         | (90,527,613) | (128,156,213) |
| <b>Outstanding Balances:</b>    |  |                 |               |                     |           |              |               |
| Loans Given / (Taken)           | Motilal Oswal Financial Services Limited | (31,797,369)    | (42,156,213)  | –                   | –         | (31,797,369) | (42,156,213)  |
| Sundry (payables) / receivables | Motilal Oswal Financial Services Limited | 1,357,184       | 2,565,951     | –                   | –         | 1,357,184    | 2,565,951     |
|                                 | Motilal Oswal Securities Limited         | –               | –             | (33,655)            | –         | (33,655)     | –             |
| Other (payables)                | Motilal Oswal Financial Services Limited | (849,729)       | (979,242)     | –                   | –         | (849,729)    | (979,242)     |
| Rent Deposit (Received) / Given | Motilal Oswal Financial Services Limited | 7,160,970       | 7,160,970     | –                   | –         | 7,160,970    | 7,160,970     |

Notes: Income/Liability figure are shown in brackets.

# NOTES TO FINANCIAL STATEMENT

## Note 23 : Gratuity

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

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

|  | 31-Mar-16           | 31-Mar-15            |
|--|---------------------|----------------------|
| <b>I Assumptions as at</b>                                   |                     |                      |
| Mortality  | IALM (2006-08) Ult. | IALM (2006-08) Ult.  |
| Interest / Discount Rate                                     | 7.49%               | 7.77%                |
| Rate of increase in compensation                             | 6.00%               | 10.00%               |
| Rate of return (expected) on plan assets                     |                     |                      |
| Employee Attrition Rate(Past SelVice (PS))                   | PS: 0 to 37 : 10.34 | PS: 0 to 37 : 19.18% |
| Expected average remaining service                           | 7.04                | 3.86                 |
| <b>II Changes in present value of obligations</b>            |                     |                      |
| PVO at beginning of period                                   | 8,103,352           | 6,259,216            |
| Interest cost  | 602,719             | 526,984              |
| Current Service Cost   | 1,559,098           | 1,852,956            |
| Past Service Cost- (non vested benefits)                     | –                   | –                    |
| Past Service Cost -(vested benefits)                         | –                   | –                    |
| Benefits Paid  | (692691)            | (473,078)            |
| Actuarial (Gain)/Loss on obligation                          | (1872955)           | (62,726)             |
| PVO at end of period   | 7,699,523           | 8,103,352            |
| <b>III Changes in fair value of plan assets</b>              |                     |                      |
| Fair Value of Plan Assets at beginning of period             | –                   | –                    |
| Expected Return ori Plan Assets                              | –                   | –                    |
| Contributions  | 692,691             | 473,078              |
| Benefit Paid   | (692691)            | (473,078)            |
| Actuarial Gain/(Loss) on plan assets                         | –                   | –                    |
| Fair Value of Plan Assets at end of period                   | –                   | –                    |
| <b>IV Fair Value of Plan Assets</b>                          |                     |                      |
| Fair Value of Plan Assets at beginning of period             | –                   | –                    |
| Actual Return on Plan Assets                                 | –                   | –                    |
| Contributions  | 692,691             | 473,078              |
| Benefit Paid   | (692691)            | (473,078)            |
| Fair Value of Plan Assets at end of period                   | –                   | –                    |
| Funded Status (including unrecognised past service cost)     | (7,699,523)         | (8,103,352)          |
| Excess of actual over estimated return on Plan Assets        | –                   | –                    |
| <b>V Experience History</b>                                  | 31-Mar-16           | 31-Mar-15            |
| (Gain)/Loss on obligation due to change in Assumption        | (633,093)           | (72,109)             |
| Experience (Gain)/ Loss on obligation                        | (1,239,862)         | 9,383                |
| Actuarial Gain/(Loss) on plan assets                         | –                   | –                    |
| <b>VI Actuarial Gain/(Loss) Recognized</b>                   |                     |                      |
| Actuarial Gain/(Loss) for the period (Obligation)            | 1,872,955           | 62,726               |
| Actuarial Gain/(Loss) for the period (Plan Assets)           | –                   | –                    |
| Total Gain/(Loss) for the period                             | 1,872,955           | 62,726               |
| Actuarial Gain/(Loss) recognized for the period              | 1,872,955           | 62,726               |
| Unrecognized Actuarial Gain/(Loss) at end of period          | –                   | –                    |
| <b>VII Past Service Cost Recognised</b>                      |                     |                      |
| Past Service Cost- (non vested benefits)                     | –                   | –                    |
| Past Service Cost -(vested benefits)                         | –                   | –                    |
| Average remaining future service till vesting of the benefit | –                   | –                    |
| Recognised Past service Cost- non vested benefits            | –                   | –                    |
| Recognised Past service Cost- vested benefits                | –                   | –                    |
| Unrecognised Past Service Cost- non vested benefits          | –                   | –                    |

# NOTES TO FINANCIAL STATEMENT

|  | 31-Mar-16   | 31-Mar-15   |
|--|-------------|-------------|
| <b>VIII Amounts to be recognized in the balance sheet and statement of profit &amp; loss account</b> |             |             |
| PVO at end of period   | 7,699,523   | 8,103,352   |
| Fair Value of Plan Assets at end of period   | -           | -           |
| Funded Status  | (7,699,523) | (8,103,352) |
| Unrecognized Actuarial Gain/(Loss)   | -           | -           |
| Unrecognised Past Service Cost- non vested benefits  | -           | -           |
| Net Asset/(Liability) recognized in the balance sheet  | (7,699,523) | (8,103,352) |
| <b>IX Expense recognized in the statement of P &amp; LAIC</b>  |             |             |
| Current Service Cost   | 1,559,098   | 1,852,956   |
| Interest cost  | 602,719     | 526,984     |
| Past Service Cost- (non vested benefits)   | -           | -           |
| past Service Cost "(vested benefits)   | -           | -           |
| Unrecognised Past Service Cost- non vested benefits  | -           | -           |
| Expected Return on Plan Assets   | -           | -           |
| Net Actuarial (Gain)/Loss recognized for the period  | (1,872,955) | (62,726)    |
| Expense recognized in the statement of P & L AIC   | 288,862     | 2,317,214   |
| <b>X Movements in the Liability recognized in Balance Sheet</b>                                      |             |             |
| Opening Net Liability  | 8,103,352   | 6,259,216   |
| Expenses as above  | 288,862     | 2,317,214   |
| Contribution paid  | (692,691)   | (473,078)   |
| Closing Net Liability  | 7,699,523   | 8,103,352   |
| <b>XI Revised Schedule VI</b>  |             |             |
| Current Liability  | 1,145,402   | 2,279,912   |
| <b>Non-Current Liability</b>   | 6,554,121   | 5,823,440   |

## Note 24 : Activity in Foreign Currency

|                                     | 31-Mar-16<br>In (₹) | 31-Mar-15<br>In (₹) |
|-------------------------------------|---------------------|---------------------|
| Expenditure in foreign currency     |                     |                     |
| Membership and subscription Charges | 2,325,591           | 1,254,930           |
| <b>TOTAL</b>                        | <b>2,325,591</b>    | <b>1,254,930</b>    |

## Note 25 : Foreign Exchange gain/ loss:

Foreign exchange gain/loss comprises of the difference in exchange rate on the date of booking & date of realization. In respect of monetary items on the Balance sheet date the foreign exchange Loss (gain) arising thereon of ₹ 6,39,613 (PY (14,942) ) has been debited/ credited to profit and loss account and shown separately.

## Note 26 :

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

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

# NOTES TO FINANCIAL STATEMENT

Provisions made for the Year ended 31st March, 2015 comprises of:

|                   | Opening balance | Provided during the year ended 31st March, 2015 | Provision Paid /reversed during the year ended 31st March, 2015 | Closing balance as of 31st March, 2015 |
|-------------------|-----------------|---|---|--|
| Ex-gratia (Bonus) | –               | 4,800,000                                       | –   | 4,800,000                              |
| Gratuity          | 6,259,216       | 2,317,214                                       | 473,078   | 8,103,352                              |

## Note 27 :

The Company has unabsorbed business loss of ₹ 11,26,88,364/- (P.Y. ₹ 13,21,74,649/-) on which it has recognized Deferred Tax Assets (DTA) of ₹ 3,48,20,705/- (P.Y. ₹ 4,08,41,967/-). Such recognition of DTA is created on the basis of profits / revenue which is going to be generated in future. Profit generated from such agreement will be able to recoup the entire amount of existing unabsorbed losses.

## Note 28 Contingent liability & Capital Commitments:

### Contingent liability:

Demand in respect of Income Tax matters for which appeal is pending is Nil (Previous Year Nil).

### Capital Commitments:-

The Company has given a capital commitment of ₹ 15,000,000 to Aditya Birla Private Equity Fund . In respect of this, the Company has contributed an amount of ₹ 1,50,00,000/- (Previous year ₹ 1,50,00,000/-) and during the year also received a capital refund of ₹ Nil (Previous year ₹ 8,36,658) and balance commitment of ₹ Nil/- (Previous year ₹ Nil ) is outstanding as on 31st March, 2016.

The Company has given a capital commitment of ₹ 150,00,000 to Reliance alternative investment fund private equity scheme I. In respect of this, the company has fulfilled its 100% contribution i.e. an amount of ₹ 1,50,00,000/- (Previous year ₹ 1,50,00,000)."

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

## Note 29 : Dues to micro and small enterprises

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

## Note 30 : Segment Information

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

## Note 31 :

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

For Aneel Lasod and Associates

Chartered Accountants

Aneel Lasod

Partner

M No: 40117

Place : Mumbai

Dated : 22nd April, 2016

For and on behalf of the Board of  
Motilal Oswal Investment Advisors Private. Ltd

Motilal Oswal

Director

Raamdeo Agarawal

Director

# **Motilal Oswal Insurance Brokers Private Limited**

**Annual Report 2015-2016**

# BOARD'S REPORT

To the Members,

Your Directors have pleasure in presenting their 9th Annual Report together with the audited Financial Statement of your Company for the year ended 31st March, 2016.

## Financial Highlights

A summary of the financial performance of the Company for the financial year ended on 31st March, 2016 is given below:

Amount (₹)

| Particulars   | Financial Year Ended<br>31st March, 2016 | Financial Year Ended<br>31st March, 2015 |
|---|--|--|
| Gross Revenue   | 28,468,761                               | 4,161,203                                |
| Profit before Interest, Depreciation & Tax                  | 18,647,503                               | (8,115,055)                              |
| Interest  | 499,917                                  | 293,573                                  |
| Depreciation  | 129,645                                  | 155,612                                  |
| <b>Profit / (Loss) before Taxation and exceptional item</b> | <b>18,017,941</b>                        | <b>(8,564,240)</b>                       |
| Less: Provision for Taxation                                |  |  |
| Current Tax   | 3,303,480                                | —  |
| Deferred Tax  | 5,653,675                                | (2,640,473)                              |
| Tax for earlier year(s)                                     | —  | —  |
| MAT Credit Entitlement                                      | (3,303,480)                              | —  |
| Profit / (Loss) for the year                                | 12,364,266                               | (5,923,767)                              |
| Balance Profit / (Loss) brought Forward                     | (18,518,401)                             | (12,594,635)                             |
| Less: Transfer to General Reserve                           | —  | —  |
| Less: Transitional Depreciation                             | —  | —  |
| Balance Profit / (Loss) carried Forward                     | (6,154,134)                              | (18,518,401)                             |

## Review of Operations and Future Outlook

During the year under review, the total revenue increased from ₹ 4.16 millions to ₹ 28.47 millions. The brokerage income increased from ₹ 3.52 millions to ₹ 27.78 millions and Personnel costs reduced from ₹ 9.84 millions to ₹ 7.43 millions. Administration and other operating expenses decreased from ₹ 2.44 millions to ₹ 2.39 millions. At PAT level, the profit was ₹ 12.36 millions as compared to loss of ₹ 5.92 millions last year.

## Dividend and Reserves

Your Directors have not recommended payment of dividend for the Financial Year 2015-16 with a view to conserve the resources of the Company for the expansion of the operations of the Company.

During the year under review, the Company did not transfer any amount to Reserves.

## Share Capital

The issued and paid-up share capital of the Company as on 31st March, 2016 is ₹ 30,000,000/- divided into 30,00,000 Equity Shares of ₹ 10/- each.

## Deposits and Loans / Advances

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013 during the year under review.

During the year under review, the Company has not taken any loans / advances from its Holding Company, Motilal Oswal Financial Services Limited.

## Subsidiaries / Joint Ventures / Associate Companies

The Company does not have any Subsidiary Companies, Joint Ventures and Associate Companies as on 31st March, 2016.

## Directors and Key Managerial Personnel

During the year, Mr. Harsh Joshi was appointed as the Non-Executive Director of the Company w.e.f. 24th November, 2015 in the Extra Ordinary General Meeting held on 24th November, 2015.

Mr. Raamdeo Agarawal, Director of the Company, retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

## Number of Board Meetings

The Board meets at regular intervals to discuss and decide on the Company / business policy and strategy apart from other Board businesses. During the year under review, six Board Meetings were held and the interval between any two meetings was not more than 120 days. The status of attendance of Directors at the Board Meetings is as follows:

| Name of the Director                             | Designation | Director Identification Number (DIN) | Meetings attended in Financial Year |
|--|-------------|--------------------------------------|-------------------------------------|
| Motilal Oswal                                    | Director    | 00024503                             | 6                                   |
| Raamdeo Agarawal                                 | Director    | 00024533                             | 6                                   |
| Harsh Joshi (appointed w.e.f. 24.11.2015)        | Director    | 02951058                             | 1                                   |
| Total meetings held and attended during the year |             |                                      | 6                                   |

## Business Risk Management

The organization realizes the importance of Enterprise Risk Management (ERM) framework and had taken early initiatives towards its implementation of business risk management policy. The organization has introduced several improvements to the business risk management policy.

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

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

## Internal Financial Controls

The Company has in place adequate Internal Financial Control systems with reference to financial statements. During the year under review, no material or serious observation has been received from the Auditors of the Company for inefficiency or inadequacy of such controls.

## Loans, Guarantees and Investments

During the year under review, there were no loans, guarantees and investments made by the Company.

## Related Party Transactions

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

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

## Statutory Auditors

Your Company had appointed M/s. Aneel Lasod & Co., as Statutory Auditors for the term of five years at the Annual General Meeting held on 30th September, 2014. In compliance with provisions of Section 139 of the Companies Act, 2013, the appointment of the auditors is to be ratified by the members at every Annual General Meeting. M/s Aneel Lasod & Co., Chartered Accountant (ICAI Firm Registration No. 124609W) have given their consent for re-appointment. The members are requested to ratify the appointment of Auditors and fix their remuneration.

# BOARD'S REPORT (Contd..)

There were no qualifications, reservations, adverse remarks or disclaimers in the report of Statutory Auditors of the Company nor any frauds were reported by the auditor under Section 143 (12) of the Companies Act, 2013.

## **Particulars of Employees as required under section 197 of the Companies Act, 2013 and rules framed there under**

The Company had no employee who was in receipt of remuneration of not less than ₹ 60,00,000 during the year ended 31st March, 2016 or not less than ₹ 5,00,000 per month during any part of the said year.

## **Change of Situation of Registered Office of the Company within city limits**

During the financial year 2015-16, your Company has shifted its registered office for operational convenience from Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad-West, Mumbai - 400064 to Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai - 400025 with effect from 15th March, 2016.

## **Directors' Responsibility Statement**

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (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, 2016 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis; and
- (v) they have devised proper systems to ensure compliance with the provisions of all applicable laws and the systems were adequate and operating effectively.

## **Extract of Annual Return**

The Extract of Annual Return in Form MGT-9 under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed herewith to this report as "Annexure 2".

## **Significant and Material Orders**

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

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

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

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

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

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

## **Mandatory disclosures in the Boards' Report**

Following mandatory disclosures in the Boards' Report pursuant to the provisions of the Companies Act, 2013 are not applicable to the Company:

- Section 134(3)(d) - A statement on declaration given by independent directors under sub-section (7) of section 149;
- Section 134(3)(e) - As per sub-section (1) of section 178, policies on appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178;
- Section 134(3)(f) - Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the Company secretary in practice in his secretarial audit report;
- Section 134(3)(l) - Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relate and the date of the report;
- Section 135 - Corporate Social Responsibility;
- Section 177 - Audit Committee;
- Section 177(9) - Establishment of Vigil Mechanism;
- Section 178 - Nomination And Remuneration Committee and stakeholders Relationship Committee;
- Section 203 - Appointment of Key Managerial Personnel;
- Section 204 - Secretarial Audit;
- Performance Evaluation of the Board of Directors;

## **Acknowledgments**

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

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

Place : Mumbai  
Date : 22nd April, 2016.

**Motilal Oswal**  
*Chairman*  
(DIN : 00024503)

# ANNEXURE 1 TO THE BOARD'S REPORT

## Form No. AOC-2

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

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

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

NOT APPLICABLE

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

(Amount in ₹)

| Sr. No. | Name of the Related Party                | Nature of the relationship | Nature of Contract  | Duration of Contract | Salient terms of the contracts or arrangements or transactions including the value, if any               | Amount paid as advances, if any |
|---------|--|----------------------------|---------------------|----------------------|--|---------------------------------|
| 1       | Motilal Oswal Financial Services Limited | Holding Company            | Leasing of Property | On-going             | Rent paid by Motilal Oswal Insurance Brokers Private Limited to Motilal Oswal Financial Services Limited | Nil                             |

\*Definition of materiality has been adopted from Regulation 23 of the Listing Regulations, 2015 which states as follows : transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statement of the Company.

Since the Company does not have any subsidiary Company, materiality is decided based on transactions exceeding 10% of the standalone turnover as per the last audited financial statement of the Company.

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

Place : Mumbai  
Date : 22nd April, 2016.

**Motilal Oswal**  
Chairman  
(DIN : 00024503)

# ANNEXURE 2 TO THE BOARD'S REPORT

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

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

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

#### I. Registration and Other Details:

|  |   |
|--|---|
| i) CIN   | U74999MH2007PTC170211   |
| ii) Registration Date  | 23rd April, 2007  |
| iii) Name of the Company   | Motilal Oswal Insurance Brokers Private Limited   |
| iv) Category / Sub Category of the Company                                     | Public Limited Company  |
| v) Address of the Registered Office and contact details                        | Motilal Oswal Tower, Rahimtullah Sayani Road,<br>Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.<br>Tel. No. +91 22 3980 4200 |
| vi) Whether Shares Listed On Recognized Stock Exchange(s)                      | No  |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | –   |

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

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

| Sr. No. | Name and Description of main products / services | NIC Code of the Product / Service | % to total turnover of the company |
|---------|--|-----------------------------------|------------------------------------|
| 1       | Brokerage Income                                 | 66220                             | 97.61%                             |

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

| Sr. No | Name and Address of the Company                  | CIN / GLN             | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|--------|--|-----------------------|----------------------------------|------------------|--------------------|
| 1      | Motilal Oswal Financial Services Limited (MOFSL) | L67190MH2005PLC153397 | Holding                          | 100              | 2(46)              |

#### Note:

Passionate Investment Management Private Limited is the Ultimate holding Company and holds 54.01% shares in Motilal Oswal Financial Services Limited (MOFSL)

There are no Subsidiary and Associate Companies of the Company as on 31st March, 2016.

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

##### i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year |                  |                  |                   | No. of Shares held at the end of the year |                  |                  |                   | % Change during the year |
|--------------------------|---|------------------|------------------|-------------------|---|------------------|------------------|-------------------|--------------------------|
|                          | Demat   | Physical         | Total            | % of Total Shares | Demat                                     | Physical         | Total            | % of Total Shares |                          |
| <b>A. Promoters</b>      |   |                  |                  |                   |   |                  |                  |                   |                          |
| <b>(1) Indian</b>        |   |                  |                  |                   |   |                  |                  |                   |                          |
| Bodies Corp              | –   | 29,90,000        | 29,90,000        | 99.67             | –   | 30,00,000        | 30,00,000        | 100               | 0.33                     |
| <b>Sub-total (A) (1)</b> | –   | <b>29,90,000</b> | <b>29,90,000</b> | <b>99.67</b>      | –   | <b>30,00,000</b> | <b>30,00,000</b> | <b>100</b>        | <b>0.33</b>              |

# ANNEXURE 2 TO THE BOARD'S REPORT

| Category of Shareholders  | No. of Shares held at the beginning of the year |           |           |                   | No. of Shares held at the end of the year |           |           |                   | % Change during the year |
|---|---|-----------|-----------|-------------------|---|-----------|-----------|-------------------|--------------------------|
|   | Demat   | Physical  | Total     | % of Total Shares | Demat                                     | Physical  | Total     | % of Total Shares |                          |
| (2) Foreign   |   |           |           |                   |   |           |           |                   |                          |
| Sub-total (A) (2)   | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2)                  | -   | 29,90,000 | 29,90,000 | 99.67             | -   | 30,00,000 | 30,00,000 | 100               | 0.33                     |
| <b>B. Public Shareholding</b>                                       |   |           |           |                   |   |           |           |                   |                          |
| <b>1. Institutions</b>  |   |           |           |                   |   |           |           |                   | -                        |
| Sub-total (B)(1)  | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| <b>2. Non-Institutions</b>  |   |           |           |                   |   |           |           |                   | -                        |
| Individual shareholders holding nominal share capital upto ₹ 1 lakh | -   | 10,000    | 10,000    | 0.33              | -   | -         | -         | -                 | -                        |
| Sub-total (B)(2)  | -   | 10,000    | 10,000    | 0.33              | -   | -         | -         | -                 | -                        |
| Total Public Shareholding (B)=(B)(1)+ (B)(2)                        | -   | 10,000    | 10,000    | 0.33              | -   | -         | -         | -                 | -                        |
| C. Shares held by Custodian for GDRs & ADRs                         | -   | -         | -         | -                 | -   | -         | -         | -                 | -                        |
| <b>GRAND TOTAL (A+B+C)</b>  | -   | 30,00,000 | 30,00,000 | 100               | -   | 30,00,000 | 30,00,000 | 100               | -                        |

## (ii) Shareholding of Promoters

| Sr. No. | Shareholder's Name  | Shareholding at the beginning of the year |                                  |  | Share holding at the end of the year |                                      |   |  |
|---------|---|---|----------------------------------|--|--------------------------------------|--------------------------------------|---|--|
|         |   | No. of shares                             | % of total shares of the company | % of shares Pledged / encumbered to total shares | No. of shares                        | % of the total shares of the company | % of the shares pledged/ encumbered to total shares | % change in shareholding during the year |
| 1       | Motilal Oswal Financial Services Ltd.                               | 29,90,000                                 | 99.67                            | -  | 29,90,000                            | 99.67                                | -   | -  |
| 2       | Motilal Oswal Financial Services Ltd. Jointly with Motilal Oswal    | -   | -                                | -  | 5,000                                | 0.17                                 | -   | 0.17                                     |
| 3       | Motilal Oswal Financial Services Ltd. Jointly with Raamdeo Agarawal | -   | -                                | -  | 5,000                                | 0.16                                 | -   | 0.16                                     |
|         | <b>Total</b>  | <b>29,90,000</b>                          | <b>99.67</b>                     | <b>-</b>   | <b>30,00,000</b>                     | <b>100</b>                           | <b>-</b>  | <b>0.33</b>                              |

## iii) Change in Promoters' Shareholding

| Sr. No. | Shareholder's Name  | Shareholding at the beginning / end of the year |                                  | Date       | Increase / (Decrease) in Shareholding | Reason   | Cumulative Shareholding during the year |                                  |
|---------|---|---|----------------------------------|------------|---------------------------------------|----------|---|----------------------------------|
|         |   | No. of Shares                                   | % of total Shares of the company |            |                                       |          | No. of Shares                           | % of total Shares of the company |
| 1       | Motilal Oswal Financial Services Ltd.                               | 29,90,000                                       | 99.67                            | 01-04-2015 | -                                     | -        | -                                       | -                                |
|         |   | 29,90,000                                       | 99.67                            | 31-03-2016 | -                                     | -        | -                                       | -                                |
| 2       | Motilal Oswal Financial Services Ltd. Jointly with Motilal Oswal    | -   | -                                | 01-04-2015 | -                                     | -        | -                                       | -                                |
|         |   | 5,000   | 0.17                             | 07-08-2015 | 5,000                                 | Transfer | 5,000                                   | 0.17                             |
| 3       | Motilal Oswal Financial Services Ltd. Jointly with Raamdeo Agarawal | -   | -                                | 01-04-2015 | -                                     | -        | -                                       | -                                |
|         |   | 5,000   | 0.16                             | 31-03-2016 | -                                     | -        | -                                       | -                                |

# ANNEXURE 2 TO THE BOARD'S REPORT

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

| Sr. No. | For each of the Top 10 Shareholders | Shareholding at the Beginning of the year |                                  | Shareholding at the End of the year |                                  | Cumulative Shareholding During the year |                                  |
|---------|-------------------------------------|---|----------------------------------|-------------------------------------|----------------------------------|---|----------------------------------|
|         |                                     | No. of shares                             | % of total Shares of the company | No. of shares                       | % of total Shares of the company | No. of shares                           | % of total Shares of the company |
| NIL     |                                     |   |                                  |                                     |                                  |   |                                  |

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

| Sr. No. | For each of the Top 10 Shareholders | Shareholding at the Beginning / end of the year |                                  | Date       | Increase / (Decrease) in Shareholding | Reason   | Cumulative Shareholding during the year |                                  |
|---------|-------------------------------------|---|----------------------------------|------------|---------------------------------------|----------|---|----------------------------------|
|         |                                     | No. of Shares                                   | % of total Shares of the company |            |                                       |          | No. of shares                           | % of total Shares of the company |
| 1.      | Mr. Motilal Oswal                   | 5,000   | 0.17                             | 01-04-2015 |                                       |          |   |                                  |
|         |                                     |   |                                  | 07-08-2015 | (5,000)                               | Transfer | -                                       | -                                |
|         |                                     | -   | -                                | 31-05-2016 |                                       |          |   |                                  |
| 2.      | Mr. Raamdeo Agarawal                | 5,000   | 0.16                             | 01-04-2015 |                                       |          |   |                                  |
|         |                                     |   |                                  | 07-08-2015 | (5,000)                               | Transfer | -                                       | -                                |
|         |                                     | -   | -                                | 31-05-2016 |                                       |          |   |                                  |

## V. Indebtedness

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

Amount (₹)

| Particulars  | Secured Loans excluding deposits | Unsecured Loans  | Deposits | Total Indebtedness |
|--|----------------------------------|------------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                  |          |                    |
| i) Principal Amount  | -                                | 4,757,540        | -        | 4,757,540          |
| ii) Interest due but not paid                              | -                                | 53,250           | -        | 53,250             |
| iii) Interest accrued but not due                          | -                                | -                | -        | -                  |
| <b>Total (i+ii+iii)</b>                                    | -                                | 4,810,790        | -        | <b>4,810,790</b>   |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                  |          | -                  |
| • Addition   | -                                | 4,760,629        | -        | 4,760,629          |
| • Reduction  | -                                | 9,571,419        | -        | 9,571,419          |
| <b>Net Change</b>  | -                                | <b>4,810,790</b> | -        | <b>4,810,790</b>   |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                  |          |                    |
| i) Principal Amount  | -                                | -                | -        | -                  |
| ii) Interest due but not paid                              | -                                | (35,231)         | -        | (35,231)           |
| iii) Interest accrued but not due                          | -                                | -                | -        | -                  |
| <b>Total (i+ii+iii)</b>                                    | -                                | <b>(35,231)</b>  | -        | <b>(35,231)</b>    |

# ANNEXURE 2 TO THE BOARD'S REPORT

## VI. Remuneration of Directors And Key Managerial Personnel

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

Amount (₹)

| Sr. No. | Particulars of Remuneration   | Name of MD / WTD / Manager | Total Amount |
|---------|---|----------------------------|--------------|
| 1       | <b>Gross salary</b>   |                            |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | –                          | –            |
|         | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | –                          | –            |
|         | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961       | –                          | –            |
| 2       | Stock Option  | –                          | –            |
| 3       | Sweat Equity  | –                          | –            |
| 4       | Commission as % of profit   | –                          | –            |
| 5       | Others, please specify Variable Incentives  | –                          | –            |
|         | <b>Total (A)</b>  | –                          | –            |
|         | Ceiling as per the Act *5% of the net profit calculated as per Section 198          |                            | –            |

### B. Remuneration to other directors:

Amount (₹)

| Sr. No. | Particulars of Remuneration                    | Name of Directors | Total Amount |
|---------|--|-------------------|--------------|
| 1.      | Independent Directors                          |                   |              |
|         | • Fee for attending board / committee meetings | –                 | –            |
|         | • Commission                                   | –                 | –            |
|         | • Others, please specify                       | –                 | –            |
|         | <b>Total (1)</b>                               | –                 | –            |
| 2.      | Other Non-Executive Directors                  |                   |              |
|         | • Fee for attending board / committee meetings | –                 | –            |
|         | • Commission                                   | –                 | –            |
|         | • Others, please specify                       | –                 | –            |
|         | <b>Total</b>                                   | –                 | –            |

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

Amount (₹)

| Sr. No. | Particulars of Remuneration   | Key Managerial Personnel |                   |     |       |
|---------|---|--------------------------|-------------------|-----|-------|
|         |   | CEO                      | Company Secretary | CFO | Total |
| 1       | <b>Gross salary</b>   |                          |                   |     |       |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | –                        | –                 | –   | –     |
|         | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | –                        | –                 | –   | –     |
|         | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961       | –                        | –                 | –   | –     |

# ANNEXURE 2 TO THE BOARD'S REPORT

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

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

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

Place : Mumbai  
Date : 22nd April, 2016.

**Motilal Oswal**  
*Chairman*  
(DIN : 00024503)

# INDEPENDENT AUDITORS' REPORT

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

## Report on the Financial Statements:

We have audited the accompanying financial statements of MOTILAL OSWAL INSURANCE BROKERS PRIVATE LIMITED ("the Company"), which comprises the Balance Sheet as at 31st March 2016, the statement of Profit and Loss and the Cash Flow Statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2016; and
- (ii) In the case of the statement of Profit and Loss, of the Loss for the year ended on that date;
- (iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (1) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit
  - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - (c) The company's balance sheet and profit and loss account dealt with in the report are in agreement with the books of account and returns;
  - (d) In our opinion, the financial statements comply with the accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

- (e) On the basis of written representations received from the directors as on 31st March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.
- (f) The company has adequate internal financial controls system in place and is operating effectively
- (g) The company does not have any pending litigations as at 31st March 2016 which would impact its financial position.
- (h) The company did not have any Long Term Contracts including derivative contracts for which there were any material foreseeable losses.

For **Aneel Lasod And Associates**

*Chartered Accountants*

Firm Registration No.:- 124609W

**Aneel Lasod**

*(Partner)*

M.No.:-040117

Place: Mumbai

Date: 22nd April, 2016

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

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

Annexure referred to in our report to the members of MOTILAL OSWAL INSURANCE BROKERS PRIVATE LIMITED for the year ended March 31, 2016. We report that:

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

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

### **2. Inventories:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **10. Fraud:**

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

# INDEPENDENT AUDITORS' REPORT (Contd..)

## **11. Managerial Remuneration:**

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

## **12. Nidhi Company:**

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

## **13. Related Party Transaction:**

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

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

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

## **15. Non cash transactions:**

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

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

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

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

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

Place: Mumbai  
Date: 22nd April, 2016

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

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

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

We have audited the internal financial controls over financial reporting of MOTILAL OSWAL INSURANCE BROKERS PRIVATE LIMITED ("the Company") as of 31st March 2016 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

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

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

Controls over Financial Reporting issued by The Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of financial information, as required under the Companies Act, 2013.

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

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

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

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

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatement due to error or fraud may occur and not to be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial

reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

## **Opinion:**

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st, 2016, based on the essential components of internal control stated in the guidance notes issued by ICAI.

**For Aneel Lasod And Associates**

*Chartered Accountants*

Firm Registration No.:- 124609W

**Aneel Lasod**

*(Partner)*

M.No.:-040117

Place: Mumbai

Date: 22nd April, 2016

# BALANCE SHEET

## Balance Sheet as at March 31, 2016

|                                 | Note No. | As on 31-Mar-16<br>(In ₹) | As on 31-Mar-15<br>(In ₹) |
|---------------------------------|----------|---------------------------|---------------------------|
| <b>I EQUITY AND LIABILITIES</b> |          |                           |                           |
| <b>Share Holder's Funds :</b>   |          |                           |                           |
| Share Capital                   | 1        | 30,000,000                | 30,000,000                |
| Reserve & Surplus               | 2        | (6,154,134)               | (18,518,401)              |
| <b>Non Current Liabilities</b>  |          |                           |                           |
| Long term provisions            | 3        | 106,719                   | 66,689                    |
| <b>Current Liabilities</b>      |          |                           |                           |
| Short term borrowings           | 4        | (33,736)                  | 4,810,790                 |
| Other curent liabilities        | 5        | 112,758                   | (357,255)                 |
| Short term provisions           | 6        | 1,096,534                 | 1,243,606                 |
| <b>TOTAL</b>                    |          | <b>25,128,141</b>         | <b>17,245,429</b>         |
| <b>II. ASSETS</b>               |          |                           |                           |
| <b>(1) Non/ Current Assets</b>  |          |                           |                           |
| a. Fixed assets                 |          |                           |                           |
| (i) Tangible assets             | 7        | 66,941                    | 196,586                   |
| Deferred tax assets (net )      | 8        | 2,947,700                 | 8,601,375                 |
| Long term loans & advances      | 9        | 1,358                     | 5,330                     |
| Other non current assets        | 10       | 7,413,719                 | 6,843,976                 |
| <b>(2) Current Assets</b>       |          |                           |                           |
| Trade receivables               | 11       | 3,357,422                 | –                         |
| Cash & cash equivalents         | 12       | 7,673,877                 | 121,324                   |
| Short term loans & advances     | 13       | 3,667,124                 | 1,476,838                 |
| <b>TOTAL</b>                    |          | <b>25,128,141</b>         | <b>17,245,429</b>         |

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

As per our attached report of even date

**For Aneel Lasod and Associates**

*Chartered Accountants*

Firm Registration No. 124609W

**Aneel Lasod**

*Partner*

M No: 40117

Place : Mumbai

Dated : 22nd April, 2016

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

**Motilal Oswal**

*Chairman & Director*

DIN No. 00024503

**Raamdeo Agarawal**

*Director*

DIN No. 00024533

# STATEMENT OF PROFIT AND LOSS

## Statement of Profit and Loss for the year ended 31st March, 2016

|  | Note No. | For the Year ended<br>31-Mar-16<br>(In ₹) | For the Year ended<br>31-Mar-15<br>(In ₹) |
|--|----------|---|---|
| <b>INCOME :</b>  |          |   |   |
| Revenue from operations  | 14       | 27,787,165                                | 3,521,986                                 |
| Other Income   | 15       | 681,596                                   | 639,217                                   |
| <b>Total Revenue</b>   |          | <b>28,468,761</b>                         | <b>4,161,203</b>                          |
| <b>EXPENSES :</b>  |          |   |   |
| Employee benefits expense                                      | 16       | 7,432,675                                 | 9,840,267                                 |
| Finance costs  | 17       | 499,917                                   | 293,573                                   |
| Depreciation and amortization expense                          | 7        | 129,645                                   | 155,612                                   |
| Other expenses   | 18       | 2,388,583                                 | 2,435,991                                 |
| <b>Total expenses</b>  |          | <b>10,450,820</b>                         | <b>12,725,443</b>                         |
| <b>Loss before exceptional and extraordinary items and tax</b> |          | <b>18,017,941</b>                         | <b>(8,564,240)</b>                        |
| Exceptional items  |          | –   | –   |
| <b>Profit before extraordinary items and tax (V - VI)</b>      |          | <b>18,017,941</b>                         | <b>(8,564,240)</b>                        |
| Extraordinary Items  |          | –   | –   |
| <b>Profit/ (Loss) before tax</b>                               |          | <b>18,017,941</b>                         | <b>(8,564,240)</b>                        |
| <b>Tax expense:</b>  |          |   |   |
| Current tax  |          | 3,303,480                                 | –   |
| MAT Credit Entitlement   |          | (3,303,480)                               | –   |
| Deferred tax   |          | 5,653,675                                 | (2,640,473)                               |
| <b>Profit/ (Loss) after tax</b>                                |          | <b>12,364,267</b>                         | <b>(5,923,767)</b>                        |
| Earnings per equity share:                                     |          |   |   |
| (1) Basic  |          | 4.12                                      | (2.49)                                    |
| (2) Diluted  |          | 4.12                                      | (2.49)                                    |

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

As per our attached report of even date

### For Aneel Lasod and Associates

Chartered Accountants

Firm Registration No. 124609W

**Aneel Lasod**

Partner

M No: 40117

Place : Mumbai

Dated : 22nd April, 2016

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

**Motilal Oswal**

Chairman & Director

DIN No. 00024503

**Raamdeo Agarawal**

Director

DIN No. 00024533

# CASH FLOW STATEMENT

## Cash flow statement as of 31st March, 2016

| Particulars  | For the Year ended<br>31-Mar-16<br>(In ₹) | For the Year ended<br>31-Mar-15<br>(In ₹) |
|--|---|---|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>         |   |   |
| <b>Profit before taxation</b>                      | 18,017,941                                | (8,564,240)                               |
| Adjustment for                                     |   |   |
| Interest paid                                      | 499,917                                   | 293,573                                   |
| Interest Received                                  | (681,596)                                 | (579,941)                                 |
| Dividend Income                                    | –   | (58,714)                                  |
| Depreciation                                       | 129,645                                   | 155,612                                   |
| Profit on sale of Investment                       | –   | (563)                                     |
| Adjustment for working capital changes             |   |   |
| Increase/(Decrease) other long term provision      | 40,030                                    | 35,340                                    |
| Increase/(Decrease) Other Current Liabilities      | 470,013                                   | (874,810)                                 |
| Increase/(Decrease) Short-term Provision           | (147,072)                                 | 1,118,900                                 |
| (Increase)/Decrease In Short-term Loans & Advances | (2,190,285)                               | (952,911)                                 |
| (Increase)/Decrease In trade receivables           | (3,357,421)                               | 119,696                                   |
| (Increase)/Decrease In long term loans & advances  | 3,972                                     | 672                                       |
| (Increase)/Decrease In Other Current Assets        |   |   |
| <b>CASH USED IN OPERATIONS</b>                     | <b>12,785,143</b>                         | <b>(9,307,386)</b>                        |
| Taxes Paid (Net of Refunds )                       | –   | –   |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>          | <b>12,785,143</b>                         | <b>(9,307,386)</b>                        |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>         |   |   |
| Purchase of tangible assets                        | –   | (324,876)                                 |
| Interest Received on Fixed Deposits                | 681,596                                   | 99,389                                    |
| Profit on sale of mutual fund                      | –   | 563                                       |
| Dividend Income                                    | –   | 58,714                                    |
| Investment in FD                                   | (569,742)                                 | –   |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>     | <b>111,854</b>                            | <b>(166,211)</b>                          |

# CASH FLOW STATEMENT (Contd..)

| Particulars  | For the Year ended<br>31-Mar-16<br>(In ₹) | For the Year ended<br>31-Mar-15<br>(In ₹) |
|--|---|---|
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                           |   |   |
| Increase in share capital  | –   | –   |
| Increase/(Decrease) Short-term Borrowings                            | (4,844,526)                               | 4,810,790                                 |
| Interest paid  | (499,917)                                 | (293,573)                                 |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>                       | <b>(5,344,443)</b>                        | <b>4,517,217</b>                          |
| <b>NET CASH FLOW FOR THE YEAR ENDED</b>                              | <b>7,552,555</b>                          | <b>(4,956,380)</b>                        |
| <b>Cash &amp; Cash Equivalents as at beginning of period :</b>       |   |   |
| Cash & Cash Equivalents comprise of                                  |   |   |
| Scheduled Bank - In Current Account                                  | 121,324                                   | 77,702                                    |
| Fixed Deposit with Banks   | –   | 5,000,000                                 |
| <b>Total Cash &amp; Cash Equivalents as at beginning of the year</b> | <b>121,324</b>                            | <b>5,077,702</b>                          |
| <b>Cash &amp; Cash Equivalents as at end of period :</b>             |   |   |
| Cash & Cash Equivalents as at end of the year                        |   |   |
| Cash on hand   | –   | –   |
| Scheduled Bank - In Current Account                                  | 7,673,877                                 | 121,324                                   |
| Fixed Deposit with Banks   | –   | –   |
| <b>Total Cash &amp; Cash Equivalents as at end of the year</b>       | <b>7,673,877</b>                          | <b>121,324</b>                            |

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

As per our attached report of even date

**For Aneel Lasod and Associates**

Chartered Accountants

Firm Registration No. 124609W

**Aneel Lasod**

Partner

M No: 40117

Place : Mumbai

Dated : 22nd April, 2016

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

**Motilal Oswal**

Chairman & Director

DIN No. 00024503

**Raamdeo Agarawal**

Director

DIN No. 00024533

# NOTES TO FINANCIAL STATEMENT

## Note 1 : Share Capital

|   | As at 31-Mar-16  |                   | As at 31-Mar-15  |                   |
|---|------------------|-------------------|------------------|-------------------|
|   | In Numbers       | In ₹              | In Numbers       | In ₹              |
| <b>Authorised :</b>                     |                  |                   |                  |                   |
| Equity Shares of ₹10/- Each             | 5,000,000        | 50,000,000        | 5,000,000        | 50,000,000        |
| <b>Issued, Subscribed and Paid Up :</b> |                  |                   |                  |                   |
| Equity Shares of ₹10/- Each             | 3,000,000        | 30,000,000        | 3,000,000        | 30,000,000        |
| <b>TOTAL</b>                            | <b>3,000,000</b> | <b>30,000,000</b> | <b>3,000,000</b> | <b>30,000,000</b> |

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

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

|                                    | As at 31-Mar-16<br>No. of shares | As at 31-Mar-15<br>No. of shares |
|------------------------------------|----------------------------------|----------------------------------|
| Number of shares at the beginning  | 3,000,000                        | 1,000,000                        |
| Add: Shares issued during the year | —                                | 2,000,000                        |
| <b>Number of shares at the end</b> | <b>3,000,000</b>                 | <b>3,000,000</b>                 |

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

| Share Holders                            | As at 31-Mar-16 |              | As at 31-Mar-15 |              |
|--|-----------------|--------------|-----------------|--------------|
|  | No of Shares    | % of Holding | No of Shares    | % of Holding |
| Motilal Oswal Financial Services Limited | 3,000,000       | 99.67        | 2,990,000       | 99.67        |

## Note 2: Reserves and Surplus

|  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--|-------------------------|-------------------------|
| <b>Surplus/(Deficit)</b>                       |                         |                         |
| Opening balance                                | (18,518,401)            | (12,594,635)            |
| (+) Net Profit/(Net Loss) For the current year | 12,364,267              | (5,923,767)             |
| <b>Closing Balance</b>                         | <b>(6,154,134)</b>      | <b>(18,518,401)</b>     |

## Note 3 : Long Term Provisions

|  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--|-------------------------|-------------------------|
| <b>Others</b>  |                         |                         |
| Gratuity obligation - unamortised amount relating to plan amendment (LT) | 106,719                 | 66,689                  |
| <b>Total</b>   | <b>106,719</b>          | <b>66,689</b>           |

# NOTES TO FINANCIAL STATEMENT

## Note 4 : Short Term Borrowings

|   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---|-------------------------|-------------------------|
| (unsecured, considered good)                                      |                         |                         |
| Loans repayable on demand   |                         |                         |
| – from holding company (Motilal Oswal Financial Services Pvt Ltd) | (33,736)                | 4,810,790               |
| <b>Total</b>  | <b>(33,736)</b>         | <b>4,810,790</b>        |

## Note 5 : Other Current Liabilities

|                                     | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|-------------------------------------|-------------------------|-------------------------|
| Advance received from customers     | –                       | (561,670)               |
| Withholding and other taxes payable | 47,155                  | 62,794                  |
| Creditors for Expenses              | 65,604                  | 141,621                 |
| <b>Total</b>                        | <b>112,758</b>          | <b>(357,255)</b>        |

## Note 6 : Short Term Provisions

|  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--|-------------------------|-------------------------|
| <b>Provision for Employee Benefits</b>   |                         |                         |
| Gratuity obligation - unamortised amount relating to plan amendment (refer to note 19) | 55,336                  | 27,590                  |
| Employees Contribution to PF   | 9,742                   | 9,058                   |
| Incentives Payable   | 279,723                 | –                       |
| Provision for Ex Gratia  | 585,210                 | 1,060,576               |
| Leave encashment   | 144,141                 | 146,382                 |
| Provision for Expenses   | 22,382                  | –                       |
| <b>Total</b>   | <b>1,096,534</b>        | <b>1,243,606</b>        |

## Note 7 : Fixed Assets

(in ₹)

| PARTICULARS            | GROSS BLOCK       |           |           |                   | DEPRICIATION      |                |           |                   | NET BLOCK         |                   |  |
|------------------------|-------------------|-----------|-----------|-------------------|-------------------|----------------|-----------|-------------------|-------------------|-------------------|--|
|                        | As At<br>1-Apr-15 | Additions | Deduction | As At<br>1-Apr-16 | As At<br>1-Apr-15 | Additions      | Deduction | As At<br>1-Apr-16 | As At<br>1-Apr-16 | As At<br>1-Apr-15 |  |
| <b>Tangible Assets</b> |                   |           |           |                   |                   |                |           |                   |                   |                   |  |
| Computer               | 357,876           |           | –         | 357,876           | 161,290           | 129,645        | –         | 290,935           | 66,941            | 196,586           |  |
| <b>Total</b>           | <b>357,876</b>    | <b>–</b>  | <b>–</b>  | <b>357,876</b>    | <b>161,290</b>    | <b>129,645</b> | <b>–</b>  | <b>290,935</b>    | <b>66,941</b>     | <b>196,586</b>    |  |

# NOTES TO FINANCIAL STATEMENT

## Note 8 : Deferred Taxes ( Net)

|                        | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹   |
|------------------------|-------------------------|---------------------------|
| Deferred tax assets    |                         |                           |
| Provision for gratuity | 50,075                  | (29,132)                  |
| Carry forward losses   | 2,896,822               | (8,579,267)               |
| WDV of Fixed assets    | 803                     | 7,025                     |
|                        | <u>2,947,700</u>        | <u>(8,601,374)</u>        |
| <b>Restricted to ₹</b> | <u><b>2,947,700</b></u> | <u><b>(8,601,374)</b></u> |

## Note 9 : Long Term Loans & Advances

|                      | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|----------------------|-------------------------|-------------------------|
| Prepaid Expenses(LT) | 1,358                   | 5,330                   |
| <b>Total</b>         | <u><b>1,358</b></u>     | <u><b>5,330</b></u>     |

## Note 10 : Other Non Current Assets

|  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--|-------------------------|-------------------------|
| Other Bank Balance ( Lien marked to IRDA)<br>(FD having maturity period more than 12 months) | 6,000,000               | 6,000,000               |
| Accrued Interest on FDR  | 1,413,719               | 843,976                 |
| <b>Total</b>   | <u><b>7,413,719</b></u> | <u><b>6,843,976</b></u> |

## Note 11 : Trade Receivables

|                   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|-------------------|-------------------------|-------------------------|
| Sundry Receivable | 3,357,422               | -                       |
| <b>Total</b>      | <u><b>3,357,422</b></u> | <u><b>-</b></u>         |

## Note 12 : Cash And Cash Equivalents

|                          | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--------------------------|-------------------------|-------------------------|
| Balances with banks      |                         |                         |
| In Current Account       | 7,673,877               | 121,324                 |
| Fixed Deposit with Banks | -                       | -                       |
| <b>Total</b>             | <u><b>7,673,877</b></u> | <u><b>121,324</b></u>   |

# NOTES TO FINANCIAL STATEMENT

## Note 13 : Short Term Loans And Advances

|                           | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---------------------------|-------------------------|-------------------------|
| <b>Loans and advances</b> |                         |                         |
| – Other taxes receivable  | 2,994,042               | 842,371                 |
| – Prepaid Expenses        | 41,208                  | 64,688                  |
| – Other advances          | 66,374                  | 4,279                   |
| – Deposit Rent            | 565,500                 | 565,500                 |
| <b>Total</b>              | <b>3,667,124</b>        | <b>1,476,838</b>        |

## Note 14 : Revenue from operations

|                  | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|------------------|---|---|
| Brokerage Income | 27,787,165                              | 3,521,986                               |
| <b>Total</b>     | <b>27,787,165</b>                       | <b>3,521,986</b>                        |

## Note 15 : Other Income

|                              | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|------------------------------|---|---|
| Dividend on Mutual Fund      | –                                       | 58,714                                  |
| Profit on sale of Investment | –                                       | 563                                     |
| Interest                     | 681,596                                 | 579,941                                 |
| <b>Total</b>                 | <b>681,596</b>                          | <b>639,217</b>                          |

## Note 16 : Employee Benefits Expense

|  | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|--|---|---|
| Salary, Bonus and Allowances             | 7,214,769                               | 9,609,782                               |
| Contribution to Provident and other Fund | 117,052                                 | 116,119                                 |
| Gratuity                                 | 67,776                                  | 84,892                                  |
| Staff welfare expenses                   | 33,078                                  | 29,474                                  |
| <b>Total</b>                             | <b>7,432,675</b>                        | <b>9,840,267</b>                        |

# NOTES TO FINANCIAL STATEMENT

## Note 17 : Finance cost

|                  | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|------------------|---|---|
| Interest expense | 499,917                                 | 293,573                                 |
| <b>Total</b>     | <b>499,917</b>                          | <b>293,573</b>                          |

## Note 18 : Other Expenses

|                             | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|-----------------------------|---|---|
| Distribution cost           | –                                       | –                                       |
| Rates & Taxes               | 7,213                                   | 9,404                                   |
| Rent                        | 1,132,884                               | 1,131,000                               |
| Insurance                   | 122,992                                 | 138,868                                 |
| Auditors Remuneration       | 114,500                                 | 15,500                                  |
| Legal & Professional Fees   | 89,865                                  | 130,526                                 |
| Communication Expenses      | 117,866                                 | 166,156                                 |
| Travelling Expenses         | 517,126                                 | 478,879                                 |
| Entertainment Expenses      | 155,100                                 | 119,919                                 |
| Registration & filling fees | 27,194                                  | 115                                     |
| Miscellaneous Expenses      | 103,843                                 | 245,624                                 |
| <b>Total</b>                | <b>2,388,583</b>                        | <b>2,435,991</b>                        |

## Note 19 : Background

Motilal Oswal Insurance Brokers Private Limited was incorporated on April 23, 2007. The principal shareholder of the Company as at March 31, 2016 is Motilal Oswal Financial Services Limited (MOFSL). During the FY 2013-14 the company has received license from Insurance Regulatory and Development Authority (IRDA) (Regn No. IRDA/DB439/09 date of Regn Aug 20, 2013) for conducting insurance broking business.

## Note 20 : Significant Accounting Policies:

### a) Basis of preparation of financial statements:

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

All assets and liabilities have been classified as current or noncurrent as per the company's normal operating cycle and other criteria set out in the schedule III to the Companies Act 2013. Based on the nature of business the company has ascertained its operating cycle as twelve months for the purpose of current and non - current classification of assets and liabilities.

### b) Use of estimates:

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements

# NOTES TO FINANCIAL STATEMENT

are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any differences of actual results to such estimates are recognized in the year in which the results are known / materialized.

## c) Revenue Recognition:

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

## d) Employee Benefits:

### Provident Fund:

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

### Gratuity:

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

### Compensated Absences:

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

### Ex-gratia (Bonus):

The company recognizes the costs of bonus payments when it has a present obligation to make such payments as a result of past events and the reliable estimate of the obligation can be made.

## e) Taxation:

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

### Current Tax:

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

### Deferred taxation:

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

## f) Preliminary Expenses:

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

## g) Provisions and contingencies:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made

# NOTES TO FINANCIAL STATEMENT

when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

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

## h) Impairment of assets:

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

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

Property, plant and equipments are stated at the cost of acquisition less accumulated depreciation thereon. Cost of acquisition is inclusive of taxes, duties, freight and other incidental costs relating to their acquisition and installation of these assets. The Company provides pro-rata depreciation from the date on which asset is acquired /put to use. In respect of assets sold, pro-rata depreciation is provided upto the date on which the asset is sold. Depreciation is based on the cost of an asset less its residual value as notified in Schedule II to the Companies Act, 2013. In pursuant of Schedule II of the Companies Act 2013, the fixed assets of the significant value are componentized with separate useful life. In case of addition, depreciation is provided pro-rata for entire month in which addition is made and in case of deletions, depreciation is provided till month preceding month of disposal of such assets. On all assets, except as mentioned below, depreciation has been provided based on Written Down Value method using the useful life as specified in Schedule II to the Companies Act, 2013.

## Note 21 : Auditors' Remuneration :

|                                       | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|---------------------------------------|---|---|
| As Auditors:                          |   |   |
| Audit fees                            | 25,000                                  | 9,500                                   |
| In any other capacity, in respect of: |   |   |
| Other Services                        | 89,500                                  | 6,000                                   |
| Service Tax                           | —                                       | 1,916                                   |
| <b>TOTAL</b>                          | <b>114,500</b>                          | <b>17,416</b>                           |

## Note 22 : Basic & Diluted Earnings per share :

|   | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|---|---|---|
| Net Profit / (Loss) attributable to equity shareholders [A] (₹) | 12,364,267                              | (5,923,767)                             |
| Weighted Average Number of equity shares issued [B] (₹)         | 3,000,000                               | 3,000,000                               |
| <b>Basic &amp; Diluted Earnings per share (EPS)[A/B] (₹)</b>    | <b>4.12</b>                             | <b>(1.97)</b>                           |

# NOTES TO FINANCIAL STATEMENT

## Note 23 : Related Party Disclosure:

### I. Names of Related Parties:-

#### A) Holding Company:

1. Motilal Oswal Financial Services Limited

#### B) Ultimate Holding Company:

1. Passionate Investment Management Private Limited

#### C) Fellow subsidiaries:

1. Motilal Oswal Securities Ltd.
2. Motilal Oswal Commodities Broker Private Limited
3. Motilal Oswal Investment Advisors Private Limited
4. Motilal Oswal Private Equity Advisors Private Limited
5. Motilal Oswal Wealth Management Limited
6. Motilal Oswal Capital Markets Private Limited
7. Motilal Oswal Asset Management Co. Ltd.
8. Motilal Oswal Trustee Co. Ltd.
9. Motilal Oswal Securities International Pvt. Ltd.
10. Motilal Oswal Capital Markets (Hongkong) Pvt. Ltd.
11. Motilal Oswal Capital Markets (Singapore) Pte. Limited
12. Aspire Home Finance Corporation Ltd
13. Motilal Oswal Real Estate Investment Advisors Private Limited
14. Motilal Oswal Real Estate Investment Advisors II Private Limited
15. India Business Excellence Management Company
16. Motilal Oswal Asset Management (Mauritius) Pvt. Ltd
17. Nagori Agro & Cattle Feeds Private Limited
18. VISU Associates - Partnership firm
19. OSAG Enterprises LLP

#### D) Key management personnel

- Motilal Oswal - Chairman & Director
- Raamdeo Agrawal- Director
- Harsh Joshi- Director

#### E) Enterprises in which key management personnel exercise significant Influence

- Motilal Oswal Foundation

### (ii) Transactions with related parties for the year ended 31st March, 2016 :

| Transaction                   | Name of the related Party            | Holding Company |             | Total     |             |
|-------------------------------|--------------------------------------|-----------------|-------------|-----------|-------------|
|                               |                                      | 2015-2016       | 2014-2015   | 2015-2016 | 2014-2015   |
| Interest Expense              | Motilal Oswal Financial Services Ltd | 499,917         | 293,573     | 499,917   | 293,573     |
| Rent Expense                  | Motilal Oswal Financial Services Ltd | 1,131,000       | 1,131,000   | 1,131,000 | 1,131,000   |
| Loans taken (Maximum balance) | Motilal Oswal Financial Services Ltd | 9,155,732       | 5,802,340   | 9,155,732 | 5,802,340   |
| <b>Outstanding Balances:</b>  |                                      |                 |             |           |             |
| Loans Given / (Taken)         | Motilal Oswal Financial Services Ltd | (33,736)        | (4,810,790) | (33,736)  | (4,810,790) |
| Rent Deposit Given / (Taken)  | Motilal Oswal Financial Services Ltd | 565,500         | 565,500     | 565,500   | 565,500     |

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

# NOTES TO FINANCIAL STATEMENT

## Note 24 :

- A) In the opinion of the Board of Directors, all current assets, loans and advances would be realizable at least of an amount equal to the amount at which they are stated in the Balance sheet. There is no impairment in the Fixed Assets.
- B) The Company has unabsorbed business loss of ₹ 93,74,828/- (P.Y. ₹ 2,77,64,619/-) on which it has recognized Deferred Tax Assets (DTA) of ₹ 28,96,822/- (P.Y. ₹ 85,79,267/-). Such recognition of DTA is created on the basis of profits / revenue which is going to be generated in future. Profit generated from such agreement will be able to recoup the entire amount of existing unabsorbed losses

## Note 25 :

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

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

|  | 31-Mar-16            | 31-Mar-15            |
|--|----------------------|----------------------|
| <b>I Assumptions as at</b>                               |                      |                      |
| Mortality  | IALM (2006-08) Ult.  | IALM (2006-08) Ult.  |
| Interest / Discount Rate                                 | 7.49%                | 7.77%                |
| Rate of increase in compensation                         | 7.00%                | 3.00%                |
| Rate of return (expected) on plan assets                 |                      |                      |
| Employee Attrition Rate(Past Service (PS))               | PS: 0 to 37 : 33.83% | PS: 0 to 37 : 24.67% |
| Expected average remaining service                       | 1.79                 | 2.83                 |
| <b>II Changes in present value of obligations</b>        |                      |                      |
| PVO at beginning of period                               | 94,279               | 45,445               |
| Interest cost  | 7,325                | 2,399                |
| Current Service Cost                                     | 65,953               | 39,773               |
| Past Service Cost- (non vested benefits)                 | –                    | –                    |
| Past Service Cost -(vested benefits)                     | –                    | –                    |
| Benefits Paid  | –                    | -36058               |
| Actuarial (Gain)/Loss on obligation                      | (5,502)              | 42,720               |
| PVO at end of period                                     | 162,055              | 94,279               |
| <b>III Changes in fair value of plan assets</b>          |                      |                      |
| Fair Value of Plan Assets at beginning of period         | –                    | –                    |
| Expected Return on Plan Assets                           | –                    | –                    |
| Contributions  | –                    | 36058                |
| Benefit Paid   | –                    | -36058               |
| Actuarial Gain/(Loss) on plan assets                     | –                    | –                    |
| Fair Value of Plan Assets at end of period               | –                    | –                    |
| <b>IV Fair Value of Plan Assets</b>                      |                      |                      |
| Fair Value of Plan Assets at beginning of period         | 0                    | –                    |
| Actual Return on Plan Assets                             | 0                    | –                    |
| Contributions  | 0                    | 36058                |
| Benefit Paid   | –                    | -36058               |
| Fair Value of Plan Assets at end of period               | 0                    | –                    |
| Funded Status (including unrecognised past service cost) | (162,055)            | (94,279)             |
| Excess of actual over estimated return on Plan Assets    | –                    | –                    |

# NOTES TO FINANCIAL STATEMENT

|  | <b>31-Mar-16</b> | <b>31-Mar-15</b> |
|--|------------------|------------------|
|  | 31-Mar-16        | 31-Mar-15        |
| <b>V Experience History</b>  |                  |                  |
| (Gain)/Loss on obligation due to change in Assumption  | (220)            | (12,167)         |
| Experience (Gain)/ Loss on obligation  | (5,282)          | 54,887           |
| Actuarial Gain/(Loss) on plan assets   | 0                | -                |
| <b>VI Actuarial Gain/(Loss) Recognized</b>   |                  |                  |
| Actuarial Gain/(Loss) for the period (Obligation)  | 5,502            | (42,720)         |
| Actuarial Gain/(Loss) for the period (Plan Assets)   | -                | -                |
| Total Gain/(Loss) for the period   | 5,502            | (42,720)         |
| Actuarial Gain/(Loss) recognized for the period  | 5,502            | (42,720)         |
| Unrecognized Actuarial Gain/(Loss) at end of period  | -                | -                |
| <b>VII Past Service Cost Recognised</b>  |                  |                  |
| Past Service Cost- (non vested benefits)   | -                | -                |
| Past Service Cost -(vested benefits)   | -                | -                |
| Average remaining future service till vesting of the benefit   | -                | -                |
| Recognised Past service Cost- non vested benefits  | -                | -                |
| Recognised Past service Cost- vested benefits  | -                | -                |
| Unrecognised Past Service Cost- non vested benefits  | -                | -                |
| <b>VIII Amounts to be recognized in the balance sheet and statement of profit &amp; loss account</b> |                  |                  |
| PVO at end of period   | 162,055          | 94,279           |
| Fair Value of Plan Assets at end of period   | 0                | -                |
| Funded Status  | (162,055)        | (94,279)         |
| Unrecognized Actuarial Gain/(Loss)   | 0                | -                |
| Unrecognised Past Service Cost- non vested benefits  | 0                | -                |
| Net Asset/(Liability) recognized in the balance sheet  | (162,055)        | (94,279)         |
| <b>IX Expense recognized in the statement of P &amp; LAIC</b>  |                  |                  |
| Current Service Cost   | 65,953           | 39,773           |
| Interest cost  | 7,325            | 2,399            |
| Past Service Cost- (non vested benefits)   | 0                | -                |
| past Service Cost "(vested benefits)   | 0                | -                |
| Unrecognised Past Service Cost- non vested benefits  | 0                | -                |
| Expected Return on Plan Assets   | 0                | -                |
| Net Actuarial (Gain)/Loss recognized for the period  | (5,502)          | 42,720           |
| Expense recognized in the statement of P & L AIC   | 67,776           | 84,892           |
| <b>X Movements in the Liability recognized in Balance Sheet</b>                                      |                  |                  |
| Opening Net Liability  | 94,279           | 45,445           |
| Expenses as above  | 67,776           | 84,892           |
| Contribution paid  | 0                | (36,058)         |
| Closing Net Liability  | 162,055          | 94,279           |
| <b>XI Revised Schedule VI</b>  |                  |                  |
| Current Liability  | 55336            | 27590            |
| Non-Current Liability  | 106719           | 66689            |

# NOTES TO FINANCIAL STATEMENT

## Note 26 : Provisions made for the Year ended 31st March, 2016 comprises of:

| Particulars | Opening balance | Provided during the year ended 31.03.16 | Provision Paid /reversed during the year ended 31.03.16 | Closing balance as of 31.03.16 |
|-------------|-----------------|---|---|--------------------------------|
| Ex-gratia   | 1,060,576       | 585,210                                 | 1,060,576   | 585,210                        |
| Gratuity    | 94,279          | 67,776                                  | 0   | 162,055                        |

| Particulars | Opening balance | Provided during the year ended 31.03.15 | Provision Paid /reversed during the year ended 31.03.15 | Closing balance as of 31.03.15 |
|-------------|-----------------|---|---|--------------------------------|
| Ex-gratia   | 88,747          | 1,060,576                               | 88,747  | 1,060,576                      |
| Gratuity    | 45,445          | 84,892                                  | (36,058)  | 94,279                         |

## Note 27 :

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

### For Aneel Lasod and Associates

Chartered Accountants

Firm Registration No. 124609W

**Aneel Lasod**

Partner

M No: 40117

Place : Mumbai

Dated : 22nd April, 2016

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

**Motilal Oswal**

Chairman & Director

DIN No. 00024503

**Raamdeo Agarawal**

Director

DIN No. 00024533

# **Motilal Oswal Commodities Broker Private Limited**

**Annual Report 2015-2016**

# BOARD'S REPORT

To the Members,

Your Directors have pleasure in presenting their 25th Annual Report together with the audited Financial Statement of your Company for the year ended 31st March, 2016.

## Financial Highlights

A summary of the financial performance of the Company for the financial year ended on 31st March, 2016 is given below:

Amount (₹)

| Particulars   | Financial Year Ended<br>31st March, 2016 | Financial Year Ended<br>31st March, 2015 |
|---|--|--|
| Revenue   | 111,053,000                              | 91,401,449                               |
| Profit before Interest, Depreciation & Tax                  | (716,971)                                | (29,673,695)                             |
| Interest Paid   | 7,122,776                                | 3,388,123                                |
| Depreciation  | 5,925,339                                | 2,260,082                                |
| <b>Profit / (Loss) before Taxation and exceptional item</b> | <b>(13,765,086)</b>                      | <b>(35,321,900)</b>                      |
| Less: Provision for Taxation                                |  |  |
| Current Tax   | 1,980,217                                | 224,397                                  |
| Deferred Tax  | (5,693,027)                              | (9,996,293)                              |
| Tax for earlier year(s)                                     | –  | (2,805,965)                              |
| Profit / (Loss) for the year                                | (10,052,276)                             | (22,744,039)                             |
| Balance Profit / (Loss) brought Forward                     | 158,297,661                              | 181,121,536                              |
| Less: Transfer to General Reserve                           | –  | –  |
| Less: Transitional Depreciation                             | –  | (79,836)                                 |
| Balance Profit / (Loss) carried Forward                     | 148,245,386                              | 158,297,661                              |

## Review of Operations and Future Outlook

In the overall commodity markets, the markets Average Daily Turnover (ADTO) across the exchanges was ₹ 3108.83 billion in FY2016, registering a growth of 9% on a YoY basis.

In terms of our performance, our own ADTO was up 52% on a YoY basis. Resultantly, our market share improved this year.

However, the company's total revenues were ₹ 111.05 million in FY2016, Increase 21.50% on a YoY basis. This decline is largely due to drying up on brokerage income as well the impact of good market condition in FY2016. Brokerage and commission income were ₹ 91.94 million representing increase from ₹ 16.95 million last year. The number of trading days declined from 310 to 252 during the year, while average yields also shrank slightly. Arbitrage income declined to ₹ (0.064) million from ₹ 0.31 million last year, as arbitrage opportunities dried up in the market. Personnel expenses were ₹ 37.33 million during this year, up by 5.63% on a YoY basis, owing to higher salary payouts. Administration and other operating expenses were ₹ 74.44 million, decline by 16.71% YoY, owing to lower provisions on VAT (Provision of VAT 14.63 million in FY2016 as compared to ₹ 34.93 million in FY 2015 declined 58.11% on a YoY basis).

In terms of PAT, we reported a loss of ₹ 10.05 million in FY2016, as compared to a loss of ₹ 22.74 million last year.

## Dividend and Reserves

Your Directors have not recommended payment of dividend for the Financial Year 2015-16 with a view to conserve the resources of the Company for the expansion of the operations of the Company.

During the year under review, the Company did not transfer any amount to Reserves.

## Share Capital

The issued and paid-up share capital of the Company as on 31st March, 2016 is ₹ 4,100,440/- divided into 410,044 Equity Shares of ₹ 10/- each.

## Deposits and Loans / Advances

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013 during the year under review.

The Company has not made any loans / advances which is required to be disclosed in the annual accounts of the Company pursuant to Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## Subsidiaries / Joint Ventures / Associate Companies

The Company does not have any Subsidiary Companies, Joint Ventures and Associate Companies as on 31st March, 2016.

## Directors

During the year, there was no appointment or resignation of Directors(s).

Mr. Rajesh Dharamshi, Director of the Company, retires by rotation at the forthcoming Annual General Meeting and being eligible has offered himself for re-appointment.

## Number of Board Meetings

The Board meets at regular intervals to discuss and decide on the Company / business policy and strategy apart from other Board business. During the year under review, four Board Meetings were held and the interval between any two meetings was not more than 120 days. The status of attendance of Directors at these Board Meetings are as follows:

| Name of the Director                | Designation | Director Identification Number (DIN) | Meetings attended in Financial Year |
|-------------------------------------|-------------|--------------------------------------|-------------------------------------|
| Mr. Ajay Menon                      | Director    | 00024589                             | 4                                   |
| Mr. Rajesh Dharamshi                | Director    | 01415232                             | 4                                   |
| Total meetings held during the year |             |                                      | 4                                   |

## Constitution of Corporate Social Responsibility Committee (CSR)

A Corporate Social Responsibility Committee of the Board of Directors has been constituted, to comply with the provisions of the Companies Act, 2013

As on 31st March, 2016, the Corporate Social Responsibility Committee consisted of the following members:

| Sr. No. | Name of Directors    | DIN      |
|---------|----------------------|----------|
| 1       | Mr. Ajay Menon       | 00024589 |
| 2       | Mr. Rajesh Dharamshi | 01415232 |

The status of attendance of the Committee Members at these Committee Meetings are as follows:

| Name of the Director                | Designation | Director Identification Number (DIN) | Meetings attended in Financial Year |
|-------------------------------------|-------------|--------------------------------------|-------------------------------------|
| Mr. Ajay Menon                      | Director    | 00024589                             | 2                                   |
| Mr. Rajesh Dharamshi                | Director    | 01415232                             | 2                                   |
| Total meetings held during the year |             |                                      | 2                                   |

## Corporate Social Responsibility (CSR) Initiatives

The Company believes in enhancing the human intangible asset and strive to contribute largely to the education & learning front. Over the years, the Company have been striving to achieve a balance of economic, environmental and social imperatives while satisfying the needs and expectations of internal and external stakeholders.

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

The Company makes contributions to various projects directly and through Motilal Oswal Foundation, a charitable company incorporated under Section 25 of the Companies Act, 1956.

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

As part of initiatives under CSR, during the year under review, the Company made contribution in area of education towards formation of Ashoka University [International Foundation For Research and Education] in New Delhi.

The Annual Report on CSR activities is annexed herewith to this report as "Annexure 1".

## **Business Risk Management**

The organization realizes the importance of Enterprise Risk Management (ERM) framework and had taken early initiatives towards the implementation of business risk management policy. The organization has introduced several improvements to the business risk management policy.

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

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

## **Internal Financial Controls**

The Company has in place adequate Internal Financial Control systems with reference to financial statements. During the year under review, no material or serious observation has been received from the Auditors of the Company for inefficiency or inadequacy of such controls.

## **Loans, Guarantees and Investments**

The details of investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in note no. 9 to financial statement. During the year under review, there were no loans and guarantees given by the Company.

## **Related Party Transactions**

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

Your Company has defined Materiality for undertaking contracts and arrangements or transactions which are material in nature. The definition of Materiality has been adopted from Regulation 23 of the Listing Regulations, 2015 which states as follows: "Transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statement of the Company. Since the Company does not have any subsidiary Company, materiality is decided based on transactions exceeding 10% of the standalone turnover as per the last audited financial statement of the Company."

During the year under review, there were no related party transactions entered into by the Company which were material in nature, thus disclosure in form AOC -2 is not required.

## **Statutory Auditors**

Your Company had appointed M/s Aneel Lasod and Associates, as Statutory Auditors for the term of five years at the Annual General Meeting held on 30th September, 2014. In compliance with the provisions of Section 139 of the Companies Act, 2013, the appointment of the auditors is to be ratified by the members at every Annual General Meeting. M/s Aneel Lasod and Associates, Chartered Accountant (ICAI Firm Registration No. 124609W) have given their consent for re-appointment. The members are requested to ratify the appointment of Auditors and fix their remuneration.

There were no qualifications, reservations, adverse remarks or disclaimers in the report of Statutory Auditors of the Company nor any frauds were reported by the auditor under Section 143(12) of the Companies Act, 2013.

## **Particulars of Employees as required under section 197 of the Companies Act, 2013 and rules framed there under**

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

## Directors' Responsibility Statement

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (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, 2016 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, 2013 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.
- (v) they have devised proper systems to ensure compliance with the provisions of all applicable laws and the systems were adequate and operating effectively.

## Extract of Annual Return

The Extract of Annual Return in Form MGT-9 under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed herewith to this report as "Annexure 2".

## Significant and Material Orders

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

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

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

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

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

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

## Mandatory disclosures in the Boards' report

Following mandatory disclosures in the Boards' Report pursuant to the provisions of the Companies Act, 2013 are not applicable to the Company:

- Section 134(3)(d) - A statement on declaration given by independent directors under sub-section (7) of section 149;
- Section 134(3)(e) - As per sub-section (1) of section 178, policies on appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178;
- Section 134(3)(f) - Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the Company secretary in practice in his secretarial audit report;
- Section 134(3)(l) - Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relate and the date of the report;
- Section 177 - Audit Committee;

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

- Section 177(9) - Establishment of Vigil Mechanism;
- Section 178 - Nomination And Remuneration Committee and Stakeholders Relationship Committee;
- Section 203 - Appointment of Key Managerial Personnel;
- Section 204 - Secretarial Audit;
- Performance Evaluation of the Board of Directors;

## **Acknowledgments**

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

For and on behalf of the Board of  
**Motilal Oswal Commodities Broker Private Limited**

**Ajay Menon**  
*Chairman*  
DIN: 00024589

Place : Mumbai

Date : 22nd April, 2016.

# ANNEXURE 1 TO THE BOARD'S REPORT

## Annual report on Corporate Social Responsibility Activities

[Pursuant to section 135 of the Companies Act, 2013 and rule 9 of the Companies (Accounts) Rules, 2014]

### 1. A brief outline of the Company's Corporate Social Responsibility (CSR) Policy

The Company recognizes the responsibilities towards society and strongly intends to contribute towards development of knowledge based economy. Recognizing the responsibilities towards society, the Company intends to carry out initiatives for supporting education. The Company's endeavour is to provide liberal arts education at low cost, providing education to children from different background etc.

### 2. The Composition of the CSR Committee

The CSR Committee comprises of two Directors:

| Sr. No. | Name of Directors    | DIN      |
|---------|----------------------|----------|
| 1       | Mr. Ajay Menon       | 00024589 |
| 2       | Mr. Rajesh Dharamshi | 01415232 |

### 3. Average net Profit of the Company for last three Financial Years

₹ 29,012,503

### 4. Prescribed CSR Expenditure

₹ 590,000

### 5. Details of CSR spent during the financial year.

a) Total amount spent for the financial year; ₹ 600,000

b) Amount unspent, if any; NIL

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

| Sr. No. | CSR project or activity identified  | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) projects or programs wise (₹) | Amount spent on the projects or programs Subheads: (i) Direct expenditure on projects or programs (ii) Overheads (₹) | Cumulative expenditure up to the reporting period (₹) | Amount spent: Direct or through implementing agency* |
|---------|---|--|---|--|--|---|--|
| 1.      | International Foundation for Research and Education (Construction of Ashoka University) | Education                              | New Delhi   | 600,000  | Direct Expenditure of ₹ 600,000  | 600,000   | Through M/s Motilal Oswal Foundation                 |
|         | <b>Total</b>  |  |   | <b>600,000</b>                                       |  | <b>600,000</b>  |  |

\* Give details of implementing agency:

M/s. Motilal Oswal Foundation is registered under section 25 of the Companies Act, 1956 incorporated on 24th June, 2011 having registered office at Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025. Motilal Oswal Foundation is a non-profit organisation to support social initiatives of the group and is promoted by Mr. Motilal Oswal, Mr. Raamdeo Agarawal and Passionate Investment Management Private Limited, the group holding company. The Foundation is headed by Mrs. Suneeta Agrawal. Education, healthcare and rural and urban development are the key focus areas of Motilal Oswal Foundation.

# ANNEXURE 1 TO THE BOARD'S REPORT

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

Not Applicable

**7. Responsibility Statement**

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of CSR Projects and activities in compliance with our CSR objectives.

For and on behalf of the Board of  
**Motilal Oswal Commodities Broker Private Limited**

Place : Mumbai  
Date: 22nd April, 2016.

**Ajay Menon**  
*Chairman*  
DIN: 00024589

# ANNEXURE 2 TO THE BOARD'S REPORT

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

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

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

#### I. Registration and Other Details

|  |   |
|--|---|
| i) CIN   | U65990MH1991PTC060928   |
| ii) Registration Date  | 26th March, 1991  |
| iii) Name of the Company   | Motilal Oswal Commodities Broker Private Limited  |
| iv) Category / Sub Category of the Company                                     | Public Limited Company  |
| v) Address of the Registered Office and contact details                        | Motilal Oswal Tower, 6th Floor,<br>Rahimtullah Sayani Road, Opposite Parel ST Depot,<br>Prabhadevi, Mumbai-400025.<br>Tel. No. +91 22 3980 4200 |
| vi) Whether Shares Listed On Recognized Stock Exchange(s)                      | No  |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | N.A.  |

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

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

| Sr. No. | Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the Company |
|---------|--|-----------------------------------|------------------------------------|
| 1       | Brokerage and Commission Income                  | 66120                             | 82.79%                             |
| 2       | FDR Interest-Other operating Revenue             | 66120                             | 17.00%                             |

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

| Sr. No. | Name and Address of the Company                  | CIN / GLN             | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|---------|--|-----------------------|----------------------------------|------------------|--------------------|
| 1       | Motilal Oswal Financial Services Limited (MOFSL) | L67190MH2005PLC153397 | Holding                          | 100              | 2(46)              |

##### Note:

- There are no Subsidiary and Associate Companies of the Company as on 31st March, 2016.
- Passionate Investment Management Private Limited (PIMPL) is the ultimate holding Company and holds 54.01% shares in Motilal Oswal Financial Services Limited (MOFSL).

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

##### i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year |                 |                 |                   | No. of Shares held at the end of the year |                 |                 |                   | % Change during the year |
|--------------------------|---|-----------------|-----------------|-------------------|---|-----------------|-----------------|-------------------|--------------------------|
|                          | Demat   | Physical        | Total           | % of Total Shares | Demat                                     | Physical        | Total           | % of Total Shares |                          |
| <b>A. Promoters</b>      |   |                 |                 |                   |   |                 |                 |                   |                          |
| <b>(1) Indian</b>        |   |                 |                 |                   |   |                 |                 |                   |                          |
| Bodies Corp.             | -   | 4,10,044        | 4,10,044        | 100               | -   | 4,10,044        | 4,10,044        | 100               | 0                        |
| <b>Sub-total (A) (1)</b> | -   | <b>4,10,044</b> | <b>4,10,044</b> | <b>100</b>        | -   | <b>4,10,044</b> | <b>4,10,044</b> | <b>100</b>        | <b>0</b>                 |

# ANNEXURE 2 TO THE BOARD'S REPORT

| Category of Shareholders                           | No. of Shares held at the beginning of the year |          |          |                   | No. of Shares held at the end of the year |          |          |                   | % Change during the year |
|--|---|----------|----------|-------------------|---|----------|----------|-------------------|--------------------------|
|  | Demat   | Physical | Total    | % of Total Shares | Demat                                     | Physical | Total    | % of Total Shares |                          |
| (2) Foreign  | -   | -        | -        | -                 | -   | -        | -        | -                 | -                        |
| Sub-total (A) (2)                                  | -   | -        | -        | -                 | -   | -        | -        | -                 | -                        |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) | -   | 4,10,044 | 4,10,044 | 100               | -   | 4,10,044 | 4,10,044 | 100               | 0                        |
| <b>B. Public Shareholding</b>                      |   |          |          |                   |   |          |          |                   |                          |
| 1. Institutions                                    | -   | -        | -        | -                 | -   | -        | -        | -                 | -                        |
| Sub-total (B)(1)                                   | -   | -        | -        | -                 | -   | -        | -        | -                 | -                        |
| 2. Non-Institutions                                | -   | -        | -        | -                 | -   | -        | -        | -                 | -                        |
| Sub-total (B)(2)                                   | -   | -        | -        | -                 | -   | -        | -        | -                 | -                        |
| Total Public Shareholding (B)=(B)(1)+ (B)(2)       | -   | -        | -        | -                 | -   | -        | -        | -                 | -                        |
| C. Shares held by Custodian for GDRs & ADRs        | -   | -        | -        | -                 | -   | -        | -        | -                 | -                        |
| GRAND TOTAL (A+B+C)                                | -   | 4,10,044 | 4,10,044 | 100               | -   | 4,10,044 | 4,10,044 | 100               | 0                        |

## (ii) Shareholding of Promoters:

| Sr. No. | Shareholder's Name  | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                      |  | % change in shareholding during the year |
|---------|---|---|----------------------------------|--|-------------------------------------|--------------------------------------|--|--|
|         |   | No. of shares                             | % of total shares of the company | % of shares Pledged / encumbered to total shares | No. of shares                       | % of the total shares of the company | % of the shares pledged / encumbered to total shares |  |
| 1       | Motilal Oswal Financial Services Limited                                | 4,10,043                                  | 100                              | -  | 410,043                             | 100                                  | -  | 0  |
| 2       | Motilal Oswal Financial Services Limited jointly with Mr. Motilal Oswal | 1   | 0                                | -  | 1                                   | 0                                    | -  | 0  |
|         | <b>Total</b>  | <b>4,10,044</b>                           | <b>100</b>                       | <b>-</b>   | <b>410,044</b>                      | <b>100</b>                           | <b>-</b>   | <b>0</b>                                 |

## iii) Change in Promoters' Shareholding:

| Sr. No. | Shareholder's Name  | Shareholding at the beginning of the year / end of the year |                                  | Date       | Increase / (Decrease) in Shareholding | Reason                       | Cumulative Shareholding during the year |                                  |
|---------|---|---|----------------------------------|------------|---------------------------------------|------------------------------|---|----------------------------------|
|         |   | No. of Shares   | % of total Shares of the Company |            |                                       |                              | No. of Shares                           | % of total Shares of the Company |
| 1       | Motilal Oswal Financial Services Limited                                | 4,10,043  | 100                              | 01-04-2015 | 0                                     | Nil movement during the year | 4,10,043                                | 100                              |
|         |   | 4,10,043  | 100                              | 31-03-2016 |                                       |                              |   |                                  |
| 2       | Motilal Oswal Financial Services Limited jointly with Mr. Motilal Oswal | 1   | 0                                | 01-04-2015 | 0                                     | Nil movement during the year | 1                                       | 0                                |
|         |   | 1   | 0                                | 31-03-2016 |                                       |                              |   |                                  |

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

| Sr. No. | For each of the Top 10 Shareholders | Shareholding at the beginning of the year |                                  | Shareholding at the end of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|-------------------------------------|---|----------------------------------|-------------------------------------|----------------------------------|---|----------------------------------|
|         |                                     | No. of shares                             | % of total Shares of the company | No. of shares                       | % of total Shares of the company | No. of shares                           | % of total Shares of the company |
| NIL     |                                     |   |                                  |                                     |                                  |   |                                  |

# ANNEXURE 2 TO THE BOARD'S REPORT

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

| Sr. No. | Name | Designation | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|------|-------------|---|----------------------------------|---|----------------------------------|
|         |      |             | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| NIL     |      |             |   |                                  |   |                                  |

## V. Indebtedness

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

(Amount in ₹)

| Particulars  | Secured Loans excluding deposits | Unsecured Loans   | Deposits | Total Indebtedness |
|--|----------------------------------|-------------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                   |          |                    |
| i) Principal Amount  | –                                | 20,010,255        | –        | 20,010,255         |
| ii) Interest due but not paid                              | –                                | 6,408             | –        | 6,408              |
| iii) Interest accrued but not due                          | –                                | –                 | –        | –                  |
| <b>Total (i+ii+iii)</b>                                    | –                                | <b>20,016,663</b> | –        | <b>20,016,663</b>  |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                   |          |                    |
| • Addition   | –                                | 20,176,530        | –        | 20,176,530         |
| • Reduction  | –                                | 20,010,255        | –        | 20,010,255         |
| <b>Net Change</b>  | –                                | <b>166,275</b>    | –        | <b>166,275</b>     |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                   |          |                    |
| i) Principal Amount  | –                                | –                 | –        | –                  |
| ii) Interest due but not paid                              | –                                | 268,210           | –        | 268,210            |
| iii) Interest accrued but not due                          | –                                | –                 | –        | –                  |
| <b>Total (i+ii+iii)</b>                                    | –                                | <b>268,210</b>    | –        | <b>268,210</b>     |

## VI. Remuneration of Directors and Key Managerial Personnel

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

(Amount in ₹)

| Sr. No. | Particulars of Remuneration   | Name of MD / WTD / Manager | Total Amount |
|---------|---|----------------------------|--------------|
| 1       | <b>Gross salary</b>   |                            |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | –                          | –            |
|         | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | –                          | –            |
|         | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961       | –                          | –            |
| 2       | Stock Option  | –                          | –            |
| 3       | Sweat Equity  | –                          | –            |
| 4       | Commission as % of profit   | –                          | –            |
| 5       | Others, please specify Variable Incentives  | –                          | –            |
|         | <b>Total (A)</b>  | –                          | –            |
|         | Ceiling as per the Act<br>*5% of the net profit calculated as per Section 198       |                            | –            |

# ANNEXURE 2 TO THE BOARD'S REPORT

## B. Remuneration to other directors:

(Amount in ₹)

| Sr. No. | Particulars of Remuneration                    | Name of Directors | Total Amount |
|---------|--|-------------------|--------------|
| 1.      | Independent Directors                          |                   |              |
|         | • Fee for attending board / committee meetings | –                 | –            |
|         | • Commission                                   | –                 | –            |
|         | • Others, please specify                       | –                 | –            |
|         | <b>Total (1)</b>                               | –                 | –            |
| 2.      | Other Non-Executive Directors                  |                   |              |
|         | • Fee for attending board / committee meetings | –                 | –            |
|         | • Commission                                   | –                 | –            |
|         | • Others, please specify                       | –                 | –            |
|         | <b>Total</b>                                   | –                 | –            |

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

(Amount in ₹)

| Sr. No. | Particulars of Remuneration   | Key Managerial Personnel |                   |     |       |
|---------|---|--------------------------|-------------------|-----|-------|
|         |   | CEO                      | Company Secretary | CFO | Total |
| 1       | Gross Salary  |                          |                   |     |       |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | –                        | –                 | –   | –     |
|         | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | –                        | –                 | –   | –     |
|         | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961       | –                        | –                 | –   | –     |

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

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

For and on behalf of the Board of  
Motilal Oswal Commodities Broker Private Limited

**Ajay Menon**

Chairman

(DIN : 00024589)

Place : Mumbai

Date : 22nd April, 2016.

# INDEPENDENT AUDITORS' REPORT

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

## Report on the Financial Statements:

We have audited the accompanying financial statements of MOTILAL OSWAL COMMODITIES BROKER PRIVATE LIMITED. ("the Company"), which comprises the Balance Sheet as at 31st March 2016, the statement of Profit and Loss and the Cash Flow Statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2016; and
- (ii) In the case of the statement of Profit and Loss, of the Loss for the year ended on that date;
- (iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date

## Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (1) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit
  - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - (c) The company's balance sheet and profit and loss account dealt with in the report are in agreement with the books of account and returns;
  - (d) In our opinion, the financial statements comply with the accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.;

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

- (e) On the basis of written representations received from the directors as on 31st March, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.
- (f) The company has adequate internal financial controls system in place and is operating effectively.
- (g) The company has disclosed in Financial Statement the pending litigations as at 31st March, 2016 which would impact its financial position.
- (h) The company did not have any Long Term Contracts including derivative contracts for which there were any material foreseeable losses.

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

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

Place: Mumbai  
Date: 22nd April, 2016

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

**Annexure referred to in our report to the members of MOTILAL OSWAL COMMODITIES BROKER PRIVATE LIMITED for the year ended March 31, 2016.**

**We report that:**

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

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

### **2. Inventories:**

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

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

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

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

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

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

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

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

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

# INDEPENDENT AUDITORS' REPORT (Contd..)

## 7. Statutory Records:

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

## 8. Repayment of Dues:

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

## 9. IPO or further public offer:

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

## 10. Fraud:

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

## 11) Managerial Remuneration:

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

## 12) Nidhi Company:

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

## 13) Related Party Transaction:

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

## 14) Private Placement/ Preferential Allotment:

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

## 15) Non cash transactions:

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

## 16) Registration with Reserve Bank of India:

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

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

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

Place: Mumbai  
Date: 22nd April, 2016

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

The MEMBERS of MOTILAL OSWAL COMMODITIES BROKER PRIVATE LIMITED

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

We have audited the internal financial controls over financial reporting of MOTILAL OSWAL COMMODITIES BROKER PRIVATE LIMITED ("the Company") as of 31st March 2016 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

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

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

Controls over Financial Reporting issued by The Institute of Chartered Accountants of India (ICAI). These responsibility include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of financial information, as required under the companies Act, 2013.

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

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

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

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

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatement due to error or fraud may occur and not to be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial

reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

## **Opinion:**

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st, 2016, based on the essential components of internal control stated in the guidance notes issued by ICAI.

**For Aneel Lasod And Associates**

*Chartered Accountants*

Firm Registration No.:- 124609W

**Aneel Lasod**

*(Partner)*

M.No.:-040117

Place: Mumbai

Date: 22nd April, 2016

# BALANCE SHEET

## Balance Sheet as at March 31, 2016

|                                    | Note No. | As on 31-Mar-16<br>(In ₹) | As on 31-Mar-15<br>(In ₹) |
|------------------------------------|----------|---------------------------|---------------------------|
| <b>I EQUITY AND LIABILITIES</b>    |          |                           |                           |
| <b>(1) Share Holder's Funds :</b>  |          |                           |                           |
| Share Capital                      | 1        | 4,100,440                 | 4,100,440                 |
| Reserve & Surplus                  | 2        | 154,445,386               | 164,497,661               |
| <b>(2) Non Current Liabilities</b> |          |                           |                           |
| Long-term Provision                | 3        | 1,557,100                 | 564,449                   |
| <b>(3) Current Liabilities</b>     |          |                           |                           |
| Short term borrowings              | 4        | 166,275                   | 20,010,255                |
| Trade Payables                     | 5        | 2,748,801,988             | 2,717,402,342             |
| Other curent liabilities           | 6        | 172,676,961               | 132,936,657               |
| Short term provisions              | 7        | 5,394,704                 | 6,165,035                 |
| <b>TOTAL</b>                       |          | <b>3,087,142,854</b>      | <b>3,045,676,840</b>      |
| <b>II. ASSETS</b>                  |          |                           |                           |
| <b>(1) Non - Current Assets</b>    |          |                           |                           |
| Property Plant and Equipments      | 8        |                           |                           |
| (i) Tangible Assets                |          | 5,586,154                 | 10,797,995                |
| (ii) Intangible Assets             |          | 325,139                   | 668,055                   |
| Non-current Investment             | 9        | 50,000,000                | 50,000,000                |
| Deferred tax assets (net )         | 10       | 18,075,197                | 12,382,170                |
| Long term loans & advances         | 11       | 4,291,426                 | 6,533,300                 |
| Other non current assets           | 12       | –                         | 3,850,000                 |
| <b>(2) Current Assets</b>          |          |                           |                           |
| Inventories                        | 13       | 44,116                    | 44,116                    |
| Trade Receivables                  | 14       | 2,590,900,612             | 2,596,908,031             |
| Cash & bank balances               | 15       | 298,066,830               | 256,970,985               |
| Short term loans & advances        | 16       | 109,101,512               | 93,929,713                |
| Other current assets               | 17       | 10,751,868                | 13,592,474                |
| <b>TOTAL</b>                       |          | <b>3,087,142,854</b>      | <b>3,045,676,840</b>      |

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

As per our attached report of even date

**For Aneel Lasod and Associates**

*Chartered Accountants*

Firm Registration No. 124609W

**Aneel Lasod**

*Partner*

M No: 40117

Place : Mumbai

Dated : 22nd April, 2016

For and on behalf of the Board of

**For Motilal Oswal Commodities Broker Private Limited**

**Ajay Menon**

*Director*

DIN No.

**Rajesh Dharamshi**

*Director*

DIN No.

# STATEMENT OF PROFIT AND LOSS

## Statement of Profit and Loss for the year ended 31st March, 2016

|   | Note No. | For the Year ended<br>31-Mar-16<br>(In ₹) | For the Year ended<br>31-Mar-15<br>(In ₹) |
|---|----------|---|---|
| <b>INCOME</b>   |          |   |   |
| Income from Operations  | 18       | 111,053,000                               | 90,546,917                                |
| Other income  | 19       | –   | 854,532                                   |
| <b>Gross Revenue</b>  |          | <b>111,053,000</b>                        | <b>91,401,449</b>                         |
| <b>EXPENDITURE</b>  |          |   |   |
| Employee Benefits   | 20       | 37,327,859                                | 31,697,841                                |
| Finance costs   | 21       | 7,122,776                                 | 3,388,123                                 |
| Depreciation and amortization expenses                                | 8        | 5,925,339                                 | 2,260,082                                 |
| Other Expenses  | 22       | 74,442,111                                | 89,377,303                                |
| <b>Total Expenses</b>   |          | <b>124,818,085</b>                        | <b>126,723,349</b>                        |
| <b>Profit before Tax and exceptional item</b>                         |          | <b>(13,765,086)</b>                       | <b>(35,321,900)</b>                       |
| Exceptional items - Loss  |          | –   | –   |
| <b>Profit before taxation</b>   |          | <b>(13,765,086)</b>                       | <b>(35,321,900)</b>                       |
| Less: Provision for Taxation  |          |   |   |
| i) Current tax  |          | 1,980,217                                 | 224,397                                   |
| ii) Deferred tax  |          | (5,693,027)                               | (9,996,293)                               |
| iii) Previous Years Short /(Excess)                                   |          | –   | (2,805,965)                               |
| <b>Profit/(Loss) After Tax</b>  |          | <b>(10,052,276)</b>                       | <b>(22,744,039)</b>                       |
| Earnings/(Loss) Per Share (₹)   |          |   |   |
| Basic and diluted Earnings/(Loss) per share (Face value of ₹ 10 each) |          | (24.52)                                   | (55.47)                                   |

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

As per our attached report of even date

### For Aneel Lasod and Associates

Chartered Accountants

Firm Registration No. 124609W

**Aneel Lasod**

Partner

M No: 40117

Place : Mumbai

Dated : 22nd April, 2016

For and on behalf of the Board of  
For Motilal Oswal Commodities Broker Private Limited

**Ajay Menon**

Director

DIN No.

**Rajesh Dharamshi**

Director

DIN No.

# CASH FLOW STATEMENT

## Cash flow statement as of 31st March, 2016

| Particulars  | For the Year ended<br>31-Mar-16<br>(In ₹) | For the Year ended<br>31-Mar-15<br>(In ₹) |
|--|---|---|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>           |   |   |
| Profit before taxation                               | (13,765,086)                              | (35,321,900)                              |
| Adjustment for                                       |   |   |
| Interest paid  | 7,122,776                                 | 3,388,123                                 |
| Profit on sale of fixed asset                        | –   | (25,641)                                  |
| Depreciation   | 5,925,339                                 | 2,260,082                                 |
| Dividend Income                                      | –   | (828,891)                                 |
| Provision for Bad & Doubtful debts                   | 14,632,946                                | 37,146,339                                |
| Adjustment for working capital changes               |   |   |
| Increase/(Decrease) Other Long Term Provisions       | 992,651                                   | 373,154                                   |
| Increase/(Decrease) Current Liabilities & Provisions | 70,335,197                                | 64,792,422                                |
| (Increase)/Decrease In Current Assets                | (16,699,562)                              | 74,319,748                                |
| <b>CASH GENERATED FROM OPERATIONS</b>                | <b>68,544,261</b>                         | <b>146,103,435</b>                        |
| Taxes Paid (Net of Refunds )                         | (3,961,079)                               | (1,300,743)                               |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>            | <b>64,583,182</b>                         | <b>144,802,692</b>                        |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>           |   |   |
| Non Current Investment                               | –   | (50,000,000)                              |
| Investment in fixed deposit                          | 3,850,000                                 | 45,250,000                                |
| Purchase of Investments (Reliance MF)                | –   | (2,915,005,183)                           |
| Sale of Investments (Reliance MF)                    | –   | 2,915,030,824                             |
| Purchase of fixed assets                             | (370,582)                                 | (11,812,121)                              |
| Dividend Income                                      | –   | 828,891                                   |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>       | <b>3,479,418</b>                          | <b>(15,707,589)</b>                       |

# CASH FLOW STATEMENT (Contd..)

| Particulars  | For the Year ended<br>31-Mar-16<br>(In ₹) | For the Year ended<br>31-Mar-15<br>(In ₹) |
|--|---|---|
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                       |   |   |
| Increase/(Decrease) Short-term Borrowings                        | (19,843,980)                              | (39,989,745)                              |
| Interest paid  | (7,122,776)                               | (3,388,123)                               |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>                   | <b>(26,966,756)</b>                       | <b>(43,377,868)</b>                       |
| <b>NET CASH FLOW FOR THE YAER ENDED</b>                          | <b>41,095,845</b>                         | <b>85,717,235</b>                         |
| <b>Cash &amp; Cash Equivalents comprise of</b>                   |   |   |
| Cash on hand   | –   | –   |
| Scheduled Bank - In Current Account                              | 46,970,985                                | 21,253,749                                |
| Fixed Deposit with Banks   | 210,000,000                               | 150,000,000                               |
| <b>Total Cash &amp; Cash Equivalents as at beginning of year</b> | <b>256,970,985</b>                        | <b>171,253,749</b>                        |
| <b>Cash &amp; Cash Equivalents as at end of year :</b>           |   |   |
| Cash on hand   | –   | –   |
| Scheduled Bank - In Current Account                              | 49,288,781                                | 46,970,985                                |
| Fixed Deposit with Banks   | 248,778,049                               | 210,000,000                               |
| <b>Total Cash &amp; Cash Equivalents as at end of year</b>       | <b>298,066,830</b>                        | <b>256,970,985</b>                        |

As per our attached report of even date

**For Aneel Lasod and Associates**

Chartered Accountants

Firm Registration No. 124609W

**Aneel Lasod**

Partner

M No: 40117

Place : Mumbai

Dated : 22nd April, 2016

For and on behalf of the Board of  
**For Motilal Oswal Commodities Broker Private Limited**

**Ajay Menon**

Director

DIN No.

**Rajesh Dharamshi**

Director

DIN No.

# NOTES TO FINANCIAL STATEMENT

## Note 1 : Share Capital

### AUTHORISED

500,000 Equity Shares of ₹ 10/- each  
600,000 Preference Shares of ₹ 10/- each

### TOTAL

### ISSUED, SUBSCRIBED & PAID UP

410,044 Equity Shares of ₹ 10/- each

### TOTAL

| As at 31-Mar-16  |                   | As at 31-Mar-15  |                   |
|------------------|-------------------|------------------|-------------------|
| In Numbers       | In ₹              | In Numbers       | In ₹              |
| 500,000          | 5,000,000         | 500,000          | 5,000,000         |
| 600,000          | 6,000,000         | 600,000          | 6,000,000         |
| <b>1,100,000</b> | <b>11,000,000</b> | <b>1,100,000</b> | <b>11,000,000</b> |
|                  |                   |                  |                   |
| 410,044          | 4,100,440         | 410,044          | 4,100,440         |
| <b>410,044</b>   | <b>4,100,440</b>  | <b>410,044</b>   | <b>4,100,440</b>  |

### Rights, preferences and restrictions attached to shares

#### Equity Shares :

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

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

### Reconciliation of the number of shares outstanding

#### Share Holders

Number of shares at the beginning

Number of Share at the end of the year

| As at 31-Mar-16 |                  | As at 31-Mar-15 |                  |
|-----------------|------------------|-----------------|------------------|
| In Numbers      | In ₹             | In Numbers      | In ₹             |
| 410,044         | 4,100,440        | 410,044         | 4,100,440        |
| <b>410,044</b>  | <b>4,100,440</b> | <b>410,044</b>  | <b>4,100,440</b> |

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

#### Share Holders

Motilal Oswal Financial Services Ltd., the Holding Company

| As at 31-Mar-16 |              | As at 31-Mar-15 |              |
|-----------------|--------------|-----------------|--------------|
| No of Shares    | % of Holding | No of Shares    | % of Holding |
| 410,044         | 100.00       | 400,000         | 100.00       |

# NOTES TO FINANCIAL STATEMENT

## Note 2: Reserves and Surplus

|   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---|-------------------------|-------------------------|
| <b>Capital Redemption Reserve</b>                                       |                         |                         |
| Balance b/f   | 6,000,000               | 6,000,000               |
| Addition during the year  | —                       | —                       |
| <b>Balance as at end of the year</b>                                    | <b>6,000,000</b>        | <b>6,000,000</b>        |
| <b>General Reserves</b>   |                         |                         |
| Balance b/f   | 200,000                 | 200,000                 |
| Addition during the year  | —                       | —                       |
| <b>Balance as at end of the year</b>                                    | <b>200,000</b>          | <b>200,000</b>          |
| Surplus- Opening Balance  | 158,297,661             | 181,121,536             |
| Add: Net profit after tax transferred from Statement of Profit and Loss | (10,052,276)            | (22,744,039)            |
| Amount available for appropriation                                      | 148,245,386             | 158,377,497             |
| Appropriations :  |                         |                         |
| Less: Transitional depreciation   | —                       | (79,836)                |
| <b>Balance in profit and loss account</b>                               | <b>148,245,386</b>      | <b>158,297,661</b>      |
| <b>Total</b>  | <b>154,445,386</b>      | <b>164,497,661</b>      |

The company had issued redeemable preference shares in the financial year 2007-08 which were redeemed out of profits in Financial year 2010-11. In order to comply with the requirements of Section 80 of the Companies Act , 1956 , the Company had transferred amounts to the Capital Redemption Reserve.

## Note 3 : Long Term Provisions

|  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--|-------------------------|-------------------------|
| Provision for employee benefits:-                |                         |                         |
| Provison for gratuity - (refer to note 33 )      | 1,557,100               | 564,449                 |
| Provision For Taxation (Net of Advance Tax paid) | —                       | —                       |
| <b>Total</b>                                     | <b>1,557,100</b>        | <b>564,449</b>          |

## Note 4 : Short Term Borrowings

|   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---|-------------------------|-------------------------|
| Secured                                       |                         |                         |
| Bank Overdraft                                | —                       | —                       |
| Unsecured, considered good:                   |                         |                         |
| Loans from holding company (refer note no 28) | 166,275                 | 20,010,255              |
| <b>Total</b>                                  | <b>166,275</b>          | <b>20,010,255</b>       |

# NOTES TO FINANCIAL STATEMENT

## Note 5 : Trade Payables

|                      | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|----------------------|-------------------------|-------------------------|
| Creditors            | 272,924,012             | 241,524,367             |
| Other trade payables | 2,475,877,976           | 2,475,877,976           |
| <b>Total</b>         | <b>2,748,801,988</b>    | <b>2,717,402,342</b>    |

## Note 6 : Other Current Liabilities

|  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--|-------------------------|-------------------------|
| Interest accrued and due on borrowings | 268,210                 | 6,353                   |
| Accrued salaries & benefits            |                         |                         |
| For other Liabilities                  |                         |                         |
| – Withholding and other taxes payable  | 2,335,470               | 1,364,903               |
| – for expenses                         | 10,307,717              | 8,502,555               |
| – Book Overdrafts                      | 10,798,591              | 77,201                  |
| – Margin Money                         | 89,249,231              | 65,913,598              |
| – Other Payables                       | 59,717,742              | 57,072,047              |
| <b>Total</b>                           | <b>172,676,961</b>      | <b>132,936,657</b>      |

## Note 7 : Short Term Provisions

|   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---|-------------------------|-------------------------|
| <b>Provision for employee benefits :</b>    |                         |                         |
| Provision for gratuity                      | 65,348                  | 37,395                  |
| Provision for Employee Benefits (Ex-gratia) | 5,294,934               | 6,127,640               |
| Provision For Taxation (Net of Advance Tax) | 34,422                  | –                       |
| <b>Total</b>                                | <b>5,394,704</b>        | <b>6,165,035</b>        |

## Note 8 : Fixed Assets

(in ₹)

| PARTICULARS          | GROSS BLOCK       |            |                 |                   | DEPRICIATION      |              |                 |                   | NET BLOCK         |                   |  |
|----------------------|-------------------|------------|-----------------|-------------------|-------------------|--------------|-----------------|-------------------|-------------------|-------------------|--|
|                      | As At<br>1-Apr-15 | Additions  | Deduct-<br>tion | As At<br>1-Apr-16 | As At<br>1-Apr-15 | Additions    | Deduct-<br>tion | As At<br>1-Apr-16 | As At<br>1-Apr-16 | As At<br>1-Apr-15 |  |
| Computer Software    | 3,045,001.00      |            |                 | 3,045,001.00      | 2,755,314.00      | 107,283.93   |                 | 2,862,597.93      | 289,687.00        | 182,403.07        |  |
| Pms Licence          | 422,060.00        |            |                 | 422,060.00        | 257,090.00        | 84,563.94    |                 | 341,653.94        | 164,970.00        | 80,406.06         |  |
| Membership Card      | 1,515,000.00      |            |                 | 1,515,000.00      | 1,301,603.00      | 151,067.95   |                 | 1,452,670.95      | 213,397.00        | 62,329.05         |  |
| Office Premises      | 11,336,574.75     | 250,965.00 |                 | 11,587,539.75     | 1,211,727.89      | 5,149,296.10 |                 | 6,361,023.99      | 10,124,846.86     | 5,226,515.76      |  |
| Furniture            | 114,852.00        |            |                 | 114,852.00        | 103,187.00        | 4,701.17     |                 | 107,888.17        | 11,665.00         | 6,963.83          |  |
| Electrical Equipment | 235,930.00        | 22,917.00  |                 | 258,847.00        | 224,134.00        | 494.21       |                 | 224,628.21        | 11,796.00         | 34,218.79         |  |
| Office Equipments    | 283,525.00        | 3,250.00   |                 | 286,775.00        | 156,441.00        | 59,790.97    |                 | 216,231.97        | 127,084.00        | 70,543.03         |  |
| Computer-1           | 3,666,157.00      | 93,450.00  |                 | 3,759,607.00      | 3,143,556.36      | 368,141.15   |                 | 3,511,697.51      | 522,600.64        | 247,909.49        |  |
|                      | 20,619,099.75     | 370,582.00 | 0.00            | 20,989,681.75     | 9,153,053.25      | 5,925,339.42 | 0.00            | 15,078,392.67     | 11,466,046.50     | 5,911,289.08      |  |

# NOTES TO FINANCIAL STATEMENT

## Note 9 : Non-Current Investment

|  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--|-------------------------|-------------------------|
| Investment in<br>Motilal Oswal MOST Focused Multicap 35 Fund - Direct Growth | 50,000,000              | 50,000,000              |
| <b>Total</b>   | <b>50,000,000</b>       | <b>50,000,000</b>       |

## Note 10 : Deferred Tax Asset

|   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---|-------------------------|-------------------------|
| Deferred Tax Asset:                     |                         |                         |
| Difference in Net Block of Fixed Assets | 1,574,062               | 304,877                 |
| Provision for VAT                       | 15,999,799              | 11,872,726              |
| Gratuity Provision                      | 501,336                 | 204,567                 |
| Provision for doubtful debts            | –                       | –                       |
| <b>Total</b>                            | <b>18,075,197</b>       | <b>12,382,170</b>       |

## Note 11 : Long Term Loans & Advances

|                                  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|----------------------------------|-------------------------|-------------------------|
| <b>Security Deposits:</b>        |                         |                         |
| Unsecured, considered good       |                         |                         |
| Other deposits                   | 1,482,495               | 1,482,495               |
| <b>Other loans and advances:</b> |                         |                         |
| Unsecured, considered good       |                         |                         |
| – Prepaid Exp (LT)               | 3,071                   | 12,599                  |
| Advance Tax                      | 2,805,860               | 5,038,206               |
| <b>Total</b>                     | <b>4,291,426</b>        | <b>6,533,300</b>        |

## Note 12 : Other Non Current Assets

|   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---|-------------------------|-------------------------|
| Unsecured, considered good:                     |                         |                         |
| Other bank balances                             | –                       | –                       |
| – Fixed deposits (maturity more than 12 months) | –                       | 3,850,000               |
| <b>Total</b>                                    | <b>–</b>                | <b>3,850,000</b>        |

# NOTES TO FINANCIAL STATEMENT

## Note 13 : Inventories (At Cost)

|                              | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|------------------------------|-------------------------|-------------------------|
| Stock in Trade - Commodities | –                       | –                       |
| Equity Shares                | 44,116                  | 44,116                  |
| <b>Total</b>                 | <b>44,116</b>           | <b>44,116</b>           |

## Note 14 : Trade Receivables

|  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--|-------------------------|-------------------------|
| <b>Unsecured, considered good:</b>   |                         |                         |
| a) Outstanding for a period exceeding six months from the date they are due for payment: | 2,625,715,886           | 2,603,342,730           |
| b) Outstanding for a period less than six months from the date they are due for payment: | 14,453,676              | 10,307,560              |
| <b>Doubtful</b>  | (51,779,285)            | (37,146,339)            |
| <b>Secured, considered good:</b>   |                         |                         |
| a) Outstanding for a period exceeding six months from the date they are due for payment  | 544,260                 | 1,978,293               |
| b) Outstanding for a period less than six months from the date they are due for payment  | 1,966,075               | 18,425,787              |
| <b>Total</b>   | <b>2,590,900,612</b>    | <b>2,596,908,031</b>    |

## Note 15 : Cash and Bank Balances

|  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--|-------------------------|-------------------------|
| Cash & Cash Equivalents:                     |                         |                         |
| Balance with banks:                          |                         |                         |
| In current accounts                          | 49,288,781              | 46,970,985              |
| Fixed deposit (maturity Less than 12 months) | 248,778,049             | 210,000,000             |
| <b>Total</b>                                 | <b>298,066,830</b>      | <b>256,970,985</b>      |

## Note 16 : Short Term Loans And Advances

|                                       | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---------------------------------------|-------------------------|-------------------------|
| Deposits with Exchange                | 42,116,816              | 35,177,451              |
| Others loans & Advances:              |                         |                         |
| Prepaid Exp                           | 487,043                 | 454,475                 |
| – Balance with Government Authorities | 1,086,674               |                         |
| – For supply of services              | –                       |                         |
| Loans and Advances to employees       | 221,581                 | 91,911                  |
| Advance tax, TDS (Net of provision)   | 8,953,473               | 4,705,844               |
| VAT/Tax credit receivables            | 52,766,475              | 51,565,905              |
| Others (ST)                           | 3,469,450               | 1,934,128               |
| <b>Total</b>                          | <b>109,101,512</b>      | <b>93,929,713</b>       |

# NOTES TO FINANCIAL STATEMENT

## Note 17 : Other Current Assets

|  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--|-------------------------|-------------------------|
| Accrued interest but not due on Fixed Deposits | 10,751,868              | 13,592,474              |
| <b>Total</b>                                   | <b>10,751,868</b>       | <b>13,592,474</b>       |

## Note 18 : Income From Operations

|                                | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|--------------------------------|---|---|
| Brokerage and Comission Income | 91,936,490                              | 74,985,390                              |
| Arbitrage Income               | (64,059)                                | 306,077                                 |
| Other Operating Revenue        | 19,180,568                              | 15,255,450                              |
| <b>Total</b>                   | <b>111,053,000</b>                      | <b>90,546,917</b>                       |

## Note 19 : Other Income

|                            | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|----------------------------|---|---|
| Dividend on Mutual Fund    | —                                       | 828,891                                 |
| Other non operating income | —                                       | 25,641                                  |
| <b>Total</b>               | <b>—</b>                                | <b>854,532</b>                          |

## Note 20 : Employee Benefits Expense

|   | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|---|---|---|
| Salary, Bonus and Allowances              | 35,246,866                              | 30,512,425                              |
| Contribution to Provident and other funds | 954,578                                 | 753,383                                 |
| Gratuity                                  | 1,020,604                               | 382,972                                 |
| Staff Welfare Expenses                    | 105,811                                 | 49,061                                  |
| <b>Total</b>                              | <b>37,327,859</b>                       | <b>31,697,841</b>                       |

## Note 21 : Finance cost

|                      | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|----------------------|---|---|
| Interest Expense     | 6,674,081                               | 3,085,013                               |
| Other borrowing cost | 448,694                                 | 303,109                                 |
| <b>Total</b>         | <b>7,122,776</b>                        | <b>3,388,123</b>                        |

# NOTES TO FINANCIAL STATEMENT

## Note 22 : Other Expenses

|                                       | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|---------------------------------------|---|---|
| Brokerage Sharing with Intermediaries | 37,002,410                              | 32,689,966                              |
| Insurance                             | 472,207                                 | 582,287                                 |
| Legal & Professional Charges          | 4,215,807                               | 1,239,969                               |
| Marketing & Brand Promotion           | 2,342,063                               | 403,491                                 |
| Remuneration to Auditors              | 207,884                                 | 151,000                                 |
| Data Processing Charges               | 675,439                                 | 423,694                                 |
| Entertainment Expenses                | 532,004                                 | 512,221                                 |
| Rates & Taxes                         | 24,700                                  | 12,353                                  |
| Rent                                  | 274,212                                 | 273,756                                 |
| Power & Fuel                          | 225,727                                 | 301,180                                 |
| Communication Expenses                | 2,084,613                               | 2,138,178                               |
| Bad Debts                             | 7,500,114                               | 10,069,943                              |
| Provision on Doubtful Debts           | –                                       | 814,826                                 |
| Provision on Value Added Tax          | 14,632,946                              | 34,930,057                              |
| Travelling & conveyance Expenses      | 2,798,371                               | 2,340,076                               |
| CSR                                   | 600,000                                 | 575,621                                 |
| Miscellaneous Expenses                | 853,615                                 | 1,918,685                               |
| <b>Total</b>                          | <b>74,442,111</b>                       | <b>89,377,303</b>                       |

## Note 23 : Nature of Business :

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

## Note 24 : Significant Accounting Policies:

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

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

### b) Use of Estimates:

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

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

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

# NOTES TO FINANCIAL STATEMENT

pro-rata depreciation is provided upto the date on which the asset is sold. Depreciation is based on the cost of an asset less its residual value as notified in Schedule II to the Companies Act, 2013. In pursuant of Schedule II of the Companies Act 2013, the property, plant and equipment of the significant value are componentized with separate useful life. In case of addition, depreciation is provided pro-rata for entire month in which addition is made and in case of deletions, depreciation is provided till month preceding month of disposal of such assets. On all assets, except as mentioned below, depreciation has been provided based on Written Down Value method using the useful life as specified in Schedule II to the Companies Act, 2013.

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

## **d) Intangible Assets and Amortization:**

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

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

## **e) Investments:**

- 1) Investments are classified into long-term investments and current investments. Investments that are intended to be held for one year or more are classified as long-term investments and investments that are intended to be held for less than one year are classified as current investments.
- 2) Long term investments are valued at cost. Provision for diminution in value of long term investments is made if in the opinion of management such a decline is other than temporary.
- 3) Current investments are valued at cost or market/fair value, whichever is lower.

## **f) Stock In Trade:**

Shares are valued at cost or market value, whichever is lower. The comparison of Cost and Market value is done separately for each category of Shares. Cost is considered on weighted average basis.

Commodities are valued at cost or market value, whichever is lower. The comparison of Cost and Market value is done separately for each category of commodity. Cost is considered on weighted average basis.

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

## **g) Revenue Recognition:**

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

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

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

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

# NOTES TO FINANCIAL STATEMENT

## h) Foreign Currency Transactions:

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

## i) Employee Benefits:

### Provident Fund:

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

### Gratuity:

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

### Compensated Absences:

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

### Ex-gratia Plans:

The company recognizes the costs of bonus payments when it has a present obligation to make such payments as a result of past events and the reliable estimate of the obligation can be made.

## j) TAXATION:

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

### Current Tax:

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

### Deferred taxation:

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

## k) PRELIMINARY EXPENSES:

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

## l) PROVISIONS AND CONTINGENCIES:

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

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

# NOTES TO FINANCIAL STATEMENT

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

## **m) IMPAIRMENT OF ASSETS:**

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

## **Note 25 : Related Party Disclosure:**

### **I. Names of Related Parties:-**

#### **Holding Company:**

- Motilal Oswal Financial Services Limited

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

- Passionate Investment Management Private Limited

#### **Fellow subsidiaries:**

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

#### **Key management personnel**

- Ajay Menon - Director
- Rajesh Dharamshi - Director

# NOTES TO FINANCIAL STATEMENT

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

| Transaction                  | Name of the related Party                | Holding Company (A) |               | Fellow Subsidiaries (B) |               | Total (A+B+C) |               |
|------------------------------|--|---------------------|---------------|-------------------------|---------------|---------------|---------------|
|                              |  | 2015-2016           | 2014-2015     | 2015-2016               | 2014-2015     | 2015-2016     | 2014-2015     |
| Interest Expense             | Motilal Oswal Financial Services Limited | 6,427,198           | 1,755,362     | -                       | -             | 6,427,198     | 1,755,362     |
| Rent Expense                 | Motilal Oswal Securities Limited         | -                   | -             | 273,756                 | 273,756       | 273,756       | 273,756       |
| Loans (Maximum balance)      | Motilal Oswal Financial Services Limited | (232,271,702)       | (120,001,656) | -                       | -             | (232,271,702) | (120,001,656) |
| <b>Outstanding Balances:</b> |  |                     |               |                         |               |               |               |
| Corporate Guarantees         | Motilal Oswal Financial Services Limited | (50,000,000)        | (50,000,000)  | -                       | -             | (50,000,000)  | (50,000,000)  |
| Other liabilities            | Motilal Oswal Securities Limited         | -                   | -             | (502,463,838)           | (494,923,475) | (502,463,838) | (494,923,475) |
|                              | Motilal Oswal Financial Services Limited | -                   | -             | -                       | -             | -             | -             |
| Unsecured Loan               | Motilal Oswal Financial Services Limited | (434,485)           | (20,074,398)  | -                       | -             | (434,485)     | (20,074,398)  |
| Rent Deposit Received        | Motilal Oswal Securities Limited         | -                   | -             | 136,877                 | 136,877       | 136,877       | 136,877       |

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

## Note 26 : Auditors' Remuneration :

| Particulars                           | 31-Mar-16      | 31-Mar-15      |
|---------------------------------------|----------------|----------------|
| Audit fees                            | 140,000        | 140,000        |
| Tax Audit fees                        | 10,000         | 10,000         |
| In any other capacity, in respect of: |                |                |
| Other Services                        | 57,884         | 1,000          |
| <b>TOTAL</b>                          | <b>207,884</b> | <b>151,000</b> |

## Note 27 : Basic & Diluted Earnings per share :

| Particulars   | 2015-16        | 2014-15        |
|---|----------------|----------------|
| Net Profit / (Loss) attributable to equity shareholders [A] (₹) | (10,052,276)   | (22,744,039)   |
| Number of equity shares issued [B]                              | 410,044        | 410,044        |
| <b>Basic &amp; Diluted Earnings/(Loss) per share [A/B] (₹)</b>  | <b>(24.52)</b> | <b>(55.47)</b> |

## Note 28 :

The Following Table Set Out The Gratuity Plan As Required Under As 15.

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

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

|  | March 31, 2016       | March 31, 2015       |
|--|----------------------|----------------------|
| <b>I Assumptions as at</b>                 |                      |                      |
| Mortality                                  | IALM (2006-08) Ult.  | IALM (2006-08) Ult.  |
| Interest / Discount Rate                   | 7.49%                | 7.77%                |
| Rate of increase in compensation           | 10.00%               | 5.00%                |
| Rate of return (expected) on plan assets   | -                    | -                    |
| Employee Attrition Rate(Past Service (PS)) | PS: 0 to 37 : 16.31% | PS: 0 to 37 : 20.59% |
| Expected average remaining service         | 4.98                 | 3.80                 |

# NOTES TO FINANCIAL STATEMENT

|  | March 31, 2016 | March 31, 2015 |
|--|----------------|----------------|
| <b>II Changes in present value of obligations (PVO)</b>      |                |                |
| PVO at beginning of year                                     | 601,844        | 218,872        |
| Interest cost  | 46,763         | 19,151         |
| Current Service Cost   | 448,913        | 312,251        |
| Past Service Cost- (non vested benefits)                     | -              | -              |
| Past Service Cost -(vested benefits)                         | -              | -              |
| Benefits Paid  | -              | -              |
| Actuarial (Gain)/Loss on obligation                          | 524,928        | 51,570         |
| PVO at end of year   | 1,622,448      | 601,844        |
| <b>(III) Changes in fair value of plan assets</b>            |                |                |
| Fair Value of Plan Assets at beginning of year               | -              | -              |
| Expected Return ori Plan Assets                              | -              | -              |
| Contributions  | -              | -              |
| Benefit Paid   | -              | -              |
| Actuarial Gain/(Loss) on plan assets                         | -              | -              |
| Fair Value of Plan Assets at end of year                     | -              | -              |
| <b>(IV) Fair Value of Plan Assets</b>                        |                |                |
| Fair Value of Plan Assets at beginning of year               | -              | -              |
| Actual Return on Plan Assets                                 | -              | -              |
| Contributions  | -              | -              |
| Benefit Paid   | -              | -              |
| Fair Value of Plan Assets at end of year                     | -              | -              |
| Funded Status (including unrecognised past service cost)     | (1,622,448)    | (601,844)      |
| Excess of actual over estimated return on Plan Assets        | -              | -              |
| <b>(V) Experience History</b>                                |                |                |
| (Gain)/Loss on obligation due to change in Assumption        | 498,271        | 92,318         |
| Experience (Gain)/ Loss on obligation                        | 26,657         | (40,748)       |
| Actuarial Gain/(Loss) on plan assets                         | -              | -              |
| <b>(VI) Actuarial Gain/(Loss) Recognized</b>                 |                |                |
| Actuarial Gain/(Loss) for the year (Obligation)              | (524,928)      | (51,570)       |
| Actuarial Gain/(Loss) for the year (Plan Assets)             | -              | -              |
| Total Gain/(Loss) for the year                               | (524,928)      | (51,570)       |
| Actuarial Gain/(Loss) recognized for the year                | (524,928)      | (51,570)       |
| Unrecognized Actuarial Gain/(Loss) at end of year            | -              | -              |
| <b>(VII) Past Service Cost Recognised</b>                    |                |                |
| Past Service Cost- (non vested benefits)                     | -              | -              |
| Past Service Cost -(vested benefits)                         | -              | -              |
| Average remaining future service till vesting of the benefit | -              | -              |
| Recognised Past service Cost- non vested benefits            | -              | -              |
| Recognised Past service Cost- vested benefits                | -              | -              |
| Unrecognised Past Service Cost- non vested benefits          | -              | -              |

# NOTES TO FINANCIAL STATEMENT

|  | March 31, 2016 | March 31, 2015 |
|--|----------------|----------------|
| <b>(VIII) Amounts to be recognized in the balance sheet and statement of profit and loss</b> |                |                |
| PVO at end of period   | 1,622,448      | 601,844        |
| Fair Value of Plan Assets at end of year   | –              | –              |
| Funded Status  | (1,622,448)    | (601,844)      |
| Unrecognized Actuarial Gain/(Loss)   | –              | –              |
| Unrecognised Past Service Cost- non vested benefits  | –              | –              |
| Net Asset/(Liability) recognized in the balance sheet  | (1,622,448)    | (601,844)      |
| <b>(IX) Expense recognized in the statement of profit and loss</b>                           |                |                |
| Current Service Cost   | 448,913        | 312,251        |
| Interest cost  | 46,763         | 19,151         |
| Past Service Cost- (non vested benefits)   | –              | –              |
| past Service Cost - (vested benefits)  | –              | –              |
| Unrecognised Past Service Cost- non vested benefits  | –              | –              |
| Expected Return on Plan Assets   | –              | –              |
| Net Actuarial (Gain)/Loss recognized for the year  | 524,928        | 51,570         |
| Expense recognized in the statement of profit and loss                                       | 1,020,604      | 382,972        |
| <b>(X) Movements in the Liability recognized in Balance Sheet</b>                            |                |                |
| Opening Net Liability  | 601,844        | 218,872        |
| Expenses as above  | 1,020,604      | 382,972        |
| Contribution paid  | –              | –              |
| Closing Net Liability  | 1,622,448      | 601,844        |
| <b>(XI) Revised schedule VI</b>  |                |                |
| Current liability  | 65,348         | 37,395         |
| Non-current liability  | 1,557,100      | 564,449        |

## Note 29 : Segment Reporting:

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

## Note 30 : Provisions made for the Year ended 31st March, 2016 comprises of:

| Particulars | Opening balance | Provided during the year ended 31.03.16 | Provision Paid /reversed during the year ended 31.03.16 | Closing balance as of 31.03.16 |
|-------------|-----------------|---|---|--------------------------------|
| Ex-gratia   | 6,127,640       | 5,191,058                               | 6,023,764   | 5,294,934                      |
| Gratuity    | 601,844         | 1,020,604                               | 0   | 1,622,448                      |

| Particulars | Opening balance | Provided during the year ended 31.03.15 | Provision Paid /reversed during the year ended 31.03.15 | Closing balance as of 31.03.15 |
|-------------|-----------------|---|---|--------------------------------|
| Ex-gratia   | 2,808,021       | 3,449,224                               | 129,605   | 6,127,640                      |
| Gratuity    | 218,872         | 382,972                                 | –   | 601,844                        |

# NOTES TO FINANCIAL STATEMENT

## Note 31 :

Amount of margin money and shares received from clients and outstanding as on 31st March, 2016 are as follows:

| Security Settlement for the | In the form of Securities at market Value | Received in cheque | Received as Bank Guarantee |
|-----------------------------|---|--------------------|----------------------------|
| Year ended 31.03.2016       | –   | –                  | –                          |
| Year ended 31.03.2015       | 67,185,695                                | 31,208,874         | 65,802,098                 |

## Note 32 : Contingent liabilities not provided for:

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

| Pending against Forum | As at 31st March, 2016 |           | As at 31st March, 2015 |         |
|-----------------------|------------------------|-----------|------------------------|---------|
|                       | No. of Cases           | Amount    | No. of Cases           | Amount  |
| Arbitration Cases     | 2                      | 5,657,446 | 4                      | 875,000 |

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

b) Demand in respect of Income Tax matters for which appeal is pending is ₹ 15,89,323/- (Previous Year ₹ 6,92,257/-) . This is disputed by the company and hence not provided for. Above liability does not include interest u/s 234 B and 234 C as the same depends on the outcome of the demand.

### Capital Commitments:

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances) is ₹ 32,500 (Previous Year : ₹ 93,450)

## Note 33 :

Trade receivables in case of subsidiary company Motilal Oswal Commodities Broker Pvt. Ltd. includes ₹ 2,573.47 millions (Previous year ₹ 2,573.47 ) receivable from National Spot Exchange Limited on behalf of customers and the same is also shown as Other Trade payable to customers at ₹2,475.88 millions (Previous year ₹2,475.88 ) which will become due only on receipt from National Spot Exchange Limited.

## Note 34 : Initial Margin:

Initial margin in respect of outstanding derivative instruments (commodities) at the year end is ₹ NIL (Previous Year : NIL) which comprises of cash margin, fixed deposits, bank guarantee & collaterals.

## Note 35 :

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

## Note 36 : Quantitative information in respect of income from Trading in commodities

| Cash Segment      | 31-Mar-16 |   | 31-Mar-15 |               |
|-------------------|-----------|---|-----------|---------------|
|                   | Quantity  | ₹ | Quantity  | ₹             |
| Opening Stock     | –         | – | –         | –             |
| Purchase          | –         | – | 821.56    | 39,766,520.68 |
| Sales             | –         | – | 821.56    | 38,934,035.25 |
| Stock written off | –         | – | –         | –             |
| Closing stock     | –         | – | –         | –             |

# NOTES TO FINANCIAL STATEMENT

## Note 37 : Corporate Social Responsibility

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

- a) Gross amount required to be spent by the company during the year is ₹ 5,90,000 (Previous year : Nil)  
b) Amount spent during the period ended 31st March, 2016 on :

| Particulars  | Amount paid | Yet to be paid | Total     |
|--|-------------|----------------|-----------|
| a) Construction/acquisition of any asset   | 6,127,640   | 5,191,058      | 6,023,764 |
| – International Foundation For Research And Education (Construction Of Ashoka University) through Motilal Oswal Foundation | –           | –              | –         |
| b) on Purposes other than (a) above  |             |                |           |
| <b>Total</b>   | –           | –              | –         |

## Note 38 :

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

## Note 39 :

Previous year figures have been regrouped/rearranged where necessary to confirm to year's classification.

### For Aneel Lasod and Associates

*Chartered Accountants*

Firm Registration No. 124609W

**Aneel Lasod**

*Partner*

M No: 40117

Place : Mumbai

Dated : 22nd April, 2016

For and on behalf of the Board of  
**Motilal Oswal Commodities Broker Private Limited**

**Ajay Menon**

*Director*

DIN No.

**Rajesh Dharamshi**

*Director*

DIN No.

# **MOPE Investment Advisors Private Limited**

**Annual Report 2015-2016**

# INDEPENDENT AUDITORS' REPORT

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

## Report on the Standalone Financial Statements

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

## Management's Responsibility for the Standalone Financial Statements

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

## Auditor's Responsibility

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

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

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

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

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

## Opinion

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

## Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 30 on Contingent Liabilities;
  - (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise.
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

Place: Mumbai  
Date: 23rd April, 2016

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

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of MOPE Investment Advisors Private Limited on the standalone financial statements for the year ended March 31, 2016]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, fixed assets have been physically verified by the management as per the regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable property recorded as fixed assets in the books of the Company, hence clause (i)(c) of paragraph 3 of the Order is not applicable to the Company.
- (ii) The Company does not have any inventory during the year, hence clause (ii) of paragraph 3 of the order is not applicable to the Company.
- (iii) The Company has granted unsecured loan to one company covered in the register maintained under Section 189 of the Act.
  - (a) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that, the terms and conditions of the aforesaid loan granted by the Company, which is repayable on demand, are not prejudicial to the interest of the Company.
  - (b) Since there is no stipulation as regards repayment of principal and interest, clause 3(iii)(b) is not applicable.
  - (c) In respect of the aforesaid loan, there is no overdue amount of loan granted to a company listed in the register maintained under Section 189 of the Act.
- (iv) Based on information and explanation given to us the Company has not given any guarantees and securities. Further, in respect of Loans and Investment, the Company has complied with the provisions of Section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of Section 148 of the Act and the rules framed there under.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, cess and other material statutory dues applicable to it. As explained to us, the provisions regarding value added tax, customs duty, excise duty are presently not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues with respect to income tax, sales tax, service tax, value added tax, customs duty, excise duty, which have not been deposited on account of any dispute.
- (viii) The Company does not have any loan or borrowing from bank(s) / government(s) or dues to debenture holder(s). Further, according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(s).
- (ix) The Company has neither raised money by way of public issue offer nor has obtained any term loans. Therefore, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) The Company has not paid/provided any managerial remuneration. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company

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

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Haribhakti & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration No.103523W

**Amit A. Hundia**

*Partner*

Membership No.120761

Place: Mumbai

Date: 23rd April, 2016

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

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

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

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

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

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

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

### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

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

A company's internal financial control over financial reporting is a process designed to provide

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

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

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

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

## **Opinion**

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

For **Haribhakti & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration No.103523W

**Amit A. Hundia**

*Partner*

Membership No.120761

Place: Mumbai

Date: 23rd April, 2016

# BALANCE SHEET

## Balance Sheet as at March 31, 2016

|                                 | Note No.       | As on 31-Mar-16<br>(In ₹) | As on 31-Mar-15<br>(In ₹) |
|---------------------------------|----------------|---------------------------|---------------------------|
| <b>I EQUITY AND LIABILITIES</b> |                |                           |                           |
| <b>Shareholders' Funds :</b>    |                |                           |                           |
| Share Capital                   | 1              | 588,250                   | 588,250                   |
| Reserves and Surplus            | 2              | 416,891,920               | 357,660,593               |
|                                 | <b>(A)</b>     | <b>417,480,170</b>        | <b>358,248,843</b>        |
| <b>Non-Current Liabilities</b>  |                |                           |                           |
| Long Term Provision             | 3              | 3,031,752                 | 3,319,417                 |
|                                 | <b>(B)</b>     | <b>3,031,752</b>          | <b>3,319,417</b>          |
| <b>Current Liabilities</b>      |                |                           |                           |
| Short Term Borrowings           | 4              | 128,295                   | 634,250                   |
| Other Current Liabilities       | 5              | 132,839,105               | 7,345,503                 |
| Short Term Provisions           | 6              | 41,165,654                | 48,699,707                |
|                                 | <b>(C)</b>     | <b>174,133,054</b>        | <b>56,679,460</b>         |
| <b>TOTAL</b>                    | <b>(A+B+C)</b> | <b>594,644,976</b>        | <b>418,247,720</b>        |
| <b>II. ASSETS</b>               |                |                           |                           |
| <b>Non-Current Assets</b>       |                |                           |                           |
| Fixed Assets                    |                |                           |                           |
| Tangible Assets                 | 7              | 3,037,721                 | 5,887,658                 |
| Intangible Assets               | 7              | 34,818                    | 105,254                   |
| Non-Current Investment          | 8              | 363,473,899               | 268,335,479               |
| Deferred Tax Asset              | 9              | 2,543,063                 | 4,864,728                 |
| Long-term Loans And Advances    | 10             | 41,391,217                | 22,382,202                |
|                                 | <b>(D)</b>     | <b>410,480,718</b>        | <b>301,575,321</b>        |
| <b>Current Assets</b>           |                |                           |                           |
| Trade Receivables               | 11             | 3,448,230                 | 85,598,872                |
| Cash and Bank Balances          | 12             | 115,310,979               | 28,100,334                |
| Short-term Loans & Advances     | 13             | 65,405,049                | 2,973,193                 |
|                                 | <b>(E)</b>     | <b>184,164,259</b>        | <b>116,672,398</b>        |
| <b>TOTAL</b>                    | <b>(D+E)</b>   | <b>594,644,976</b>        | <b>418,247,720</b>        |
| Significant accounting policies | 21             |                           |                           |
| Notes forming part of accounts  | 1 to 36        |                           |                           |

As per our attached report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No 103523W

**Amit A. Hundia**

Partner

Membership No. 120761

Place : Mumbai

Dated : 23rd April, 2016

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

**Motilal Oswal**

Director

DIN No. 00024503

**Raamdeo Agarawal**

Chairman

DIN No. 00024533

# STATEMENT OF PROFIT AND LOSS

## Statement of Profit and Loss for the year ended 31st March, 2016

|   | Note No.             | For the Period ended<br>31-Mar-16<br>(In ₹) | For the Period ended<br>31-Mar-15<br>(In ₹) |
|---|----------------------|---|---|
| <b>REVENUE</b>  |                      |   |   |
| Revenue from Operations                                 | 14                   | 219,445,558                                 | 246,357,678                                 |
| Other Income  | 15                   | 30,161,910                                  | 8,502,553                                   |
| <b>Total Revenue</b>                                    | <b>(A)</b>           | <b>249,607,468</b>                          | <b>254,860,231</b>                          |
| <b>EXPENDITURE</b>                                      |                      |   |   |
| Employee Benefit Expenses                               | 16                   | 94,648,040                                  | 95,436,536                                  |
| Finance Cost  | 17                   | 3,113,978                                   | 2,598,044                                   |
| Depreciation  | 7                    | 3,108,653                                   | 3,540,466                                   |
| Other Expenses  | 18                   | 50,653,093                                  | 40,283,294                                  |
| <b>Total Expenses</b>                                   | <b>(B)</b>           | <b>151,523,764</b>                          | <b>141,858,340</b>                          |
| <b>Profit/(Loss) before Prior Period Item &amp; Tax</b> | <b>(C = (A - B))</b> | <b>98,083,703</b>                           | <b>113,001,891</b>                          |
| <b>Prior Period Item</b>                                | 19                   | 406,483                                     | –   |
| <b>Profit/(Loss) before Tax</b>                         | <b>(D = C - 19)</b>  | <b>97,677,220</b>                           | <b>113,001,891</b>                          |
| <b>Provision for Taxation</b>                           |                      |   |   |
| Current tax   |                      | 36,124,229                                  | 33,895,859                                  |
| Deferred tax  |                      | 2,321,664                                   | (575,176)                                   |
| Income Tax for earlier years                            |                      | –   | 5,670,406                                   |
| Tax impact on Transitional Depreciation                 |                      | –   | 54,139                                      |
| <b>Total Tax Expenses</b>                               | <b>(E)</b>           | <b>38,445,893</b>                           | <b>39,045,228</b>                           |
| <b>Profit/(Loss) After Tax</b>                          | <b>(F = (D - E))</b> | <b>59,231,327</b>                           | <b>73,956,663</b>                           |
| <b>Earnings per share (₹)</b>                           |                      |   |   |
| Equity share of par value ₹10 each                      |                      |   |   |
| Basic   | 23                   | 1,006.91                                    | 1,257.23                                    |
| Diluted   | 23                   | 1,006.91                                    | 1,257.23                                    |
| Summary of significant accounting policies              |                      |   |   |
| Notes forming part of accounts                          |                      |   |   |

As per our attached report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No 103523W

**Amit A. Hundia**

Partner

Membership No. 120761

Place : Mumbai

Dated : 23rd April, 2016

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

**Motilal Oswal**

Director

DIN No. 00024503

**Raamdeo Agarawal**

Chairman

DIN No. 00024533

# CASH FLOW STATEMENT

## Cash flow statement as of 31st March, 2016

| Particulars  | For the Year ended<br>31-Mar-16<br>(In ₹) | For the Year ended<br>31-Mar-15<br>(In ₹) |
|--|---|---|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>             |   |   |
| <b>PROFIT BEFORE TAX</b>                               | 97,677,220                                | 113,001,892                               |
| Adjustment for :                                       |   |   |
| 1) Depreciation  | 3,108,653                                 | 3,540,466                                 |
| 2) Interest Expenses                                   | 3,113,978                                 | 2,598,044                                 |
| 3) Interest Income                                     | (20,560)                                  | (2,171)                                   |
| 4) Dividend Income                                     | –   | (127,257)                                 |
| 5) Profit on sale of Investment                        | (5,979,058)                               | (15,162,976)                              |
| 6) (Profit)/Loss on sale of fixed assets               | (3,983)                                   | 87,810                                    |
| 7) Partnership Gain                                    | (27,208,769)                              | (5,532,515)                               |
| 8) Provision for Gratuity                              | 825,870                                   | 1,090,094                                 |
| 9) Provision for Compesated Absences                   | 375,793                                   | 187,644                                   |
| <b>OPERATING PROFIT</b>                                | <b>71,889,144</b>                         | <b>99,681,031</b>                         |
| Adjustment For:  |   |   |
| 1) Increase/(Decrease) in Long Term Provision          | (287,665)                                 | (294,968)                                 |
| 2) Increase/(Decrease) In Other Current Liabilities    | 125,509,202                               | (3,274,237)                               |
| 3) Increase/(Decrease) In Short Term Provisions        | (2,819,400)                               | (38,528,847)                              |
| 4) (Increase)/Decrease in Long-term Loans And Advances | 78,847                                    | (4,605,940)                               |
| 5) (Increase)/Decrease in Trade Receivable             | 82,150,642                                | 24,506,013                                |
| 6) (Increase)/Decrease in Short-term Loans & Advances  | (12,415,994)                              | (1,173,079)                               |
| <b>CASH GENERATED FROM OPERATIONS</b>                  | <b>264,104,776</b>                        | <b>76,309,972</b>                         |
| Taxes Paid   | (61,128,409)                              | (41,543,386)                              |
| Prior Period Items                                     | –   | –   |
| <b>NET CASH GENERATED FORM OPERATING ACTIVITIES</b>    | <b>202,976,367</b>                        | <b>34,766,586</b>                         |

# CASH FLOW STATEMENT (Contd..)

| Particulars  | For the Year ended<br>31-Mar-16<br>(In ₹) | For the Year ended<br>31-Mar-15<br>(In ₹) |
|--|---|---|
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                           |   |   |
| Purchase of Fixed Assets   | (193,297)                                 | (238,507)                                 |
| Proceeds From Sale of Fixed assets                                   | 9,000                                     | 908,210                                   |
| Investment in Subsidiary company                                     | (10)                                      | (49,500,000)                              |
| Purchase of Investments  | (96,900,450)                              | (27,112,661)                              |
| Proceed from Sale of investment                                      | 34,949,867                                | 45,026,450                                |
| Interest Received  | 20,560                                    | 2,171                                     |
| Dividend Received  | –   | 127,257                                   |
| Loan given to subsidiary company                                     | (50,015,862)                              | –   |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                         | <b>(112,130,192)</b>                      | <b>(30,787,080)</b>                       |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                           |   |   |
| Repayment of long term borrowings                                    | (505,951)                                 | 634,250                                   |
| Interest Paid  | (3,129,578)                               | (2,624,757)                               |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                         | <b>(3,635,529)</b>                        | <b>(1,990,507)</b>                        |
| <b>NET INCREASE/(DECREASE) IN CASH/CASH EQUIVALENTS</b>              | <b>87,210,646</b>                         | <b>1,988,999</b>                          |
| <b>Cash and cash equivalent comprise of:</b>                         |   |   |
| Cash on hand   | 461,381                                   | 245,199                                   |
| Scheduled bank - In Current Account                                  | 27,638,953                                | 25,866,137                                |
| <b>Total Cash &amp; Cash Equivalents as at beginning of the year</b> | <b>28,100,334</b>                         | <b>26,111,336</b>                         |
| <b>Cash and cash equivalent comprise of:</b>                         |   |   |
| Cash on hand   | 392,888                                   | 461,381                                   |
| Scheduled bank - In Current Account                                  | 114,918,091                               | 27,638,953                                |
| <b>Total Cash &amp; Cash Equivalents as at end of the year</b>       | <b>115,310,979</b>                        | <b>28,100,334</b>                         |

As per our attached report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No 103523W

**Amit A. Hundia**

Partner

Membership No. 120761

Place : Mumbai

Dated : 23rd April, 2016

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

**Motilal Oswal**

Director

DIN No. 00024503

**Raamdeo Agarawal**

Chairman

DIN No. 00024533

# NOTES TO FINANCIAL STATEMENT

## Note 1 : Share Capital

|   | As at 31-Mar-16  |                   | As at 31-Mar-15  |                   |
|---|------------------|-------------------|------------------|-------------------|
|   | In Numbers       | In ₹              | In Numbers       | In ₹              |
| <b>Authorised</b>   |                  |                   |                  |                   |
| Equity Shares of ₹ 10/- each ( P.Y. ₹ 10/- each)  | 500,000          | 5,000,000         | 500,000          | 5,000,000         |
| Non Convertible Preference Shares of ₹ 10/ each ( P.Y. ₹ 10/- each)   | 500,000          | 5,000,000         | 500,000          | 5,000,000         |
| <b>TOTAL</b>  | <b>1,000,000</b> | <b>10,000,000</b> | <b>1,000,000</b> | <b>10,000,000</b> |
| <b>Issued, Subscribed &amp; Paid Up</b>   |                  |                   |                  |                   |
| Equity Shares of ₹ 10/- each.   | 58,825           | 588,250           | 58,825           | 588,250           |
| Of the above 50,000 shares (previous year 50,000 Shares) held by holding company Motilal Oswal Financial Services Limited,* |                  |                   |                  |                   |
| <b>TOTAL</b>  | <b>58,825</b>    | <b>588,250</b>    | <b>58,825</b>    | <b>588,250</b>    |

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

#### Equity Shares :

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

The Company declares and pays dividend in Indian rupees. Each equity share has the same rate of dividend

#### Preference Shares :

The Company has one class of preference shares having a par value of ₹ 10/- and there are no preference shares issued & subscribed as on 31.03.2016 and 31.03.2015.

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

### 1.3 Reconciliation of number of Shares outstanding

| Particulars                                    | As at 31-Mar-16 |                | As at 31-Mar-15 |                |
|--|-----------------|----------------|-----------------|----------------|
|  | In Numbers      | In ₹           | In Numbers      | In ₹           |
| Number of shares at the beginning of the year  | 58,825          | 588,250        | 58,825          | 588,250        |
| Addition during the year                       | -               | -              | -               | -              |
| <b>Number of shares at the end of the year</b> | <b>58,825</b>   | <b>588,250</b> | <b>58,825</b>   | <b>588,250</b> |

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

| Share Holders  | As at 31-Mar-16 |              | As at 31-Mar-15 |              |
|--|-----------------|--------------|-----------------|--------------|
|  | No of Shares    | % of Holding | No of Shares    | % of Holding |
| Motilal Oswal Financial Services Ltd (Holding Company) * | 50,000          | 85.00        | 50,000          | 85.00        |
| Mr. Vishal Tulsyan                                       | 6,345           | 10.78        | 5,493           | 9.34         |

\* including 1 share jointly held with Mr. Motilal Oswal

# NOTES TO FINANCIAL STATEMENT

## Note 2: Reserves and Surplus

|   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---|-------------------------|-------------------------|
| <b>Surplus</b>  |                         |                         |
| Opening Balance   | 357,660,593             | 283,813,537             |
| Add: Net Profit After Tax transferred from Statement of Profit and Loss | 59,231,327              | 73,956,663              |
| Less: Transition Depreciation   | –                       | (109,606)               |
| <b>TOTAL</b>  | <b>416,891,920</b>      | <b>357,660,593</b>      |

## Note 3 : Long Term Provisions

|  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--|-------------------------|-------------------------|
| <b>Provision for Employee Benefits</b> |                         |                         |
| Provision for Gratuity                 | 3,031,752               | 3,319,417               |
| <b>TOTAL</b>                           | <b>3,031,752</b>        | <b>3,319,417</b>        |

## Note 4 : Short Term Borrowings

|   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---|-------------------------|-------------------------|
| <b>Loans and Advances from Related Party (Unsecured, Considered good)</b> |                         |                         |
| Moitlal Oswal Financial services Ltd (holding company)                    | 128,295                 | 634,250                 |
| <b>TOTAL</b>  | <b>128,295</b>          | <b>634,250</b>          |

## Note 5 : Other Current Liabilities

|  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--|-------------------------|-------------------------|
| Interest Accrued and Due on borrowings | –                       | 15,600                  |
| Income Received in Advance             | 125,202,743             | 1,072,518               |
| <b>Other Payables</b>                  |                         |                         |
| Taxes Payable                          | 1,823,496               | 4,532,855               |
| For Expenses                           | 5,812,867               | 1,724,530               |
| <b>TOTAL</b>                           | <b>132,839,105</b>      | <b>7,345,503</b>        |

# NOTES TO FINANCIAL STATEMENT

## Note 6 : Short Term Provisions

|   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---|-------------------------|-------------------------|
| <b>Provision for Employee Benefits</b>                                  |                         |                         |
| Provision for Gratuity  | 761,573                 | 792,267                 |
| Provision for Ex-Gratia Payable   | 38,675,000              | 40,790,000              |
| Provision for Compesated Absences                                       | 375,793                 | 187,644                 |
| <b>Others</b>   |                         |                         |
| Provision for Income tax (Net of Advance tax of ₹ Nil, PY ₹ 279,79,543) | –                       | 5,916,316               |
| Provision for Expenses  | 1,353,288               | 1,013,480               |
| <b>TOTAL</b>  | <b>41,165,654</b>       | <b>48,699,707</b>       |

## Note : 7 Fixed Assets

(in ₹)

| PARTICULARS              | GROSS BLOCK          |                |                |                      | DEPRICIATION         |                  |               |                            |                      | NET BLOCK            |                      |
|--------------------------|----------------------|----------------|----------------|----------------------|----------------------|------------------|---------------|----------------------------|----------------------|----------------------|----------------------|
|                          | As At<br>01-Apr-2015 | Additions      | Deduction      | As At<br>01-Apr-2016 | As At<br>01-Apr-2015 | Additions        | Additions     | Transition<br>Depreciation | As At<br>01-Apr-2016 | As At<br>01-Apr-2016 | As At<br>01-Apr-2015 |
| <b>Tangible assets</b>   |                      |                |                |                      |                      |                  |               |                            |                      |                      |                      |
| 1 Computers              | 2,070,192            | 88,725         | 134,031        | 2,024,886            | 1,740,180            | 236,588          | 64,507        | –                          | 1,912,261            | 112,625              | 330,012              |
| 2 Office Equipments      | 1,414,114            | 104,570        | –              | 1,518,685            | 1,166,395            | 133,586          | –             | –                          | 1,299,981            | 218,704              | 247,719              |
| 3 Vehicles:              | 766,518              | –              | –              | 766,518              | 254,866              | 201,731          | –             | –                          | 456,597              | 309,922              | 511,653              |
| 4 Furniture              | 2,171,658            | –              | –              | 2,171,658            | 1,304,104            | 433,829          | –             | –                          | 1,737,932            | 433,726              | 867,554              |
| 5 Lease Hold Improvement | 10,283,388           | –              | –              | 10,283,388           | 6,352,666            | 1,967,978        | –             | –                          | 8,320,644            | 1,962,744            | 3,930,722            |
| <b>Intangible assets</b> |                      |                |                |                      |                      |                  |               |                            |                      |                      |                      |
| 1 Computer Software      | 376,025              | –              | –              | 376,025              | 270,771              | 70,435           | –             | –                          | 341,206              | 34,819               | 105,254              |
| <b>Total</b>             | <b>17,081,896</b>    | <b>193,296</b> | <b>134,031</b> | <b>17,141,161</b>    | <b>11,088,982</b>    | <b>3,044,147</b> | <b>64,507</b> | <b>–</b>                   | <b>14,068,621</b>    | <b>3,072,539</b>     | <b>5,992,914</b>     |

## Previous Year

(in ₹)

| PARTICULARS                     | GROSS BLOCK          |                |                  |                      | DEPRICIATION         |                  |                  |                            |                      | NET BLOCK            |                      |
|---------------------------------|----------------------|----------------|------------------|----------------------|----------------------|------------------|------------------|----------------------------|----------------------|----------------------|----------------------|
|                                 | As At<br>01-Apr-2014 | Additions      | Deduction        | As At<br>01-Apr-2015 | As At<br>01-Apr-2014 | Additions        | Additions        | Transition<br>Depreciation | As At<br>01-Apr-2015 | As At<br>01-Apr-2015 | As At<br>01-Apr-2014 |
| <b>Tangible assets</b>          |                      |                |                  |                      |                      |                  |                  |                            |                      |                      |                      |
| 1 Computers                     | 1,831,685            | 238,507        | –                | 2,070,192            | 1,261,168            | 430,828          | –                | 48,184                     | 1,740,180            | 330,012              | 570,518              |
| 2 Office Equipments             | 1,414,114            | –              | –                | 1,414,114            | 837,725              | 213,109          | –                | 115,561                    | 1,166,395            | 247,719              | 576,389              |
| 3 Vehicles                      | 4,312,080            | –              | 3,545,562        | 766,518              | 2,379,024            | 425,384          | 2,549,542        | –                          | 254,866              | 511,652              | 1,933,056            |
| 4 Furniture                     | 2,171,658            | –              | –                | 2,171,658            | 870,837              | 433,267          | –                | –                          | 1,304,104            | 867,554              | 1,300,821            |
| 5 Lease Hold Improvement        | 351,630              | –              | –                | 351,630              | 351,630              | –                | –                | –                          | 351,630              | –                    | –                    |
| 6 Renovation to Office Premises | 9,931,758            | –              | –                | 9,931,758            | 4,038,363            | 1,962,673        | –                | –                          | 6,001,036            | 3,930,722            | 5,893,395            |
| <b>Intangible assets</b>        |                      |                |                  |                      |                      |                  |                  |                            |                      |                      |                      |
| 1 Computer Software             | 376,025              | –              | –                | 376,025              | 195,566              | 75,205           | –                | –                          | 270,771              | 105,254              | 180,459              |
| <b>Total</b>                    | <b>20,388,950</b>    | <b>238,507</b> | <b>3,545,562</b> | <b>17,081,895</b>    | <b>9,934,313</b>     | <b>3,540,465</b> | <b>2,549,542</b> | <b>163,745</b>             | <b>11,088,981</b>    | <b>5,992,914</b>     | <b>10,454,638</b>    |

# NOTES TO FINANCIAL STATEMENT

## Note 8 : Non-Current Investments - At cost (Non Trade)

| Sr. No.    | Particulars  | Subsidiary/ Others | No. of Shares / Units |           | Quoted / Unquoted | Partly Paid / Fully paid | Extend of Holding % |           | Amount (In ₹)      |                    |
|------------|--|--------------------|-----------------------|-----------|-------------------|--------------------------|---------------------|-----------|--------------------|--------------------|
|            |  |                    | 31-Mar-16             | 31-Mar-15 |                   |                          | 31-Mar-16           | 31-Mar-15 | 31-Mar-16          | 31-Mar-15          |
| <b>(A)</b> | <b>Investment in Equity Instruments</b>                          |                    |                       |           |                   |                          |                     |           |                    |                    |
|            | India Business Excellence Management Co                          | Subsidiary         | 40,000                | 40,000    | Unquoted          | Fully paid               | 100.00%             | 100.00%   | 5,783,343          | 5,783,343          |
|            | Motilal Oswal Real Estate Investment Advisors Private Limited    | Subsidiary         | 89,999                | 89,999    | Unquoted          | Fully paid               | 89.00%              | 89.00%    | 899,990            | 899,990            |
|            | Shubham Housing Development Finance Co Pvt Ltd                   | Others             | 15                    | 15        | Unquoted          | Fully paid               |                     |           | 12,663             | 12,663             |
|            | Aspire Home Finance Corporation Limited                          | Fellow Subsidiary  | 1                     | -         | Unquoted          | Fully paid               | 0.00%               | 0.00%     | 10.13              | -                  |
|            | <b>Total (A)</b>   |                    |                       |           |                   |                          |                     |           | <b>6,696,006</b>   | <b>6,695,996</b>   |
| <b>(B)</b> | <b>Investment In Preference Instruments</b>                      |                    |                       |           |                   |                          |                     |           |                    |                    |
|            | Motilal Oswal Real Estate Investment Advisors II Private Limited | Subsidiary         | 4,950,000             | 4,950,000 | Unquoted          | Fully paid               | 100.00%             | 100.00%   | 49,500,000         | 49,500,000         |
|            | <b>Total (B)</b>   |                    |                       |           |                   |                          |                     |           | <b>49,500,000</b>  | <b>49,500,000</b>  |
| <b>(C)</b> | <b>Investment in LLP</b>   |                    |                       |           |                   |                          |                     |           |                    |                    |
|            | India Realty Excellence Fund II LLP                              | Associate          | 2,000                 | 2,000     | Unquoted          | Fully paid               | 4.00%               | 4.00%     | 189,463,200        | 123,050,250        |
|            | <b>Total (C)</b>   |                    |                       |           |                   |                          |                     |           | <b>189,463,200</b> | <b>123,050,250</b> |
|            | <b>Investment in Private Equity Funds</b>                        |                    |                       |           |                   |                          |                     |           |                    |                    |
| <b>(D)</b> | <b>India Realty Excellence Fund</b>                              | Others (PE Fund)   | 200                   | 200       | Unquoted          | Fully paid-up            | 6.13%               | 6.13%     | 33,507,984         | 35,270,024         |
|            | India Business Excellence Fund II                                | Others (PE Fund)   | 135,500               | 135,500   | Unquoted          | Partly paid-up           | 3.99%               | 3.99%     | 84,306,709         | 53,819,209         |
|            | <b>Total (D)</b>   |                    |                       |           |                   |                          |                     |           | <b>117,814,693</b> | <b>89,089,233</b>  |
|            | <b>Total (A+B+C+D)</b>   |                    |                       |           |                   |                          |                     |           | <b>363,473,899</b> | <b>268,335,479</b> |

## Note 9 : Deferred tax Assets

|   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---|-------------------------|-------------------------|
| Deffered Taxes Assets:  |                         |                         |
| Interest on late payment of call money                          | 598,914                 | 598,914                 |
| Grautity provison   | 360,418                 | 1,397,561               |
| Accrued Income on investments in units of private equity funds. | 1,554,486               | 1,134,978               |
| Capital Gain on IREF  | 652,297                 | 652,297                 |
| <b>Total ( I )</b>  | <b>3,166,115</b>        | <b>3,783,750</b>        |
| Deffered Taxes Liability:                                       |                         |                         |
| Fixed Assets  | 623,051                 | (1,080,978)             |
| <b>Total ( II )</b>   | <b>623,051</b>          | <b>(1,080,978)</b>      |
| <b>TOTAL ( I ) - ( II )</b>                                     | <b>2,543,063</b>        | <b>4,864,728</b>        |

## Note 10 : Long Term Loans & Advances

|  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--|-------------------------|-------------------------|
| Unsecured, considered good   |                         |                         |
| Other loans and advances   |                         |                         |
| Rent Deposit   | 4,601,430               | 4,601,430               |
| Advance Tax (Net of Provisions of Income Tax ₹14,35,83,848, PY ₹ 73,563,760) | 36,789,787              | 17,701,923              |
| Prepaid Exp  | -                       | 78,849                  |
| <b>TOTAL</b>   | <b>41,391,217</b>       | <b>22,382,202</b>       |

# NOTES TO FINANCIAL STATEMENT

## Note 11 : Trade Receivables

### Unsecured Considered Good

Debts Outstanding for a period exceeding six months (US)

Other debts

**TOTAL**

| As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|-------------------------|-------------------------|
| –                       | 57,679                  |
| 3,448,230               | 85,541,193              |
| <b>3,448,230</b>        | <b>85,598,872</b>       |

## Note 12 : Cash and Bank Balances

Cash on hand

Balances with Bank

In Current Account

**TOTAL**

| As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|-------------------------|-------------------------|
| 392,888                 | 461,381                 |
| 114,918,092             | 27,638,953              |
| <b>115,310,979</b>      | <b>28,100,334</b>       |

## Note 13 : Short Term Loans & Advances

### Others (Unsecured, considered good)

### Loan and advance to Related Party (Unsecured, Considered Good)

Motilal Oswal Real Estate Investment Advisors II Private Limited

Prepaid Expense

Service tax credit receivable

Loan and Advances to employees

Others

**TOTAL**

| As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|-------------------------|-------------------------|
| 50015862                | –                       |
| 759,935                 | 1,585,830               |
| 1,525,978               | 1,357,279               |
| 10,566,017              | –                       |
| 2,537,258               | 30,084                  |
| <b>65,405,049</b>       | <b>2,973,193</b>        |

## Note 14 : Income From Operations

### Sale of Services

Advisory Fees

Management Fees

Profit on sale of Investment

| For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|---|---|
| 118,342,987                             | 121,785,636                             |
| 94,034,427                              | 107,911,351                             |
| 5,979,058                               | 15,162,976                              |

# NOTES TO FINANCIAL STATEMENT

|                                     | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|-------------------------------------|---|---|
| Recovery of Out of Pocket Expenses. | 1,089,085                               | 1,497,715                               |
| <b>TOTAL</b>                        | <b>219,445,558</b>                      | <b>246,357,678</b>                      |

## Note 15 : Other Income

|                                   | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|-----------------------------------|---|---|
| Interest Income                   | 20,560                                  | 2,171                                   |
| Dividend Income                   | -                                       | 127,257                                 |
| <b>Other Non Operating Income</b> |   |   |
| Profit on Sale of Fixed Assets    | 3,983                                   | (87,810)                                |
| Partnership gain                  | 27,208,769                              | 5,532,515                               |
| Miscellaneous Income              | 2,928,598                               | 2,928,420                               |
| <b>TOTAL</b>                      | <b>30,161,910</b>                       | <b>8,502,553</b>                        |

## Note 16 : Employee Benefit

|   | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|---|---|---|
| Salary, Bonus And Allowances            | 90,444,607                              | 91,254,915                              |
| Contribution To Provident & Other Funds | 1,633,352                               | 1,654,796                               |
| Staff Welfare Expenses                  | 1,744,211                               | 1,436,731                               |
| Gratuity ( Refer Note 33)               | 825,870                                 | 1,090,094                               |
| <b>TOTAL</b>                            | <b>94,648,040</b>                       | <b>95,436,536</b>                       |

## Note 17 :Finance Cost

# NOTES TO FINANCIAL STATEMENT

|               | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|---------------|---|---|
| Interest Cost | 3,113,978                               | 2,598,044                               |
| <b>TOTAL</b>  | <b>3,113,978</b>                        | <b>2,598,044</b>                        |

## Note 18 : Other Expenses

|  | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|--|---|---|
| Referral fee                             | 4,798,858                               | 4,235,541                               |
| Rates and taxes                          | 7,506                                   | 7,474                                   |
| Rent                                     | 9,218,199                               | 9,202,860                               |
| Insurance                                | 300,306                                 | 293,387                                 |
| Computer Repairs & Maintenance           | 62,097                                  | 37,685                                  |
| Legal & Professional Charges             | 13,589,549                              | 8,914,587                               |
| Remuneration to Auditors (Refer Note 24) | 445,641                                 | 130,000                                 |
| Marketing & Brand Promotion Expenses     | 1,945,296                               | 1,094,003                               |
| Printing & Stationery                    | 787,277                                 | 443,502                                 |
| Power and fuel                           | 1,549,447                               | 1,754,132                               |
| Communication Expenses                   | 503,120                                 | 563,146                                 |
| Travelling Expenses                      | 7,678,601                               | 7,517,067                               |
| Miscellaneous Expenses                   | 4,782,196                               | 4,029,910                               |
| CSR Donation                             | 4,985,000                               | 2,060,000                               |
| <b>TOTAL</b>                             | <b>50,653,093</b>                       | <b>40,283,294</b>                       |

## Note 19 : Prior Period Item

|               | For the Year Ended<br>31-Mar-16<br>In ₹ | For the Year Ended<br>31-Mar-15<br>In ₹ |
|---------------|---|---|
| Advisory Fees | 406,483                                 | -                                       |
| <b>TOTAL</b>  | <b>406,483</b>                          | <b>-</b>                                |

## Note 20 : Nature of Business

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

## Note 21 : Significant Accounting Policies:

### 21.1 Basis of Preparation of Financial Statements:

The financial statements of the Company are prepared under the historical cost convention, on the accrual basis of accounting

# NOTES TO FINANCIAL STATEMENT

and comply in all material respects with the generally accepted accounting principles in India, the applicable accounting standards notified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 issued by Institute of Chartered Accountant of India and the provisions of the Companies Act, 2013.

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

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

## 21.2 Use of Estimates:

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

## 21.3 Fixed Assets & Depreciation:

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

Improvements to leasehold premises are depreciated over the remaining period of lease on Straight Line Basis.

## 21.4 Intangible Assets and Amortization:

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

## 22.2 Borrowing Cost:

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

## 21.5 Impairment of Assets:

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

## 21.6 Investments:

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

Long term investments are valued at cost. Provision for diminution in value of long term 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.

# NOTES TO FINANCIAL STATEMENT

## 21.7 Revenue Recognition:

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

## 21.8 Foreign Currency Transactions:

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

## 21.9 Employee Benefits:

### Provident Fund:

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

### Gratuity:

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

### Compensated Absences:

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

### Bonus / Ex-gratia Plans:

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

## 21.10 Taxation:

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

### Current Tax:

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

### Deferred Tax:

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realisation

# NOTES TO FINANCIAL STATEMENT

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.

## 21.11 Provisions and Contingencies:

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

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

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

## 22.12 Leases:

### Where the Company is Lessee

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

### Where the Company is Lessor

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

## Note 23 : Earnings per share

|  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--|-------------------------|-------------------------|
| Net Profit attributable to equity shareholders [A] (₹)                   | 59,231,327              | 73,956,663              |
| Weighted Average number of equity shares issued [B]                      | 58,825                  | 58,825                  |
| Basic/Diluted Earnings per share (EPS) (face value ₹ 10/- each)[A/B] (₹) | <u>1006.91</u>          | <u>1257.23</u>          |

## Note 24 : Auditor's Remuneration:

|   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---|-------------------------|-------------------------|
| <b>As Auditors:</b>                           |                         |                         |
| Audit Fees                                    | 330,000                 | 80,000                  |
| Tax Audit Fees                                | 60,000                  | 50,000                  |
| <b>In any other capacity, In respect of :</b> |                         |                         |
| Certification                                 | 50,000                  | —                       |
| Out of pocket expenditure                     | 4,491                   | —                       |
| <b>TOTAL</b>                                  | <u>444,491</u>          | <u>130,000</u>          |

## Note 25 :

# NOTES TO FINANCIAL STATEMENT

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

| Particulars          | Opening balance as at 01-Apr-2015 | Provided during the F.Y. 2015-16 | Provision reversed/ paid during the F.Y. 2015-16 | Closing balance as at 31-Mar-2016 |
|----------------------|-----------------------------------|----------------------------------|--|-----------------------------------|
| Ex-gratia            | 40,790,000                        | 39,175,000                       | 41,290,000                                       | 38,675,000                        |
| Gratuity             | 4,111,684                         | 825,870                          | 1,144,229  | 3,793,325                         |
| Compensated Absences | 187,644                           | 375,793                          | 187,644  | 375,793                           |

Provisions made for the period ended 31st March, 2015 comprises of:

| Particulars          | Opening balance as at 01-Apr-2014 | Provided during the F.Y. 2014-15 | Provision reversed paid during the F.Y. 2014-15 | Closing balance as at 31-Mar-2015 |
|----------------------|-----------------------------------|----------------------------------|---|-----------------------------------|
| Ex-gratia            | 79,200,000                        | 44,961,355                       | 83,371,355                                      | 40,790,000                        |
| Gratuity             | 4,230,870                         | 625,044                          | 744,230   | 4,111,684                         |
| Compensated Absences | 218,014                           | 9,109,115                        | 9,139,485                                       | 187,644                           |

## Note 26 : Dues to micro and small enterprises

To the extent information is available with the Company; there are no dues payable to any parties identified as Micro and Small Enterprises as per The Micro, Small and Medium Enterprises Development Act, 2006.

## Note 27 :

In the opinion of the Board of Directors, all fixed assets, 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 and provision for all known and determined liabilities have been made.

## Note 28 : Segment Information:

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

## Note 29 : Activity in Foreign Currency

| Particulars  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--|-------------------------|-------------------------|
| Earnings in foreign currency                       |                         |                         |
| Performance incentive                              | –                       | 35,491,965              |
| <b>TOTAL</b>                                       | <b>–</b>                | <b>35,491,965</b>       |
| Expenditure in foreign currency (on accrual basis) |                         |                         |
| Overseas travel expenses                           | 1,016,455               | 1,344,453               |
| Meeting and Events                                 | 222,720                 | –                       |
| <b>TOTAL</b>                                       | <b>1,239,175</b>        | <b>1,344,453</b>        |

Note 30 : Contingent Liabilities and Commitments to the extent not provided for :

# NOTES TO FINANCIAL STATEMENT

| Particulars  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--|-------------------------|-------------------------|
| <b>Contingent Liabilities:</b>   |                         |                         |
| (a) Demand in respect of Income tax matters for which appeal is pending (Refer note a)   |                         | 13,429,588              |
| <b>Capital Commitments:</b>  |                         |                         |
| (i) Estimated amount of contracts remaining to be executed on capital account  | –                       | 46,725                  |
| (ii) Uncalled Liability on shares and other investments partly paid:   |                         |                         |
| (1) India Business Excellence Fund II  | 50,812,500              | 108,400,000             |
| (1) India Realty Excellence Fund II  | 21,573,453              | 80,000,241              |
| (a) Demand in respect of Income Tax matters for which appeal is pending is ₹ 1,36,11,562 (Previous Year ₹ 1,34,29,588). Out of which ₹ 1,31,75,602 (Previous Year 1,31,75,602) is on account of rectification filed u/s 154 with income tax department. This is disputed by the Company and hence not provided for in the books of accounts. Above liability does not include interest u/s 234 B and 234 C as the same depends on the outcome of the demand. |                         |                         |

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

## Note 31 : Operating Lease

### Company as Lessee :

#### Lease Payments

During the year, ₹ 92,18,199 (Previous year ₹ 92,02,860) has been recognised as Lease Payments in the statement of Profit and Loss under the head "Other Expense"

#### General description of lease terms: -

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

### Company as Lessor :

#### Sub Lease Rent Income

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

#### General description of Sub lease terms: -

- Sub Lease rentals are charged on the basis of agreed terms.
- Assets are given on lease for a period of 3 year.
- Lease agreements are cancellable and there is no escalation clause

## Note 32 : List of Related Parties and Transactions during the year

### (i) Relationships during the year

#### Ultimate Holding Company

- Passionate Investment Management Private Limited

#### Holding Company

- Motilal Oswal Financial Services Limited

#### Subsidiaries and Step-down subsidiaries

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

# NOTES TO FINANCIAL STATEMENT

- Motilal Oswal Real Estate Investment Advisors II Private Limited

## Fellow subsidiaries

- Motilal Oswal Capital Markets Private Limited
- Motilal Oswal Trustee Company Limited
- Motilal Oswal Insurance Brokers Private Limited
- Motilal Oswal Commodities Broker Private Limited
- Motilal Oswal Asset Management Company Limited
- Motilal Oswal Investment Advisory Private Limited
- Motilal Oswal Securities Limited
- Motilal Oswal Wealth Management Limited
- Motilal Oswal Securities International Private Limited
- Motilal Oswal Capital Market (Hongkong) Private Limited
- Motilal Oswal Capital Markets (Singapore) Pte. Limited
- Aspire Home Finance Corporation Limited
- Motilal Oswal Asset Management (Mauritius) Private Limited
- Nagori Agro & Cattle Feeds Private Limited
- VISU Associates
- OSAG Enterprises LLP

## Associate

- India Reality Excellence Fund II LLP

## Key management personnel

- Motilal Oswal Director
- Raamdeo Agarawal – Chairman

## Enterprises in which key management personnel exercise significant influence

- Motilal Oswal Foundation (Trust)

## (ii) Transactions with related parties: 31-March-2016

(In ₹)

| Transaction                                | Name of the related Party                    | Holding Company |           | Fellow Subsidiaries |                  | Subsidiaries / Step-down subsidiaries |               | Enterprise in which Key managerial Personnel exercise significant influence |           | Associate         |                    | Total             |                    |
|--|--|-----------------|-----------|---------------------|------------------|---------------------------------------|---------------|---|-----------|-------------------|--------------------|-------------------|--------------------|
|  |  | 2015-2016       | 2014-2015 | 2015-2016           | 2014-2015        | 2015-2016                             | 2014-2015     | 2015-2016   | 2014-2015 | 2015-2016         | 2014-2015          | 2015-2016         | 2014-2015          |
| Referral Fees Paid                         | Motilal Oswal Securities Limited             | -               | -         | 277,314             | -                | -                                     | -             | -   | -         | -                 | -                  | 277,314           | -                  |
|  | Motilal Oswal Wealth Management Pvt Ltd      | -               | -         | 3,858,099           | 3,105,000        | -                                     | -             | -   | -         | -                 | -                  | 3,858,099         | 3,105,000          |
| <b>Total Referral Fees Paid</b>            |  |                 |           | <b>4,135,413</b>    | <b>3,105,000</b> |                                       |               |   |           |                   |                    | <b>4,135,413</b>  | <b>3,105,000</b>   |
| Profit From IREF II LLP (Partnership Firm) | India Reality Excellence Fund II LLP         | -               | -         | -                   | -                | -                                     | -             | -   | -         | 27,208,769        | 5,532,515          | 27,208,769        | 5,532,515          |
| <b>Total Profit From IREF II LLP</b>       |  |                 |           |                     |                  |                                       |               |   |           | <b>27,208,769</b> | <b>5,532,515</b>   | <b>27,208,769</b> | <b>5,532,515</b>   |
| Brokerage Sharing Income                   | Motilal Oswal Wealth Management Pvt Ltd      | -               | -         | (58,721)            | -                | -                                     | -             | -   | -         | -                 | -                  | (58,721)          | -                  |
| <b>Total Brokerage Sharing</b>             |  |                 |           | <b>(58,721)</b>     |                  |                                       |               |   |           |                   |                    | <b>(58,721)</b>   |                    |
| Capital Contribution                       | India Reality Excellence Fund II LLP         |                 |           |                     |                  |                                       |               |   |           | 80,000,241        | 120,732,515        | 80,000,241        | 120,732,515        |
| <b>Total Capital Contributed</b>           |  |                 |           |                     |                  |                                       |               |   |           | <b>80,000,241</b> | <b>120,732,515</b> | <b>80,000,241</b> | <b>120,732,515</b> |
| Capital Contribution Received              | India Reality Excellence Fund II LLP         |                 |           |                     |                  |                                       |               |   |           | 21,573,453        | 138,183,083        | 21,573,453        | 138,183,083        |
| <b>Total Capital Contribution Received</b> |  |                 |           |                     |                  |                                       |               |   |           | <b>21,573,453</b> | <b>138,183,083</b> | <b>21,573,453</b> | <b>138,183,083</b> |
| Advisory fees (Income)                     | India Business Excellence Management Company | -               | -         | -                   | -                | (114,879,919)                         | (112,904,935) | -   | -         | -                 | -                  | (114,879,919)     | (112,904,935)      |
|  | Motilal Oswal Securities Limited             | -               | -         |                     | (4,079,751)      | -                                     | -             | -   | -         | -                 | -                  | -                 | (4,079,751)        |

# NOTES TO FINANCIAL STATEMENT

| Transaction  | Name of the related Party  | Holding Company  |                  | Fellow Subsidiaries |             | Subsidiaries / Step-down subsidiaries |                    | Enterprise in which Key managerial Personnel exercise significant influence |                  | Associate |           | Total               |                    |
|--|--|------------------|------------------|---------------------|-------------|---------------------------------------|--------------------|---|------------------|-----------|-----------|---------------------|--------------------|
|  |  | 2015-2016        | 2014-2015        | 2015-2016           | 2014-2015   | 2015-2016                             | 2014-2015          | 2015-2016   | 2014-2015        | 2015-2016 | 2014-2015 | 2015-2016           | 2014-2015          |
| <b>Total Income From Advisory Fees</b>                             |  | -                | -                | -                   | (4,079,751) | (114,879,919)                         | (112,904,935)      | -   | -                | -         | -         | (114,879,919)       | (116,984,686)      |
| Interest Expense   | Motilal Oswal Financial Services Limited                         | 3,113,978        | 2,598,044        | -                   | -           | -                                     | -                  | -   | -                | -         | -         | 3,113,978           | 2,598,044          |
| <b>Total Interest Expense</b>                                      |  | <b>3,113,978</b> | <b>2,598,044</b> | -                   | -           | -                                     | -                  | -   | -                | -         | -         | <b>3,113,978</b>    | <b>2,598,044</b>   |
| Interest (Income)  | Motilal Oswal Real Estate Investment Advisors II Private Limited | -                | -                | -                   | -           | (17,623)                              | -                  | -   | -                | -         | -         | (17,623)            | -                  |
| <b>Total Interest (Income)</b>                                     |  | -                | -                | -                   | -           | <b>(17,623)</b>                       | -                  | -   | -                | -         | -         | <b>(17,623)</b>     | -                  |
| Rent (Income) and Expense  | Motilal Oswal Real Estate Investment Advisors II Pvt Ltd.        | -                | -                | -                   | -           | (2,928,420)                           | (2,928,420)        | -   | -                | -         | -         | (2,928,420)         | (2,928,420)        |
|  | Motilal Oswal Financial Services Limited                         | 9,202,872        | 9,202,860        | -                   | -           | -                                     | -                  | -   | -                | -         | -         | 9,202,872           | 9,202,860          |
| <b>Total Rent Expense</b>  |  | <b>9,202,872</b> | <b>9,202,860</b> | -                   | -           | -                                     | -                  | -   | -                | -         | -         | <b>9,202,872</b>    | <b>9,202,860</b>   |
| <b>Total Rent (Income)</b>   |  | -                | -                | -                   | -           | <b>(2,928,420)</b>                    | <b>(2,928,420)</b> | -   | -                | -         | -         | <b>(2,928,420)</b>  | <b>(2,928,420)</b> |
| Reimbursement of expense   | Motilal Oswal Financial Services Limited                         | 2,139,803        | 2,943,981        | -                   | -           | -                                     | -                  | -   | -                | -         | -         | 2,139,803           | 2,943,981          |
|  | Motilal Oswal Real Estate Investment Advisors II Pvt Ltd.        | -                | -                | -                   | -           | -                                     | 262,127            | -   | -                | -         | -         | -                   | 262,127            |
| <b>Total Reimbursement of Expense Paid</b>                         |  | <b>2,139,803</b> | <b>2,943,981</b> | -                   | -           | -                                     | <b>262,127</b>     | -   | -                | -         | -         | <b>2,139,803</b>    | <b>3,206,108</b>   |
| <b>Total Reimbursement of Expense Received</b>                     |  | -                | -                | -                   | -           | -                                     | -                  | -   | -                | -         | -         | -                   | -                  |
| Donation   | Motilal Oswal Foundation (Trust)                                 | -                | -                | -                   | -           | -                                     | -                  | 2,620,000   | 2,060,000        | -         | -         | 2,620,000           | 2,060,000          |
| <b>Total Donation</b>  |  | -                | -                | -                   | -           | -                                     | -                  | <b>2,620,000</b>  | <b>2,060,000</b> | -         | -         | <b>2,620,000</b>    | <b>2,060,000</b>   |
| Loan Taken   | Motilal Oswal Financial Services Limited                         | 194,572,200      | 340,932,448      | -                   | -           | -                                     | -                  | -   | -                | -         | -         | 194,572,200         | 340,932,448        |
| Repayment of Loan  | Motilal Oswal Financial Services Limited                         | 195,206,450      | 343,292,302      | -                   | -           | -                                     | -                  | -   | -                | -         | -         | 195,206,450         | 343,292,302        |
| Loan taken (Maximum balance)                                       | Motilal Oswal Financial Services Limited                         | (99,137,650)     | (108,985,859)    | -                   | -           | -                                     | -                  | -   | -                | -         | -         | (99,137,650)        | (108,985,859)      |
|  | Motilal Oswal Real Estate Investment Advisors II Pvt Ltd.        | -                | -                | -                   | -           | 50,015,861                            | -                  | -   | -                | -         | -         | 50,015,861          | -                  |
| <b>Outstanding Balances:</b>                                       |  |                  |                  |                     |             |                                       |                    |   |                  |           |           |                     |                    |
| Loan/Other (Payables)  | Motilal Oswal Financial Services Limited                         | (674,135)        | (634,250)        | -                   | -           | -                                     | -                  | -   | -                | -         | -         | (674,135)           | (634,250)          |
|  | Motilal Oswal Securities Limited                                 | -                | -                | (289,794)           | -           | -                                     | -                  | -   | -                | -         | -         | (289,794)           | -                  |
|  | Motilal Oswal Wealth Management Pvt Ltd                          | -                | -                | (4,031,713)         | -           | -                                     | -                  | -   | -                | -         | -         | (4,031,713)         | -                  |
| <b>Total Loan / Other (Payable)</b>                                |  | <b>(674,135)</b> | <b>(634,250)</b> | <b>(4,321,507)</b>  | -           | -                                     | -                  | -   | -                | -         | -         | <b>(4,995,642)</b>  | <b>(634,250)</b>   |
| Rent Deposit Receivable  | Motilal Oswal Financial Services Limited                         | 4,601,430        | 4,601,430        | -                   | -           | -                                     | -                  | -   | -                | -         | -         | 4,601,430           | 4,601,430          |
| <b>Total Rent Deposit Receivable</b>                               |  | <b>4,601,430</b> | <b>4,601,430</b> | -                   | -           | -                                     | -                  | -   | -                | -         | -         | <b>4,601,430</b>    | <b>4,601,430</b>   |
|  | Motilal Oswal Wealth Management Pvt Ltd                          | -                | -                | 61,363              | -           | -                                     | -                  | -   | -                | -         | -         | 61,363              | -                  |
|  | Motilal Oswal Real Estate Investment Advisors Pvt Ltd            | -                | -                | -                   | -           | -                                     | -                  | -   | -                | -         | -         | -                   | -                  |
|  | India Business Excellence Management Company                     | -                | -                | -                   | -           | (122,521,299)                         | 15,927,114         | -   | -                | -         | -         | (122,521,299)       | 15,927,114         |
|  | Motilal Oswal Real Estate Investment Advisors II Pvt Ltd.        | -                | -                | -                   | -           | 50,015,861                            | -                  | -   | -                | -         | -         | 50,015,861          | -                  |
| <b>Total Other Receivables</b>                                     |  | -                | -                | <b>61,363</b>       | -           | <b>(72,505,438)</b>                   | <b>15,927,114</b>  | -   | -                | -         | -         | <b>(72,444,075)</b> | <b>15,927,114</b>  |
| Employee Stock Option exercised to the employees of company(In No) | Motilal Oswal Financial Services Limited                         | 4,000            | 15,500           | -                   | -           | -                                     | -                  | -   | -                | -         | -         | 4,000               | 15,500             |
| <b>Total Employee Stock Option exercised</b>                       |  | <b>4,000</b>     | <b>15,500</b>    | -                   | -           | -                                     | -                  | -   | -                | -         | -         | <b>4,000</b>        | <b>15,500</b>      |
| Employee Stock Option Outstanding At the end of year               | Motilal Oswal Financial Services Limited                         | -                | 4,000            | -                   | -           | -                                     | -                  | -   | -                | -         | -         | -                   | 4,000              |
| <b>Total Employee Stock Option Outstanding At the end of year</b>  |  | -                | <b>4,000</b>     | -                   | -           | -                                     | -                  | -   | -                | -         | -         | -                   | <b>4,000</b>       |

# NOTES TO FINANCIAL STATEMENT

| Transaction  | Name of the related Party                                 | Holding Company |           | Fellow Subsidiaries |           | Subsidiaries / Step-down subsidiaries |           | Enterprise in which Key managerial Personnel exercise significant influence |           | Associate |           | Total       |           |
|--|---|-----------------|-----------|---------------------|-----------|---------------------------------------|-----------|---|-----------|-----------|-----------|-------------|-----------|
|  |   | 2015-2016       | 2014-2015 | 2015-2016           | 2014-2015 | 2015-2016                             | 2014-2015 | 2015-2016   | 2014-2015 | 2015-2016 | 2014-2015 | 2015-2016   | 2014-2015 |
| <b>Maximum Outstanding in respect of Investment in related parties</b> |   |                 |           |                     |           |                                       |           |   |           |           |           |             |           |
| Investment   | India Books Ex. Mg. Co.                                   |                 |           |                     |           | 5,783,343                             |           |   |           |           |           | 5,783,343   |           |
|  | Motilal Oswal Real Estate Investment Advisors Pvt Ltd     |                 |           |                     |           | 897,990                               |           |   |           |           |           | 897,990     |           |
|  | Aspire Home Finance Corporation Limited                   |                 |           |                     |           | 10.13                                 |           |   |           |           |           | 10.13       |           |
|  | Motilal Oswal Real Estate Investment Advisors II Pvt Ltd. |                 |           |                     |           | 4,950,000                             |           |   |           |           |           | 4,950,000   |           |
|  | India Reality Excellence Fund II LLP                      |                 |           |                     |           | 189,463,200                           |           |   |           |           |           | 189,463,200 |           |

Note : All Loans referred above are repayable on demand

## Note 33: The following table set out the gratuity plan as required under AS 15.

### Employee Benefit Disclosure

#### (a) Defined Contribution Plan

|   |                  |                  |
|---|------------------|------------------|
| Employer Contribution to Provident Fund | <b>31-Mar-16</b> | <b>31-Mar-15</b> |
|   | 1,633,352        | 1,654,796        |

#### (b) Defined Benefit Plan

|   | <b>31-Mar-16</b>     | <b>31-Mar-15</b>     |
|---|----------------------|----------------------|
| <b>I Assumptions as at</b>                        |                      |                      |
| Mortality   | IALM (2006-08) Ult.  | IALM (2006-08) Ult.  |
| Interest / Discount Rate                          | 7.49%                | 7.77%                |
| Rate of increase in compensation                  | 10.00%               | 13.00%               |
| Rate of return (expected) on plan assets          |                      |                      |
| Employee Attrition Rate(Past Service (PS))        | PS: 0 to 37 : 15.52% | PS: 0 to 37 : 15.87% |
| Expected average remaining service                | 5.18                 | 5.06                 |
| <b>II Changes in present value of obligations</b> |                      |                      |
| PVO at beginning of period                        | 4,111,684            | 4,230,870            |
| Interest cost                                     | 275,025              | 337,641              |
| Current Service Cost                              | 532,482              | 717,440              |
| Past Service Cost(non vested benefits)            | -                    | -                    |
| Past Service Cost -(vested benefits)              | -                    | -                    |
| Benefits Paid                                     | (1,144,229)          | (744,230)            |
| Actuarial (Gain)/Loss on obligation               | 18,363               | (430,037)            |
| PVO at end of period                              | 3,793,325            | 4,111,684            |
| <b>III Changes in fair value of plan assets</b>   |                      |                      |
| Fair Value of Plan Assets at beginning of period  | -                    | -                    |
| Expected Return on Plan Assets                    | -                    | -                    |
| Contributions                                     | 1,144,229            | 744,230              |
| Benefit Paid                                      | (1,144,229)          | (744,230)            |
| Actuarial Gain/(Loss) on plan assets              | -                    | -                    |
| Fair Value of Plan Assets at end of period        | -                    | -                    |
| <b>IV Fair Value of Plan Assets</b>               |                      |                      |

# NOTES TO FINANCIAL STATEMENT

|             |   |                  |                  | 31-Mar-16        | 31-Mar-15        |
|-------------|---|------------------|------------------|------------------|------------------|
|             | Fair Value of Plan Assets at beginning of period  |                  |                  | -                | -                |
|             | Actual Return on Plan Assets  |                  |                  | -                | -                |
|             | Contributions   |                  |                  | 1,144,229        | 744,230          |
|             | Benefit Paid  |                  |                  | (1,144,229)      | (744,230)        |
|             | Fair Value of Plan Assets at end of period  |                  |                  | -                | -                |
|             | Funded Status (including unrecognised past service cost)                                |                  |                  | (3,793,325)      | (4,111,684)      |
|             | Excess of actual over estimated return on Plan Assets                                   |                  |                  | -                | -                |
| <b>V</b>    | <b>Experience History</b>   | <b>31-Mar-16</b> | <b>31-Mar-15</b> | <b>31-Mar-15</b> | <b>31-Mar-15</b> |
|             | PVO at end of period  | 3,793,325        | 4,111,684        | 4,230,870        | 4,722,562        |
|             | Fair Value of Plan Assets at end of period  | -                | -                | -                | (72,109)         |
|             | Surplus / (Deficit)   | (3,793,325)      | (4,111,684)      | (4,230,870)      | (3,173,662)      |
|             | (Gain)/Loss on obligation due to change in Assumption                                   | (146,279)        | 462,267          | (916,988)        | 421,696          |
|             | Experience (Gain)/ Loss on obligation   | 164,642          | (892,304)        | 41,281           | (594,714)        |
|             | Actuarial Gain/(Loss) on plan assets  | -                | -                | -                | -                |
| <b>VI</b>   | <b>Actuarial Gain/(Loss) Recognized</b>   |                  |                  |                  |                  |
|             | Actuarial Gain/(Loss) for the period (Obligation)                                       |                  |                  | (18,363)         | 430,037          |
|             | Actuarial Gain/(Loss) for the period (Plan Assets)                                      |                  |                  | -                | -                |
|             | Total Gain/(Loss) for the period  |                  |                  | (18,363)         | 430,037          |
|             | Actuarial Gain/(Loss) recognized for the period   |                  |                  | (18,363)         | 430,037          |
|             | Unrecognized Actuarial Gain/(Loss) at end of period                                     |                  |                  | -                | -                |
| <b>VII</b>  | <b>Past Service Cost Recognised</b>   |                  |                  |                  |                  |
|             | Past Service Cost(non vested benefits)  |                  |                  | -                | -                |
|             | Past Service Cost -(vested benefits)  |                  |                  | -                | -                |
|             | Average remaining future service till vesting of the benefit                            |                  |                  | -                | -                |
|             | Recognised Past service Costnon vested benefits   |                  |                  | -                | -                |
|             | Recognised Past service Costvested benefits   |                  |                  | -                | -                |
|             | Unrecognised Past Service Costnon vested benefits                                       |                  |                  | -                | -                |
| <b>VIII</b> | <b>Amounts to be recognized in the balance sheet and Statement of Profit &amp; Loss</b> |                  |                  |                  |                  |
|             | PVO at end of period  |                  |                  | 3,793,325        | 4,111,684        |
|             | Fair Value of Plan Assets at end of period  |                  |                  | -                | -                |
|             | Funded Status   |                  |                  | (3,793,325)      | (4,111,684)      |
|             | Unrecognized Actuarial Gain/(Loss)  |                  |                  | -                | -                |
|             | Unrecognised Past Service Costnon vested benefits                                       |                  |                  | -                | -                |
|             | Net Asset/(Liability) recognized in the balance sheet                                   |                  |                  | (3,793,325)      | (4,111,684)      |
| <b>IX</b>   | <b>Expense recognized in the statement of P &amp; L</b>                                 |                  |                  |                  |                  |
|             | Current Service Cost  |                  |                  | 532,482          | 717,440          |
|             | Interest cost   |                  |                  | 275,025          | 337,641          |
|             | Past Service Cost(non vested benefits)  |                  |                  | -                | -                |
|             | past Service Cost "(vested benefits)  |                  |                  | -                | -                |
|             | Unrecognised Past Service Costnon vested benefits                                       |                  |                  | -                | -                |
|             | Expected Return on Plan Assets  |                  |                  | -                | -                |
|             | Net Actuarial (Gain)/Loss recognized for the period                                     |                  |                  | 18,363           | (430,037)        |
|             | Expense recognized in the statement of P & L  |                  |                  | 825,870          | 625,044          |
| <b>X</b>    | <b>Movements in the Liability recognized in Balance Sheet</b>                           |                  |                  |                  |                  |
|             | Opening Net Liability   |                  |                  | 4,111,684        | 4,230,870        |

# NOTES TO FINANCIAL STATEMENT

|   |                  |                  |
|---|------------------|------------------|
|   | <b>31-Mar-16</b> | <b>31-Mar-15</b> |
| Expenses as above                             | 825,870          | 625,044          |
| Contribution paid                             | (1,144,229)      | (744,230)        |
| Closing Net Liability                         | 3,793,325        | 4,111,684        |
| <b>XI Schedule III of Companies Act, 2013</b> |                  |                  |
| Current Liability                             | 761,573          | 792,267          |
| Non-Current Liability                         | 3,031,752        | 3,319,417        |

## Note 34 : Corporate Social Responsibility

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

- a) Gross amount required to be spent by the company during the year is ₹ 2,620,000 (Previous year : 2,060,000)  
 b) Amount spent during the period ended 31st March, 2016 on :

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

Amount spent during the period ended 31st March, 2015 on :

| Particulars                              | Amount paid      | Yet to be paid | Total            |
|--|------------------|----------------|------------------|
| a) Construction/acquisition of any asset | -                | -              | -                |
| b) on Purposes other than (a) above      | 2,060,000        | -              | 2,060,000        |
| <b>Total</b>                             | <b>2,060,000</b> | <b>-</b>       | <b>2,060,000</b> |

- c) Above includes a contribution of ₹ 2,620,000 (Previous Year ₹ 2,060,000) to Motilal Oswal Foundation which is classified as related Party under Accounting Standard - 18 : "Related Party Disclosure"  
 d) The Company does not carry any provisions for Corporate Social Responsibility expenses for Current Year and Previous Year

## Note 35 :

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

## Note 36 :

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

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No 103523W

**Amit A. Hundia**

Partner

Membership No. 120761

Place : Mumbai

Dated : 23rd April, 2016

For and on behalf of the Board of

**MOPE Investment Advisors Private Limited**

**Motilal Oswal**

Director

DIN No. 00024503

**Raamdeo Agarawal**

Chairman

DIN No. 00024533

# **Motilal Oswal Capital Markets Private Limited**

**Annual Report 2015-2016**

# BOARD'S REPORT

To the Members,

Your Directors have pleasure in presenting their 9th Annual Report together with the audited Financial Statement of your Company for the year ended 31st March, 2016.

## Financial Highlights

A summary of the financial performance of the Company for the financial year ended on 31st March, 2016 is given below:

Amount (₹)

| Particulars   | Financial Year Ended<br>31st March, 2016 | Financial Year Ended<br>31st March, 2015 |
|---|--|--|
| Revenue   | 36,000,023                               | 2,379,081                                |
| Profit before Interest, Depreciation & Taxation             | 15,654,232                               | 1,801,249                                |
| Interest Paid   | 22,341                                   | 3,307                                    |
| Depreciation  | –  | –  |
| <b>Profit / (Loss) before Taxation and exceptional item</b> | <b>15,631,891</b>                        | <b>1,797,942</b>                         |
| Less: Provision for Taxation                                |  |  |
| Current Tax   | 4,879,299                                | 228,385                                  |
| Deferred Tax  | –  | –  |
| Tax for earlier year(s)                                     | –  | –  |
| Profit / (Loss) for the year                                | 10,752,592                               | 15,69,557                                |
| Balance Profit / (Loss) brought Forward                     | –  | –  |
| Less: Transfer to General Reserve                           | –  | –  |
| Less: Transitional Depreciation                             | –  | –  |
| Balance Profit / (Loss) carried Forward                     | 10,752,592                               | 15,69,557                                |

## Review of Operations and Future Outlook

During the financial year 2014-15, your Company had set up Motilal Oswal School of Trading & Investing Research (STIR), with an aim to empower investors & traders to approach the stock market with Solid Knowledge, Solid Education and Solid Technology. STIR provides an innovative and personalized coaching model and solid knowledge is imparted which is a key to successful investment and trading decisions which helps the participants to develop professional skills to attain desired financial goals. Through the series of Interactive workshops, Trading Labs, Advanced Learning and personalized counseling on Investment & Trading, STIR provides an innovative personalized coaching model that is unique and useful. During the year, approximately 500+ participants were enrolled & around 400+ participants received the training. This was the first full year of the business & in the first year itself, the business is in profits & excellent client satisfaction has been achieved. Clients have seen terrific value in the content & delivery. We have also seen that as a result of the training, the activities of the clients as well as the number of clients participation in market activities has also increased. With the model now firmly in place, we are looking at aggressive growth in the coming years as well as are focusing on adding more courses for education such as Fundamental & Futures & Options.

During the year ended 31st March, 2016, the revenue of the Company increased from ₹ 2.38 million to ₹ 36.00 million representing a growth of 1413.19%. The profit of the Company after tax is ₹ 10.75 million as compared to ₹ 1.57 million in the previous financial year representing growth of 585%.

## Change in Nature of Business

During the year under review, the Company proposed to undertake a new business activity of "Real Estate Advisory Services" in addition to its existing business activity and accordingly altered its object clause by adding the new object in addition to the existing objects.

## Dividend and Reserves

Your Directors have not recommended payment of dividend for the Financial Year 2015-16 with a view to conserve the resources of the Company for the expansion of the operations of the Company.

During the year under review, the Company did not transfer any amount to Reserves.

## Share Capital

The issued and paid-up share capital of the Company as on 31st March, 2016 is ₹ 12,500,000/- divided into 350,000 Equity Shares of ₹ 10/- each and 900,000 Preference Shares of ₹ 10/- each.

## Deposits and Loans / Advances

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013 during the year under review.

The Company has not made any loans / advances which is required to be disclosed in the annual accounts of the Company pursuant to Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## Subsidiaries / Joint Ventures / Associate Companies

The Company does not have any Subsidiary Companies, Joint Ventures and Associate Companies as on 31st March, 2016.

## Directors and Key Managerial Personnel

During the year, there was no appointment or resignation of Directors(s).

Mr. Navin Agrawal, Director of the Company, retires by rotation at the forthcoming Annual General Meeting and being eligible has offered himself for re-appointment.

## Number of Board Meetings

The Board meets at regular intervals to discuss and decide on the Company / business policy and strategy apart from other Board business. During the year under review, four Board Meetings were held and the interval between any two meetings was not more than 120 days. The status of attendance of Directors at these Board Meetings are as follows:

| Name of the Director                | Designation | Director Identification Number | Meetings attended in Financial Year |
|-------------------------------------|-------------|--------------------------------|-------------------------------------|
| Mr. Ajay Menon                      | Director    | 00024589                       | 4                                   |
| Mr. Rajesh Dharamshi                | Director    | 01415232                       | 4                                   |
| Mr. Navin Agarwal                   | Director    | 00024561                       | 4                                   |
| Total meetings held during the year |             |                                | 4                                   |

## Business Risk Management

The organization realizes the importance of Enterprise Risk Management (ERM) framework and had taken early initiatives towards its implementation of business risk management policy. The organization has introduced several improvements to the business risk management policy.

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

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

## Internal Financial Controls

The Company has in place adequate Internal Financial Control systems with reference to financial statements. During the year under review, no material or serious observation has been received from the Auditors of the Company for inefficiency or inadequacy of such controls.

## Loans, Guarantees and Investments

During the year under review, there were no loans and guarantees given by the Company as well as no investments was made by the Company.

# BOARD'S REPORT (Contd..)

## Related Party Transactions

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

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

## Statutory Auditors

Your Company had appointed M/s Haribhakti & Co. LLP, as Statutory Auditors for the term of five years at the Annual General Meeting held on 30th September, 2014. In compliance with the provisions of Section 139 of the Companies Act, 2013, the appointment of the auditors is to be ratified by the members at every Annual General Meeting. M/s Haribhakti & Co. LLP, Chartered Accountant (ICAI Firm Registration No. 103523W) have given their consent for re-appointment. The members are requested to ratify the appointment of Auditors and fix their remuneration.

There was no qualifications, reservations, adverse remarks or disclaimers in the report of Statutory Auditors of the Company nor any frauds were reported by the Auditor under section 143(12) of the Companies Act, 2013.

## Particulars of Employees as required under section 197 of the Companies Act, 2013 and rules framed there under

The Company had no employee who was in receipt of remuneration of not less than ₹ 60,00,000 during the year ended 31st March, 2016 or not less than ₹ 5,00,000 per month during any part of the said year.

## Change of Situation of Registered Office of the Company within city limits

During the financial year 2015-16, your Company has shifted its registered office for operational convenience from Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad-West, Mumbai - 400064 to Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai - 400025 with effect from 15th March, 2016.

## Directors' Responsibility Statement

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (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, 2016 and of the Profit and Loss 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis; and
- (v) they have devised proper systems to ensure compliance with the provisions of all applicable laws and the systems were adequate and operating effectively.

## Extract of Annual Return

The Extract of Annual Return in Form MGT-9 under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed herewith to this report as "Annexure 2".

## Significant and Material Orders

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

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

The Company values the dignity of individuals and strives to provide a safe and respectable work environment to all its employees.

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

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

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

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

## **Mandatory disclosures in the Boards' Report**

Following mandatory disclosures in the Boards' Report pursuant to the provisions of the Companies Act, 2013 are not applicable to the Company:

- Section 134(3)(d) - A statement on declaration given by independent directors under sub-section (7) of section 149;
- Section 134(3)(e) - As per sub-section (1) of section 178, policies on appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178;
- Section 134(3)(f) - Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the Company secretary in practice in his secretarial audit report;
- Section 134(3)(l) - Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relate and the date of the report;
- Section 135 - Corporate Social Responsibility;
- Section 177 - Audit Committee;
- Section 177(9) - Establishment of Vigil Mechanism;
- Section 178 - Nomination And Remuneration Committee and stakeholders Relationship Committee;
- Section 203 - Appointment of Key Managerial Personnel;
- Section 204 - Secretarial Audit;
- Performance Evaluation of the Board of Directors.

## **Acknowledgments**

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

For and on behalf of the Board of  
**Motilal Oswal Capital Markets Private Limited**

**Ajay Menon**  
Chairman  
DIN: 00024589

Place : Mumbai

Date : 23rd April, 2016.

# ANNEXURE 1 TO THE BOARD'S REPORT

## Form No. AOC-2

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

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

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

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

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

(Amount in ₹)

| Sr. No. | Name of the Related Party        | Nature of the relationship | Nature of Contract  | Duration of Contract | Salient terms of the contracts or arrangements or transactions including the value, if any              | Amount paid as advances, if any |
|---------|----------------------------------|----------------------------|---------------------|----------------------|---|---------------------------------|
| 1       | Motilal Oswal Securities Limited | Holding Company            | Leasing of property | On going             | Rent Expenses paid by Motilal Oswal Capital Markets Private Limited to Motilal Oswal Securities Limited | Nil                             |

\* Definition of Materiality has been adopted from Regulation 23 of the Listing Regulations, 2015 which states as follows: Transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statement of the Company. Since the Company does not have any subsidiary Company, materiality is decided based on transactions exceeding 10% of the standalone turnover as per the last audited financial statement of the Company.

For and on behalf of the Board of  
**Motilal Oswal Capital Markets Private Limited**

Place : Mumbai  
Date : 23rd April, 2016.

**Ajay Menon**  
Chairman  
(DIN : 00024589)

# ANNEXURE 2 TO THE BOARD'S REPORT

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

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

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

#### I. Registration and Other Details:

|  |  |
|--|--|
| i) CIN   | U74140MH2006PTC165469  |
| ii) Registration Date  | 10th November, 2006  |
| iii) Name of the Company   | Motilal Oswal Capital Markets Private Limited  |
| iv) Category / Sub Category of the Company                                     | Public Limited Company   |
| v) Address of the Registered Office and contact details                        | Motilal Oswal Tower, Rahimtullah Sayani Road,<br>Opposite Parel ST Depot, Prabhadevi,<br>Mumbai-400025.<br><br>Tel. No. +91 22 3980 4200 |
| vi) Whether Shares Listed On Recognized Stock Exchange(s)                      | No   |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | N.A.   |

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

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

| Sr. No. | Name and Description of main products / services | NIC Code of the Product / Service | % to total turnover of the company |
|---------|--|-----------------------------------|------------------------------------|
| 1       | Training Fees                                    | 8550                              | 50.38%                             |
| 2       | Brokerage on Property                            | 74901                             | 24.98%                             |
| 3       | Exhibition Fees                                  | 8230                              | 21.37%                             |

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

| Sr. No | Name and Address of the Company         | CIN / GLN             | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|--------|---|-----------------------|----------------------------------|------------------|--------------------|
| 1.     | Motilal Oswal Securities Limited (MOSL) | U65990MH1994PLC079418 | Holding                          | 100              | 2(46)              |

#### Note:

1. There are no Subsidiary and Associate Companies of the Company as on 31st March, 2016.
2. Passionate Investment Management Private Limited (PIMPL) is the ultimate holding Company and holds 54.01% shares in Motilal Oswal Financial Services Limited (MOFSL).
3. Motilal Oswal Financial Services Limited (MOFSL) holds 100% shares in Motilal Oswal Securities Limited (MOSL).

# ANNEXURE 2 TO THE BOARD'S REPORT

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

### i) Category-wise Share Holding

| Category of Shareholders                                  | No. of Shares held at the beginning of the year |                |                |                   | No. of Shares held at the end of the year |                |                |                   | % Change during the year |
|---|---|----------------|----------------|-------------------|---|----------------|----------------|-------------------|--------------------------|
|   | Demat   | Physical       | Total          | % of Total Shares | Demat                                     | Physical       | Total          | % of Total Shares |                          |
| <b>A. Promoters</b>                                       |   |                |                |                   |   |                |                |                   |                          |
| <b>(1) Indian</b>   |   |                |                |                   |   |                |                |                   |                          |
| Bodies Corp   | –   | 350,000        | 350,000        | 100               | –   | 350,000        | 350,000        | 100               | 0                        |
| <b>Sub-total (A) (1)</b>                                  | <b>–</b>  | <b>350,000</b> | <b>350,000</b> | <b>100</b>        | <b>–</b>                                  | <b>350,000</b> | <b>350,000</b> | <b>100</b>        | <b>0</b>                 |
| <b>(2) Foreign</b>  | –   | –              | –              | –                 | –   | –              | –              | –                 | –                        |
| <b>Sub-total (A) (2)</b>                                  | <b>–</b>  | <b>–</b>       | <b>–</b>       | <b>–</b>          | <b>–</b>                                  | <b>–</b>       | <b>–</b>       | <b>–</b>          | <b>–</b>                 |
| <b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b> | <b>–</b>  | <b>350,000</b> | <b>350,000</b> | <b>100</b>        | <b>–</b>                                  | <b>350,000</b> | <b>350,000</b> | <b>100</b>        | <b>0</b>                 |
| <b>B. Public Shareholding</b>                             |   |                |                |                   |   |                |                |                   |                          |
| <b>1. Institutions</b>                                    | –   | –              | –              | –                 | –   | –              | –              | –                 | –                        |
| <b>Sub-total (B)(1)</b>                                   | <b>–</b>  | <b>–</b>       | <b>–</b>       | <b>–</b>          | <b>–</b>                                  | <b>–</b>       | <b>–</b>       | <b>–</b>          | <b>–</b>                 |
| <b>2. Non-Institutions</b>                                | –   | –              | –              | –                 | –   | –              | –              | –                 | –                        |
| <b>Sub-total (B)(2)</b>                                   | <b>–</b>  | <b>–</b>       | <b>–</b>       | <b>–</b>          | <b>–</b>                                  | <b>–</b>       | <b>–</b>       | <b>–</b>          | <b>–</b>                 |
| <b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>       | <b>–</b>  | <b>–</b>       | <b>–</b>       | <b>–</b>          | <b>–</b>                                  | <b>–</b>       | <b>–</b>       | <b>–</b>          | <b>–</b>                 |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>    | –   | –              | –              | –                 | –   | –              | –              | –                 | –                        |
| <b>GRAND TOTAL (A+B+C)</b>                                | <b>–</b>  | <b>350,000</b> | <b>350,000</b> | <b>100</b>        | <b>–</b>                                  | <b>350,000</b> | <b>350,000</b> | <b>100</b>        | <b>0</b>                 |

### ii) Shareholding of Promoters

| Sr. No. | Shareholder's Name   | Shareholding at the beginning of the year |                                  |  | Share holding at the end of the year |                                      |   |  |
|---------|--|---|----------------------------------|--|--------------------------------------|--------------------------------------|---|--|
|         |  | No. of shares                             | % of total shares of the company | % of shares Pledged / encumbered to total shares | No. of shares                        | % of the total shares of the company | % of the shares pledged/ encumbered to total shares | % change in shareholding during the year |
| 1       | Motilal Oswal Securities Ltd.                                | 349,999                                   | 100                              | –  | 349,999                              | 100                                  | –   | 0  |
| 2       | Motilal Oswal Securities Ltd. Jointly with Mr. Motilal Oswal | 1   | 0                                | –  | 1                                    | 0                                    | –   | 0  |
|         | <b>Total</b>   | <b>350,000</b>                            | <b>100.00</b>                    | <b>–</b>   | <b>350,000</b>                       | <b>100.00</b>                        | <b>–</b>  | <b>0</b>                                 |

### iii) Change in Promoters' Shareholding

| Sr. No. | Shareholder's Name   | Shareholding at the beginning of the year/ end of the year |                                  | Date       | Increase / (Decrease) in Shareholding | Reason                       | Cumulative Shareholding during the year |                                  |
|---------|--|--|----------------------------------|------------|---------------------------------------|------------------------------|---|----------------------------------|
|         |  | No. of Shares  | % of total Shares of the company |            |                                       |                              | No. of Shares                           | % of total Shares of the company |
| 1       | Motilal Oswal Securities Ltd.                                | 349,999  | 100                              | 01-04-2015 | 0                                     | Nil movement during the year | 349,999                                 | 100                              |
|         |  | 349,999  | 100                              | 31-03-2016 |                                       |                              |   |                                  |
| 2       | Motilal Oswal Securities Ltd. Jointly with Mr. Motilal Oswal | 1  | 0                                | 01-04-2015 | 0                                     | Nil movement during the year | 1                                       | 0                                |
|         |  | 1  | 0                                | 31-03-2016 |                                       |                              |   |                                  |

# ANNEXURE 2 TO THE BOARD'S REPORT

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

| Sr. No. | For each of the Top 10 Shareholders | Shareholding at the Beginning of the year |                                  | Shareholding at the End of the year |                                  | Cumulative Shareholding During the year |                                  |
|---------|-------------------------------------|---|----------------------------------|-------------------------------------|----------------------------------|---|----------------------------------|
|         |                                     | No. of shares                             | % of total Shares of the company | No. of shares                       | % of total Shares of the company | No. of shares                           | % of total Shares of the company |
| NIL     |                                     |   |                                  |                                     |                                  |   |                                  |

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

| Sr. No. | Name | Designation | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|------|-------------|---|----------------------------------|---|----------------------------------|
|         |      |             | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| NIL     |      |             |   |                                  |   |                                  |

## V. Indebtedness

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

(Amount in ₹)

| Particulars  | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |          |                    |
| i) Principal Amount  | -                                | -               | -        | -                  |
| ii) Interest due but not paid                              | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                          | -                                | -               | -        | -                  |
| <b>Total (i+ii+iii)</b>                                    | -                                | -               | -        | -                  |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                 |          | -                  |
| • Addition   | -                                | 3,600,000       | -        | 3,600,000          |
| • Reduction  | -                                | 3,600,000       | -        | 3,600,000          |
| <b>Net Change</b>  | -                                | -               | -        | -                  |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                 |          |                    |
| i) Principal Amount  | -                                | -               | -        | -                  |
| ii) Interest due but not paid                              | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                          | -                                | -               | -        | -                  |
| <b>Total (i+ii+iii)</b>                                    | -                                | -               | -        | -                  |

## VI. Remuneration of Directors And Key Managerial Personnel:

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

(Amount in ₹)

| Sr. No. | Particulars of Remuneration   | Name of MD / WTD / Manager | Total Amount |
|---------|---|----------------------------|--------------|
| 1       | <b>Gross salary</b>   |                            |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | -                          | -            |
|         | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | -                          | -            |
|         | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961       | -                          | -            |
| 2       | Stock Option  | -                          | -            |
| 3       | Sweat Equity  | -                          | -            |
| 4       | Commission as % of profit   | -                          | -            |
| 5       | Others, please specify Variable Incentives  | -                          | -            |
|         | <b>Total (A)</b>  | -                          | -            |
|         | Ceiling as per the Act *5% of the net profit calculated as per Section 198          |                            | -            |

# ANNEXURE 2 TO THE BOARD'S REPORT

## B. Remuneration to other directors:

(Amount in ₹)

| Sr. No. | Particulars of Remuneration                    | Name of Directors | Total Amount |
|---------|--|-------------------|--------------|
| 1.      | Independent Directors                          |                   |              |
|         | • Fee for attending board / committee meetings | –                 | –            |
|         | • Commission                                   | –                 | –            |
|         | • Others, please specify                       | –                 | –            |
|         | <b>Total (1)</b>                               | –                 | –            |
| 2.      | Other Non-Executive Directors                  |                   |              |
|         | • Fee for attending board / committee meetings | –                 | –            |
|         | • Commission                                   | –                 | –            |
|         | • Others, please specify                       | –                 | –            |
|         | <b>Total</b>                                   | –                 | –            |

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

(Amount in ₹)

| Sr. No. | Particulars of Remuneration   | Key Managerial Personnel |                   |     |       |
|---------|---|--------------------------|-------------------|-----|-------|
|         |   | CEO                      | Company Secretary | CFO | Total |
| 1       | Gross salary  |                          |                   |     |       |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | –                        | –                 | –   | –     |
|         | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | –                        | –                 | –   | –     |
|         | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961       | –                        | –                 | –   | –     |

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

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

For and on behalf of the Board of  
Motilal Oswal Capital Markets Private Limited

Place : Mumbai  
Date : 23rd April, 2016.

**Ajay Menon**  
Chairman  
(DIN : 00024589)

# INDEPENDENT AUDITORS' REPORT

To the Members of **MOTILAL OSWAL CAPITAL MARKETS PRIVATE LIMITED**

## Report on the Financial Statements

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

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

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

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

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

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

## Opinion

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

## Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

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

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

Place : Mumbai  
Date : April 23, 2016

# INDEPENDENT AUDITORS' REPORT (Contd..)

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) As informed, the Company does not have fixed assets. Accordingly, the provisions stated in paragraphs 3 (i)(a), 3(i) (b) and 3(i) (c) of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central Government of India in terms of Section 143 of the Companies Act, 2013 ("the Act") are not applicable.
- (ii) As informed, the company does not have inventories. Accordingly, the provision stated in paragraph 3 (ii)(a), 3 (ii)(b) and 3 (ii)(c) of the Order are not applicable to the Company.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) Based on information and explanation given to us, the Company has not made loans, Investments, guarantees and securities under section 185 and section 186 of the Act, therefore paragraph 3(iv) of the Order is not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of Section 148 of the Act and the rules framed there under.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, cess and any other material statutory dues applicable to it. As explained to us, the provisions regarding sales tax, custom duty, excise duty and value added tax are presently not applicable to the Company.  

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, custom duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues with respect to income tax, sales tax, service tax, value added tax, custom duty, excise duty, which have not been deposited on account of any dispute.
- (viii) The Company has neither obtained any loan or borrowing from financial institution/bank/government nor issued any debentures. Accordingly, the provision stated in paragraph 3 (viii) of the Order is not applicable.
- (ix) The company has neither raised money by way of public issue offer nor has obtained any term loan. Therefore, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) As informed, the Company has not provided for any managerial remuneration. Accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.

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

(xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

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

Place : Mumbai  
Date : April 23, 2016

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

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Motilal Oswal Capital Markets Private Limited on the financial statements for the year ended March 31, 2016

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

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

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

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

#### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

# INDEPENDENT AUDITORS' REPORT (Contd..)

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

A company's internal financial control over financial reporting is a process designed to provide

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

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

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

## **Opinion**

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

For **HARIBHAKTI & CO. LLP**

*Chartered Accountants*

ICAI Firm Registration No.103523W

**Amit A. Hundia**

*Partner*

Membership No. 120761

Place : Mumbai

Date : April 23, 2016

# BALANCE SHEET

## Balance Sheet as at March 31, 2016

|   | Note No. | As at<br>31-Mar-16<br>(In ₹) | As at<br>31-Mar-15<br>(In ₹) |
|---|----------|------------------------------|------------------------------|
| <b>I EQUITY AND LIABILITIES</b>   |          |                              |                              |
| <b>(A) Share Holder's Funds :</b>   |          |                              |                              |
| Share Capital   | 1        | 12,500,000                   | 12,500,000                   |
| Reserves And Surplus  | 2        | 15,511,649                   | 4,759,057                    |
| <b>TOTAL (A)</b>  |          | <b>28,011,649</b>            | <b>17,259,057</b>            |
| <b>(B) Non Current Liabilities :</b>                                      |          |                              |                              |
| Long Term Provisions  | 3        | 113,985                      | –                            |
| <b>TOTAL (B)</b>  |          | <b>113,985</b>               | <b>–</b>                     |
| <b>(C) Current Liabilities :</b>  |          |                              |                              |
| Other Current Liabilities   | 4        | 4,495,440                    | 287,443                      |
| Short Term Provision  | 5        | 908,113                      | 220,056                      |
| <b>TOTAL (C)</b>  |          | <b>5,403,553</b>             | <b>507,499</b>               |
| <b>TOTAL (A+B+C)</b>  |          | <b>33,529,187</b>            | <b>17,766,556</b>            |
| <b>II. ASSETS</b>   |          |                              |                              |
| <b>(D) Non Current Assets :</b>   |          |                              |                              |
| Long Term Loans and Advances  | 6        | 845,609                      | 716,850                      |
| <b>TOTAL (D)</b>  |          | <b>845,609</b>               | <b>716,850</b>               |
| <b>(E) Current Assets :</b>   |          |                              |                              |
| Trade Receivable  | 7        | 12,254,254                   | –                            |
| Cash and bank balances  | 8        | 18,224,944                   | 17,043,526                   |
| Short term loans and advances   | 9        | 2,204,380                    | 6,180                        |
| <b>TOTAL (E)</b>  |          | <b>32,683,578</b>            | <b>17,049,706</b>            |
| <b>TOTAL (D+ E)</b>   |          | <b>33,529,187</b>            | <b>17,766,556</b>            |
| Significant accounting polices  | 16       |                              |                              |
| Notes forming part of accounts  | 17 - 26  |                              |                              |
| Notes referred to above form an integral part of the Financial Statements |          |                              |                              |

As per our attached report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W

**Amit A. Hundia**

Partner

Membership No.120761

Place : Mumbai

Dated : 23rd April 2016

For and on behalf of the Board of  
**Motilal Oswal Capital Markets Private Limited**

**Rajesh Dharamshi**

Director

DIN No: 01415232

**Ajay Menon**

Director

DIN No: 00024589

# STATEMENT OF PROFIT AND LOSS

## Statement of Profit and Loss for the year ended 31st March, 2016

|   | Note No. | For the Year ended<br>31-Mar-16<br>(In ₹) | For the Year ended<br>31-Mar-15<br>(In ₹) |
|---|----------|---|---|
| <b>(A) REVENUE :</b>  |          |   |   |
| Revenue from operation  | 10       | 34,822,203                                | 1,248,127                                 |
| Other Income  | 11       | 1,177,819                                 | 1,130,953                                 |
| <b>TOTAL (A)</b>  |          | <b>36,000,022</b>                         | <b>2,379,080</b>                          |
| <b>(B) EXPENSES :</b>   |          |   |   |
| Employee benefit Expenses                                       | 12       | 7,723,986                                 | –   |
| Finance Cost  | 13       | 22,341                                    | 3,307                                     |
| Other Expenses  | 14       | 12,621,804                                | 577,832                                   |
| <b>TOTAL (B)</b>  |          | <b>20,368,131</b>                         | <b>581,139</b>                            |
| <b>Profit before taxation (C) = (A-B)</b>                       |          | <b>15,631,891</b>                         | <b>1,797,941</b>                          |
| <b>Tax Expenses</b>   |          |   |   |
| For Current Year  |          |   |   |
| - For Current Tax   |          | 4,879,299                                 | 228,385                                   |
| <b>Total Tax Expenses (D)</b>                                   |          | <b>4,879,299</b>                          | <b>228,385</b>                            |
| <b>Profit after tax expenses (E) = (C-D)</b>                    |          | <b>10,752,592</b>                         | <b>1,569,556</b>                          |
| Earnings Per Equity Share (₹)                                   | 17       |   |   |
| [Par Value of ₹ 10 ( Previous Year ₹ 10) each]                  |          |   |   |
| 'Basic  |          | 30.72                                     | 4.48                                      |
| 'Diluted  |          | 30.72                                     | 4.48                                      |
| Significant accounting policies                                 | 16       |   |   |
| Notes forming part of accounts                                  | 17 - 27  |   |   |
| Notes referred to above form an integral part of the Financials |          |   |   |

As per our attached report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W

**Amit A. Hundia**

Partner

Membership No.120761

Place : Mumbai

Dated : 23rd April 2016

For and on behalf of the Board of  
**Motilal Oswal Capital Markets Private Limited**

**Rajesh Dharamshi**

Director

DIN No: 01415232

**Ajay Menon**

Director

DIN No: 00024589

# CASH FLOW STATEMENT

## Cash Flow Statement as of 31st March, 2016

| Particulars  | For the Year ended<br>31st March, 2016<br>(In ₹) | For the Year ended<br>31st March, 2015<br>(In ₹) |
|--|--|--|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                         |  |  |
| <b>Profit Before Tax</b>   | 15,631,891                                       | 1,797,941  |
| Add / (Less) :   |  |  |
| 1) Interest Received   | –  | (28,664)   |
| 2) Interest Paid   | 22,341   | –  |
| 3) Profit on sale on investment                                    | (1,177,699)                                      | 3,307  |
| <b>OPERATING PROFIT</b>  | <b>14,476,533</b>                                | <b>1,772,584</b>                                 |
| Adjustment For:  |  |  |
| 1) Increase In Long Term Provisions                                | 113,985  | 186,555  |
| 2) Increase In Other Current Liabilities                           | 4,207,997  | –  |
| 3) Increase In Short Term Provisions                               | 908,113  | –  |
| 4) (Increase) In Long term Loans and advances                      | –  | (716,850)  |
| 5) (Increase) In Short Term Loans & Advances                       | (2,246,863)                                      | (2,709)  |
| 6) (Increase) In Trade Receivables                                 | (12,254,254)                                     | –  |
| <b>CASH GENERATED FROM OPERATIONS</b>                              | <b>5,205,510</b>                                 | <b>1,239,580</b>                                 |
| Taxes Paid   | (5,179,449)                                      | (8,329)  |
| <b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>                | <b>26,061</b>                                    | <b>1,231,251</b>                                 |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                         |  |  |
| Interest Received  | –  | 28,664   |
| sale on investment   | 1,177,699  | –  |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>                     | <b>1,177,699</b>                                 | <b>28,664</b>                                    |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                         |  |  |
| Loan Taken   | –  | 138,865  |
| Loan Repaid  | –  | (139,884)  |
| Interest Expense   | (22,341)   | (2,288)  |
| <b>NET CASH (USED) FROM FINANCING ACTIVITIES</b>                   | <b>(22,341)</b>                                  | <b>(3,307)</b>                                   |
| <b>NET CASH GENERATED FLOW FOR THE YEAR</b>                        | <b>1,181,420</b>                                 | <b>1,256,608</b>                                 |
| <b>Cash &amp; Cash Equivalents comprise of</b>                     |  |  |
| Scheduled Bank - In Current Account                                | 17,043,526                                       | 286,918  |
| Fixed Deposit with Banks   | –  | 15,500,000                                       |
| <b>Total Cash &amp; Cash Equivalents as at beginning of period</b> | <b>17,043,526</b>                                | <b>15,786,918</b>                                |
| <b>Cash &amp; Cash Equivalents as at end of period :</b>           |  |  |
| Cash on Hand   | 40,413   | –  |
| Scheduled Bank - In Current Account                                | 18,184,531                                       | 17,043,526                                       |
| <b>Cash &amp; Cash Equivalents As At 31.03.2016</b>                | <b>18,224,944</b>                                | <b>17,043,526</b>                                |

As per our attached report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W

**Amit A. Hundia**

Partner

Membership No.120761

Place : Mumbai

Dated : 23rd April 2016

For and on behalf of the Board of  
**Motilal Oswal Capital Markets Private Limited**

**Rajesh Dharamshi**

Director

DIN No: 01415232

**Ajay Menon**

Director

DIN No: 00024589

# NOTES TO FINANCIAL STATEMENT

## Note 1 : Share Capital

|   | As at 31-Mar-16  |                   | As at 31-Mar-15  |                   |
|---|------------------|-------------------|------------------|-------------------|
|   | Numbers          | (In ₹)            | Numbers          | (In ₹)            |
| <b>Authorised Share Capital :</b>   |                  |                   |                  |                   |
| Equity Shares of ₹10/- Each   | 400,000          | 4,000,000         | 400,000          | 4,000,000         |
| 7% Non-Cumulative Redeemable Preference Shares of ₹10/- Each  | 1,100,000        | 11,000,000        | 1,100,000        | 11,000,000        |
| <b>Total</b>  | <b>1,500,000</b> | <b>15,000,000</b> | <b>1,500,000</b> | <b>15,000,000</b> |
| <b>Issued, Subscribed and Paid Up :</b>   |                  |                   |                  |                   |
| Equity Shares of ₹10/- Each Fully Paid Up<br>(All the above shares are held by hoding company Motilal Oswal Securities Limited)                                     | 350,000          | 3,500,000         | 350,000          | 3,500,000         |
| 7% Non-Cumulative Redeemable Preference Shares of the face value of ₹ 10 each<br>(All the above shares are held by hoding company Motilal Oswal Securities Limited) | 900,000          | 9,000,000         | 900,000          | 9,000,000         |
| <b>TOTAL</b>  | <b>1,250,000</b> | <b>12,500,000</b> | <b>1,250,000</b> | <b>12,500,000</b> |

## Terms And Conditions Attached

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

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

The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of share holders in the ensuing annual general meeting.

In the event of liquidation of Company , the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 1.2 Preference Shares :

The Company has one class of 9,00,000(Numbers), 7% Non- cumalative preference shares having a par value of ₹ 10/- aggregating ₹ 90,00,000 as on 31st March, 2016.

### 1.3 Reconciliation of number of Equity shares outstanding

|  | As at 31-Mar-16 |           | As at 31-Mar-15 |           |
|--|-----------------|-----------|-----------------|-----------|
|  | Numbers         | (In ₹)    | Numbers         | (In ₹)    |
| Number of share at beginning of the year | 350,000         | 3,500,000 | 350,000         | 3,500,000 |
| Add : Issued during the year             | -               | -         | -               | -         |
| Number of Share at the end of the year   | 350,000         | 3,500,000 | 350,000         | 3,500,000 |

### 1.4 Reconciliation of number of Preference shares outstanding

| Name of Shareholder                      | As at 31-Mar-16 |           | As at 31-Mar-15 |           |
|--|-----------------|-----------|-----------------|-----------|
|  | Numbers         | (In ₹)    | Numbers         | (In ₹)    |
| Number of share at beginning of the year | 900,000         | 9,000,000 | 900,000         | 9,000,000 |
| Add : Issued during the year             | -               | -         | -               | -         |
| Number of Share at the end of the year   | 900,000         | 9,000,000 | 900,000         | 9,000,000 |

# NOTES TO FINANCIAL STATEMENT

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

|   | As at 31-Mar-16 |              | As at 31-Mar-15 |              |
|---|-----------------|--------------|-----------------|--------------|
|   | No of Shares    | % of Holding | No of Shares    | % of Holding |
| Motilal Oswal Securities Limited (Holding Company ) | 350,000         | 100          | 350,000         | 100          |
| <b>Total</b>  | <b>350,000</b>  | <b>100</b>   | <b>350,000</b>  | <b>100</b>   |

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

|   | As at 31-Mar-16 |              | As at 31-Mar-15 |              |
|---|-----------------|--------------|-----------------|--------------|
|   | No of Shares    | % of Holding | No of Shares    | % of Holding |
| Motilal Oswal Securities Limited (Holding Company ) | 900,000         | 100          | 900,000         | 100          |
| <b>Total</b>  | <b>900,000</b>  | <b>100</b>   | <b>900,000</b>  | <b>100</b>   |

## Note 2: Reserves & Surplus

|                                | As at 31-Mar-16<br>(In ₹) | As at 31-Mar-15<br>(In ₹) |
|--------------------------------|---------------------------|---------------------------|
| <b>Surplus</b>                 |                           |                           |
| Opening balance                | 4,759,057                 | 3,189,501                 |
| Add: Additions during the year | 10,752,592                | 1,569,556                 |
| <b>TOTAL</b>                   | <b>15,511,649</b>         | <b>4,759,057</b>          |

## Note 3 : Long Term Provisions

|                        | As at 31-Mar-16<br>(In ₹) | As at 31-Mar-15<br>(In ₹) |
|------------------------|---------------------------|---------------------------|
| Provision for Gratuity | 113,985                   | —                         |
| <b>Total</b>           | <b>113,985</b>            | <b>—</b>                  |

## Note 4 : Other Current Liabilities

|                              | As at 31-Mar-16<br>(In ₹) | As at 31-Mar-15<br>(In ₹) |
|------------------------------|---------------------------|---------------------------|
| Income received in advance   | 873,362                   | —                         |
| <b>For Other liabilities</b> |                           |                           |
| Accrued salaries & benefits  | 50,810                    | —                         |
| Taxes payables               | 483,468                   | 17,302                    |
| Other Payables               | 3,087,800                 | 270,141                   |
| <b>Total</b>                 | <b>4,495,440</b>          | <b>287,443</b>            |

# NOTES TO FINANCIAL STATEMENT

## Note 5 : Short Term Provisions

|  | As at 31-Mar-16<br>(In ₹) | As at 31-Mar-15<br>(In ₹) |
|--|---------------------------|---------------------------|
| <b>Provision for Employee Benefits</b>   |                           |                           |
| Provision for Ex Gratia  | 801,755                   | –                         |
| Gratuity obligation  | 477                       | –                         |
| <b>Others</b>  |                           |                           |
| - Other provisions (includes provision for expenses)                             | 105,881                   | –                         |
| - Provision for Tax (Net of Advance Tax Current year ₹ Nil Previous year ₹ 8329) | –                         | 220,056                   |
| <b>Total</b>   | <b>908,113</b>            | <b>220,056</b>            |

## Note 6 : Long term loans and advances

|  | As at 31-Mar-16<br>(In ₹) | As at 31-Mar-15<br>(In ₹) |
|--|---------------------------|---------------------------|
| <b>Unsecured, considered good</b>              |                           |                           |
| Capital Advance                                | 48,663                    | –                         |
| Deposit  | 716,850                   | 716,850                   |
| Advance Tax (Net of Provisions of ₹ 48,79,299) | 80,096                    | –                         |
| <b>Total</b>                                   | <b>845,609</b>            | <b>716,850</b>            |

## Note 7 : Trade Receivable

|  | As at 31-Mar-16<br>(In ₹) | As at 31-Mar-15<br>(In ₹) |
|--|---------------------------|---------------------------|
| <b>Unsecured, considered good:</b>   |                           |                           |
| Outstanding for a period Less than SIX months from the date they are due for payment | 12,254,254                | –                         |
| <b>Total</b>   | <b>12,254,254</b>         | <b>–</b>                  |

## Note 8 : Cash and Bank Balances

|                                  | As at 31-Mar-16<br>(In ₹) | As at 31-Mar-15<br>(In ₹) |
|----------------------------------|---------------------------|---------------------------|
| <b>Cash and cash Equivalent</b>  |                           |                           |
| Cash in Hand                     | 40,413                    | –                         |
| Bank balances in Current Account | 18,184,531                | 17,043,526                |
| <b>Total</b>                     | <b>18,224,944</b>         | <b>17,043,526</b>         |

# NOTES TO FINANCIAL STATEMENT

## Note 9 : Short term loans and advances

|                                   | As at 31-Mar-16<br>(In ₹) | As at 31-Mar-15<br>(In ₹) |
|-----------------------------------|---------------------------|---------------------------|
| <b>Unsecured, considered good</b> |                           |                           |
| <b>Others</b>                     |                           |                           |
| Prepaid Expenses                  | 505,485                   | –                         |
| Deposit                           | –                         | –                         |
| Service Tax Paid On Expenses      | –                         | 6,180                     |
| Advance Against Expenses          | 1,698,895                 | –                         |
| <b>Total</b>                      | <b>2,204,380</b>          | <b>6,180</b>              |

## Note 10 : Revenue from Operations

|                                    | For the Year Ended<br>31-Mar-16<br>(In ₹) | For the Year Ended<br>31-Mar-15<br>(In ₹) |
|------------------------------------|---|---|
| <b>(a) Income From Operations</b>  |   |   |
| Training Fees                      | 18,136,103                                | 1,248,127                                 |
| Brokerage on Property              | 8,993,741                                 | –   |
| <b>(b) Other operating revenue</b> |   |   |
| Exhibition Fees                    | 7,692,359                                 | –   |
| <b>TOTAL</b>                       | <b>34,822,203</b>                         | <b>1,248,127</b>                          |

## Note 11 : Other income

|                              | For the Year Ended<br>31-Mar-16<br>(In ₹) | For the Year Ended<br>31-Mar-15<br>(In ₹) |
|------------------------------|---|---|
| Dividend Income              | –   | 599,385                                   |
| Interest Income              | 120                                       | 28,664                                    |
| Miscellaneous Income         | –   | 1,344                                     |
| Profit on sale of Investment | 1,177,699                                 | 501,561                                   |
| <b>TOTAL</b>                 | <b>1,177,819.38</b>                       | <b>1,130,953</b>                          |

## Note 12 : Employee Benefit

|   | For the Year Ended<br>31-Mar-16<br>(In ₹) | For the Year Ended<br>31-Mar-15<br>(In ₹) |
|---|---|---|
| Salary, Bonus and Allowances            | 7,349,905                                 | –   |
| Contribution to provident & other funds | 45,576                                    | –   |
| Staff Welfare Expenses                  | 214,043                                   | –   |
| Gratuity ( Refer Note No. 25 )          | 114,462                                   | –   |
| <b>TOTAL</b>                            | <b>7,723,986</b>                          | <b>–</b>                                  |

# NOTES TO FINANCIAL STATEMENT

## Note 13 : Finance Cost

|               | For the Year Ended<br>31-Mar-16<br>(In ₹) | For the Year Ended<br>31-Mar-15<br>(In ₹) |
|---------------|---|---|
| Interest Cost | 22,341                                    | 3,307                                     |
| <b>TOTAL</b>  | <b>22,341</b>                             | <b>3,307</b>                              |

## Note 14 : Other Expenses

|                                | For the Year Ended<br>31-Mar-16<br>(In ₹) | For the Year Ended<br>31-Mar-15<br>(In ₹) |
|--------------------------------|---|---|
| Advertisement Expenses         | 3,815,557                                 | –   |
| Bank Charges                   | 232,964                                   | –   |
| Printing Stationery Expenses   | 546,251                                   | –   |
| Training Expenses              | 1,203                                     | –   |
| Audit Fees                     | 253,764                                   | 50,000                                    |
| Legal & Professional Fees      | 2,030,217                                 | 10,477                                    |
| Rent                           | 1,436,088                                 | 380,844                                   |
| Filing Fees                    | 14,782                                    | –   |
| Miscellaneous Expenses         | 67,509                                    | 11,787                                    |
| Mobile Charges                 | 19,996                                    | –   |
| Travelling Expenses            | 160,232                                   | –   |
| Client Entertainment           | 33,313                                    | –   |
| Referral Fees                  | 122,500                                   | –   |
| Meeting and event expenses     | 3,222,565                                 | –   |
| Brand Promotion                | 664,863                                   | –   |
| Membership & Subscription Fees | –   | 124,724                                   |
| <b>TOTAL</b>                   | <b>12,621,804</b>                         | <b>577,832</b>                            |

## Note 15 : Nature of Business

The Company is in business of providing training in Trading & Investing Research and Property Brokerage. The Company has surrendered its license for SEBI registered Trading Member on the Capital Market and Futures & Options segment of the National Stock Exchange of India Ltd. (NSE) having SEBI registration no. INB231331936 (Capital market segment) and INF231331936 (F&O segment) on 3rd February, 2015 which was approved by the NSE on 24th April, 2015.

## Note 16 : Significant Accounting Policies:

### 16.1 Basis of Preparation of Financial Statements:

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

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

# NOTES TO FINANCIAL STATEMENT

## 16.2 Use of Estimates:

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

## 16.3 Taxation:

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

### Current Tax:

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

### Minimum Alternate Tax

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

### Deferred Tax:

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

## 16.4 Investments:

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

Long term investments are valued at cost and the cost is determined on the basis of the average carrying amount of the total holding of the investment. Provision for diminution in value of long term investments is made if in the opinion of management such a decline is other than temporary.

Current investments are valued at cost or market/fair value, whichever is lower. Carrying amount of individual investment is determined on the basis of average of carrying amount of total holding of investments.

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

## 16.5 Revenue Recognition:

Training fees is recognised only when it is actually received.

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

Interest income is recognised on accrual basis.

Dividend income is recognised when the right to receive payment is established.

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

## 16.6 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.

# NOTES TO FINANCIAL STATEMENT

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.

## 16.7 Employee Benefits:

### Provident Fund

Contribution payable to the recognised provident fund, which is a defined contribution scheme, is charged to the Statement of Profit and Loss account in the period in which it occurs.

### Gratuity

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

### Compensated Absences

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

### Bonus / Ex-gratia Plans

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

## Note 17 : Earnings per share:

|  | As at<br>31-Mar-16 | As at<br>31-Mar-15 |
|--|--------------------|--------------------|
| Net Profit attributable to equity shareholders [A] (₹)   | 10,752,592         | 1,569,557          |
| Weighted Average Number of equity shares issued [B]  | 350,000            | 350,000            |
| Basic/ Diluted Earnings per share [Face value of ₹ 10 (Previous Year ₹ 10) each] (EPS) [A/B] (₹) | 30.72              | 4.48               |

## Note 18 : Auditors' Remuneration:

|                        | For the Year ended<br>31st March, 2016<br>In (₹) | For the Year ended<br>31st March, 2015<br>In (₹) |
|------------------------|--|--|
| <b>a) As Auditors:</b> |  |  |
| Audit Fees             | 192,500  | 50,000   |
| Tax Audit              | 60,000   | -  |
| <b>TOTAL</b>           | <b>252,500</b>                                   | <b>50,000</b>                                    |

Auditors Remuneration is exclusive of service tax

# NOTES TO FINANCIAL STATEMENT

## Note 19 : Contingent liabilities & Commitments:

### Contingent liabilities:

There are no contingent liabilities

### Capital Commitments:

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances) is ₹ 21,337 (Previous Year : ₹ Nil)

## Note 20 :

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.

## Note 21 :

During the year, company as a lessee recognised ₹ 14,36,088 (Previous year ₹ 3,80,844) as Lease Payments in the statement of Profit and Loss under the head "Rent"

### General description of lease terms: -

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

## Note 22 : Segment Information:

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

(₹ in millions)

| Particulars                             | Equity Broking & Other related activities |             | Training related activities |             | Unallocated Portion |             | Total             |                  |
|---|---|-------------|-----------------------------|-------------|---------------------|-------------|-------------------|------------------|
|   | 31-Mar-2016                               | 31-Mar-2015 | 31-Mar-2016                 | 31-Mar-2015 | 31-Mar-2016         | 31-Mar-2015 | 31-Mar-2016       | 31-Mar-2015      |
| <b>REVENUE:</b>                         |   |             |                             |             |                     |             |                   |                  |
| External Revenue                        | 10,171,440                                | -           | 25,828,462                  | 1,248,127   | 120                 | 1,130,954   | 36,000,023        | 2,379,081        |
| Inter-Segment Revenue                   | -   | -           | -                           | -           | -                   | -           | -                 | -                |
| Total Revenue                           | 10,171,440                                | -           | 25,828,462                  | 1,248,127   | 120                 | 1,130,954   | 36,000,023        | 2,379,081        |
| <b>RESULT:</b>                          |   |             |                             |             |                     |             |                   |                  |
| Segment Result                          | 4,451,967                                 | -           | 11,455,908                  | 720,295     |                     |             | 15,907,876        | 720,295          |
| Unallocated Corporate Expenses          |   |             |                             |             |                     |             | 276,105           | 53,307           |
| Operating Profit                        |   |             |                             |             |                     |             | 15,631,771        | 666,988          |
| Interest Expenses                       |   |             |                             |             |                     |             | 22,341            | 3,307            |
| Interest Income                         |   |             |                             |             |                     |             | -                 | 28,664           |
| Tax Expenses:                           |   |             |                             |             |                     |             |                   |                  |
| Income Tax                              |   |             |                             |             |                     |             | 4,879,299         | 228,385          |
| Deferred Tax                            |   |             |                             |             |                     |             |                   |                  |
| Tax Impact of Transitional Depreciation |   |             |                             |             |                     |             |                   |                  |
| For previous year(s) (Income tax)       |   |             |                             |             |                     |             |                   |                  |
| Profit from Ordinary Activities         |   |             |                             |             |                     |             | 15,631,891        | 1,797,942        |
| Exceptional Item                        |   |             |                             |             |                     |             | -                 | -                |
| <b>Net Profit</b>                       |   |             |                             |             |                     |             | <b>15,631,891</b> | <b>1,797,942</b> |

# NOTES TO FINANCIAL STATEMENT

| Particulars                               | Equity Broking & Other related activities |             | Training related activities |             | Unallocated Portion |             | Total       |             |
|---|---|-------------|-----------------------------|-------------|---------------------|-------------|-------------|-------------|
|   | 31-Mar-2016                               | 31-Mar-2015 | 31-Mar-2016                 | 31-Mar-2015 | 31-Mar-2016         | 31-Mar-2015 | 31-Mar-2016 | 31-Mar-2015 |
| <b>OTHER INFORMATION:</b>                 |   |             |                             |             |                     |             |             |             |
| Segment Assets                            | 14,507,297                                | –           | 18,941,796                  | 17,766,556  | 80,096              | –           | 33,529,190  | 17,766,556  |
| Unallocated Corporate Asset               |   |             |                             |             |                     |             |             |             |
| Total Asset                               |   |             |                             |             |                     |             |             |             |
| Segment Liabilities                       | 3,572,462                                 | –           | 1,945,077                   | 287,442     | –                   | 220,055     | 5,517,538   | 507,497     |
| Unallocated Corporate Liabilities         |   |             |                             |             |                     |             |             |             |
| Total Liabilities                         |   |             |                             |             |                     |             |             |             |
| Capital Expenditure                       |   |             |                             |             |                     |             |             |             |
| Depreciation                              |   |             |                             |             |                     |             |             |             |
| Non-cash expenses other than depreciation |   |             |                             |             |                     |             |             |             |

## Note 23 : Related Party Disclosure:

### I. Names of Related Parties:-

#### Holding Company:

- Motilal Oswal Securities Limited

#### Holding Company of Motilal Oswal Securities Limited:

- Motilal Oswal Financial Services Limited

#### Ultimate Holding Company:

- Passionate Investment Management Private Limited

#### Fellow subsidiaries:

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

#### Key management personnel

- Mr. Navin Agarwal – Director
- Mr. Ajay Menon – Director

# NOTES TO FINANCIAL STATEMENT

## II Transactions with related parties for the year ended 31st March, 2016

(In ₹)

| Particulars   | Name of the related Party                   | Holding/Ultimate Holding Companies |                | Fellow Subsidiary Companies |           | Total              |                |
|---|---|------------------------------------|----------------|-----------------------------|-----------|--------------------|----------------|
|   |   | 2015-2016                          | 2014-2015      | 2015-2016                   | 2014-2015 | 2015-2016          | 2014-2015      |
| Interest Expenses (Income)                                    | Motilal Oswal Financial Services Ltd.       | (120)                              | 1,019          | –                           | –         | (120)              | 1,019          |
|   | Motilal Oswal Financial Services Ltd.       | 22,341                             | 3,307          | –                           | –         | 22,341             | 3,307          |
| <b>Total Interest (Income)</b>                                |   | <b>(120)</b>                       | <b>1,019</b>   | <b>–</b>                    | <b>–</b>  | <b>(120)</b>       | <b>1,019</b>   |
| <b>Total Interest Expense</b>                                 |   | <b>22,341</b>                      | <b>3,307</b>   | <b>–</b>                    | <b>–</b>  | <b>22,341</b>      | <b>3,307</b>   |
| Deposit Rent  | Motilal Oswal Securities Limited            | –                                  | 716,850        | –                           | –         | –                  | 716,850        |
| <b>Total Deposit Rent</b>                                     |   | <b>–</b>                           | <b>716,850</b> | <b>–</b>                    | <b>–</b>  | <b>–</b>           | <b>716,850</b> |
| Rent Expense  | Motilal Oswal Securities Limited            | 1,433,700                          | 380,844        | –                           | –         | 1,433,700          | 380,844        |
| <b>Total Rent Expense</b>                                     |   | <b>1,433,700</b>                   | <b>380,844</b> | <b>–</b>                    | <b>–</b>  | <b>1,433,700</b>   | <b>380,844</b> |
| Loan Taken (Maximum Balance)                                  | Motilal Oswal Financial Services Ltd.       | 1,200,000                          | 101,019        | –                           | –         | 1,200,000          | 101,019        |
| <b>Total Loan Taken (Maximum Balance)</b>                     |   | <b>1,200,000</b>                   | <b>101,019</b> | <b>–</b>                    | <b>–</b>  | <b>1,200,000</b>   | <b>101,019</b> |
| Loan taken  | Motilal Oswal Financial Services Ltd.       | 1,200,000                          | 138,865        | –                           | –         | 1,200,000          | 138,865        |
| <b>Total Loan Taken</b>                                       |   | <b>1,200,000</b>                   | <b>138,865</b> | <b>–</b>                    | <b>–</b>  | <b>1,200,000</b>   | <b>138,865</b> |
| Repayment of loan   | Motilal Oswal Financial Services Ltd.       | 1,200,000                          | 139,884        | –                           | –         | 1,200,000          | 139,884        |
| <b>Total Repayment of Loan</b>                                |   | <b>1,200,000</b>                   | <b>139,884</b> | <b>–</b>                    | <b>–</b>  | <b>1,200,000</b>   | <b>139,884</b> |
| (Payment) / Receipt for Reimbursement of Expense              | Motilal Oswal Asset Management Company Ltd. | –                                  | –              | (13,939)                    | –         | (13,939)           | –              |
|   | Motilal Oswal Securities Limited            | (5,218,412)                        | –              | –                           | –         | (5,218,412)        | –              |
| <b>Total (Payment) / Receipt for Reimbursement of Expense</b> |   | <b>(5,218,412)</b>                 | <b>–</b>       | <b>(13,939)</b>             | <b>–</b>  | <b>(5,232,351)</b> | <b>–</b>       |
| <b>Outstanding Balances:</b>                                  |   |                                    |                |                             |           |                    |                |
| Other Payables  | Motilal Oswal Securities Limited            | –                                  | 221,410        | –                           | –         | –                  | 221,410        |
| <b>Total Sundry Creditors</b>                                 |   | <b>–</b>                           | <b>221,410</b> | <b>–</b>                    | <b>–</b>  | <b>–</b>           | <b>221,410</b> |
| Deposit Rent Refundable                                       | Motilal Oswal Securities Limited            | 716,850                            | 716,850        | –                           | –         | 716,850            | 716,850        |
| <b>Total Deposit Rent Refundable</b>                          |   | <b>716,850</b>                     | <b>716,850</b> | <b>–</b>                    | <b>–</b>  | <b>716,850</b>     | <b>716,850</b> |

Note : All Loans referred above are repayable on demand

### Note 24 :

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

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

# NOTES TO FINANCIAL STATEMENT

## Note 25: Employee Benefits Disclosure

### (a) Defined Contribution Plan

| Particulars                               | 2015-16 | 2014-15 |
|---|---------|---------|
| Employer's contribution to Provident Fund | 41,613  | —       |
| Employer's contribution to ESIC           | 3,963   | —       |

### (b) Defined Benefit Plan

#### Gratuity Plan

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

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

|  | 31-Mar-16           | 31-Mar-15 |
|--|---------------------|-----------|
| <b>I Assumptions as at</b>                               |                     |           |
| Mortality  | IALM (2006-08) Ult. | —         |
| Average Interest / Discount Rate                         | 7.49%               | —         |
| Average Rate of increase in compensation                 | 10.00%              | —         |
| Average Rate of return (expected) on plan assets         |                     |           |
| Average Employee Attrition Rate(Past Service (PS))       | PS: 0 to 37 : 10%   | —         |
| Expected average remaining service                       | 7.66                | —         |
| <b>II Changes in present value of obligations</b>        |                     |           |
| PVO at beginning of year                                 | —                   | —         |
| Interest cost  | —                   | —         |
| Current Service Cost                                     | 114,462             | —         |
| Past Service Cost- (non vested benefits)                 | —                   | —         |
| Past Service Cost -(vested benefits)                     | —                   | —         |
| Benefits Paid  | —                   | —         |
| Actuarial (Gain)/Loss on obligation                      | —                   | —         |
| PVO at end of year                                       | 114,462             | —         |
| <b>III Changes in fair value of plan assets</b>          |                     |           |
| Fair Value of Plan Assets at beginning of year           | —                   | —         |
| Expected Return on Plan Assets                           | —                   | —         |
| Contributions  | —                   | —         |
| Benefit Paid   | —                   | —         |
| Actuarial Gain/(Loss) on plan assets                     | —                   | —         |
| Fair Value of Plan Assets at end of year                 | —                   | —         |
| <b>IV Fair Value of Plan Assets</b>                      |                     |           |
| Fair Value of Plan Assets at beginning of year           | —                   | —         |
| Actual Return on Plan Assets                             | —                   | —         |
| Contributions  | —                   | —         |
| Benefit Paid   | —                   | —         |
| Fair Value of Plan Assets at end of year                 | —                   | —         |
| Funded Status (including unrecognized past service cost) | (114,462)           | —         |
| Excess of actual over estimated return on Plan Assets    | —                   | —         |
| <b>V Experience History</b>                              | 31-Mar-16           | 31-Mar-15 |
| (Gain)/Loss on obligation due to change in Assumption    | —                   | —         |
| Experience (Gain)/ Loss on obligation                    | —                   | —         |
| Actuarial Gain/(Loss) on plan assets                     | —                   | —         |
| <b>VI Actuarial Gain/(Loss) Recognized</b>               |                     |           |
| Actuarial Gain/(Loss) for the year (Obligation)          | —                   | —         |
| Actuarial Gain/(Loss) for the year (Plan Assets)         | —                   | —         |
| Total Gain/(Loss) for the year                           | —                   | —         |
| Actuarial Gain/(Loss) recognized for the year            | —                   | —         |
| Unrecognized Actuarial Gain/(Loss) at end of year        | —                   | —         |

# NOTES TO FINANCIAL STATEMENT

|  | 31-Mar-16 | 31-Mar-15 |
|--|-----------|-----------|
| <b>VII Past Service Cost Recognised</b>  |           |           |
| Past Service Cost- (non vested benefits)   | -         | -         |
| Past Service Cost -(vested benefits)   | -         | -         |
| Average remaining future service till vesting of the benefit recognized Past service Cost- non vested benefits | -         | -         |
| recognized Past service Cost- vested benefits  | -         | -         |
| Unrecognized Past Service Cost- non vested benefits  | -         | -         |
| <b>VIII Amounts to be recognized in the balance sheet and statement of profit &amp; loss account</b>           |           |           |
| PVO at end of year   | 114,462   | -         |
| Fair Value of Plan Assets at end of year   | -         | -         |
| Funded Status  | (114,462) | -         |
| Unrecognized Actuarial Gain/(Loss)   | -         | -         |
| Unrecognized Past Service Cost- non vested benefits  | -         | -         |
| Net Asset/(Liability) recognized in the balance sheet  | (114,462) | -         |
| <b>IX Expense recognized in the statement of P &amp; LAIC</b>  |           |           |
| Current Service Cost   | 114,462   | -         |
| Interest cost  | -         | -         |
| Past Service Cost- (non vested benefits)   | -         | -         |
| past Service Cost "(vested benefits)   | -         | -         |
| Unrecognized Past Service Cost- non vested benefits  | -         | -         |
| Expected Return on Plan Assets   | -         | -         |
| Net Actuarial (Gain)/Loss recognized for the year  | -         | -         |
| Expense recognized in the statement of P & L A/C   | 114,462   | -         |
| <b>X Movements in the Liability recognized in Balance Sheet</b>  |           |           |
| Opening Net Liability  | -         | -         |
| Expenses as above  | 114,462   | -         |
| Contribution paid  | -         | -         |
| Closing Net Liability  | 114,462   | -         |
| <b>XI Revised Schedule VI</b>  |           |           |
| Current Liability  | 477       | -         |
| <b>Non-Current Liability</b>   | 113,985   | -         |

Note: Since the provisions of Gratuity are applied from 2015-16, the disclosure for Gratuity figures as required by Para 120(n) have not been presented for the previous financial years.

## Note 26 :

Company has not recognised the deferred tax assets of ₹ 37,845 (Previous Year ₹ Nil) on expenses, which are allowed on payment basis, as per Sec 43(b) of the Income tax act, 1961 on conservative basis."

## Note 27 :

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

### For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W

**Amit A. Hundia**

Partner

Membership No.120761

Place : Mumbai

Dated : 23rd April 2016

For and on behalf of the Board of  
**Motilal Oswal Capital Markets Private Limited**

**Rajesh Dharamshi**

Director

DIN No: 01415232

**Ajay Menon**

Director

DIN No: 00024589

# **Motilal Oswal Wealth Management Limited**

**Annual Report 2015-2016**

# BOARD'S REPORT

To the Members,

Your Directors have pleasure in presenting their 15th Annual Report together with the audited Financial Statement of your Company for the year ended 31st March, 2016.

## Financial Highlights

A summary of the financial performance of the Company for the financial year ended on 31st March, 2016 is given below:

| Particulars   | Amount (₹)                            |                                       |
|---|---------------------------------------|---------------------------------------|
|   | Financial Year Ended 31st March, 2016 | Financial Year Ended 31st March, 2015 |
| Revenue   | 444,007,766                           | 299,149,784                           |
| Profit before Interest, Depreciation & Taxation             | 139,192,381                           | 98,256,809                            |
| Interest Paid   | 26,067,214                            | 270,203                               |
| Depreciation  | 3,686,189                             | 3,967,431                             |
| <b>Profit / (Loss) before Taxation and exceptional item</b> | <b>109,438,978</b>                    | <b>94,019,175</b>                     |
| Less: Provision for Taxation                                |                                       |                                       |
| Current Tax   | 39,543,765                            | 30,974,760                            |
| Deferred Tax  | (1,573,996)                           | (1,011,188)                           |
| Tax for earlier year(s)                                     | –                                     | (694,324)                             |
| Profit / (Loss) for the year                                | 71,469,209                            | 64,749,927                            |
| Balance Profit / (Loss) brought Forward                     | 91,685,631                            | 26,935,704                            |
| Less: Transfer to General Reserve                           | –                                     | –                                     |
| Less: Transitional Depreciation                             | –                                     | –                                     |
| Balance Profit / (Loss) carried Forward                     | 163,154,840                           | 91,685,631                            |

## Review of Operations and Future Outlook

During the year under review, the wealth management business has witnessed strong growth and we continue to invest further in future. We believe that our proposition has been strengthened through more focused and wider product offerings. We have invested in people across geographies thereby widening our coverage of affluent clients. The business is poised quite well to take advantage of the growing wealth in the country and the impending economic recovery. We believe that the business is capacitated to cater to a higher growth trajectory. This continues to be a focus area for the company.

During the year ended 31st March, 2016, the revenue of the Company increased from ₹ 299.14 million to ₹ 444.00 million representing a growth of 48%. The profit of the Company after tax is ₹ 71.47 million as compared to ₹ 64.75 million in the previous financial year representing growth of 10%.

## Dividend and Reserves

Your Directors have not recommended payment of dividend for the Financial Year 2015-16 with a view to conserve the resources of the Company for the expansion of the operations of the Company.

During the year under review, the Company did not transfer any amount to Reserves.

## Share Capital

The issued and paid-up share capital of the Company as on 31st March, 2016 is ₹ 800,000/- divided into 80,000 Equity Shares of ₹ 10/- each.

## Deposits and Loans / Advances

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013 during the year under review.

During the year under review, the Company has accepted loans / advances from its Holding Company and the same is disclosed in the note no. 27 of financial statement of the Company pursuant to Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## Subsidiaries / Joint Ventures / Associate Companies

The Company does not have any Subsidiary Companies, Joint Ventures and Associate Companies as on 31st March, 2016.

## Directors

During the year, there was no appointment or resignation of Directors(s).

Mr. Harsh Joshi, Director of the Company, retires by rotation at the forthcoming Annual General Meeting and being eligible has offered himself for re-appointment.

## Number of Board Meetings

The Board meets at regular intervals to discuss and decide on the Company / business policy and strategy apart from other Board business. During the year under review, four Board Meetings were held and the interval between any two meetings was not more than 120 days. The status of attendance of Directors at these Board Meetings are as follows:

| Name of the Director                | Designation | Director Identification Number (DIN) | Meetings attended in Financial Year |
|-------------------------------------|-------------|--------------------------------------|-------------------------------------|
| Mr. Ajay Menon                      | Director    | 00024589                             | 4                                   |
| Mr. Harsh Joshi                     | Director    | 02951058                             | 4                                   |
| Mr. Sudhir Dhar                     | Director    | 06911441                             | 4                                   |
| Total meetings held during the year |             |                                      | 4                                   |

## Constitution of Corporate Social Responsibility Committee (CSR)

A Corporate Social Responsibility Committee of the Board of Directors has been constituted, to comply with the provisions of the Companies Act, 2013.

As on 31st March, 2016, the Corporate Social Responsibility Committee consisted of the following members:

| Sr. No. | Name of Directors | DIN      |
|---------|-------------------|----------|
| 1       | Mr. Ajay Menon    | 00024589 |
| 2       | Mr. Harsh Joshi   | 02951058 |
| 3       | Mr. Sudhir Dhar   | 06911441 |

The status of attendance of the Committee Members at these Committee Meetings are as follows:

| Name of the Director                | Designation | Director Identification Number (DIN) | Meetings attended in Financial Year |
|-------------------------------------|-------------|--------------------------------------|-------------------------------------|
| Mr. Ajay Menon                      | Director    | 00024589                             | 2                                   |
| Mr. Harsh Joshi                     | Director    | 02951058                             | 2                                   |
| Mr. Sudhir Dhar                     | Director    | 06911441                             | 2                                   |
| Total meetings held during the year |             |                                      | 2                                   |

## Corporate Social Responsibility (CSR) Initiatives

The Company, Motilal Oswal Wealth Management Limited, recognizes its responsibilities towards society and strongly intends to contribute towards various areas like education, health care and social welfare.

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

The Company made contributions to the projects directly and through Motilal Oswal Foundation, a not-for profit charitable company incorporated under Section 25 of the Companies Act, 1956.

As part of initiatives under CSR, during the year under review, the Company made contribution in area of education towards formation of Ashoka University [International Foundation For Research and Education] in New Delhi, and in area of health through Dr. Batras Positive Health Foundation, contribution towards Rotary Club of Bombay Cuffe Parade Charitable Trust, contribution towards Friends of Tribal Society and contribution towards Vedant Foundation.

The Annual Report on Corporate Social Responsibility activities is appended as an "Annexure 1" to this report.

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

## **Business Risk Management**

The organization realizes the importance of Enterprise Risk Management (ERM) framework and had taken early initiatives towards its implementation of business risk management policy. The organization has introduced several improvements to the business risk management policy.

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

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

## **Internal Financial Controls**

The Company has in place adequate Internal Financial Control systems with reference to financial statement. During the year under review, no material or serious observation has been received from the Auditors of the Company for inefficiency or inadequacy of such controls.

## **Loans, Guarantees and Investments**

The details of Loans, Guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in note no. 27 and note no. 11 to financial statements. During the year under review, there were no loans and guarantees given by the Company.

## **Related Party Transactions**

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

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

## **Statutory Auditors**

Your Company had appointed M/s P B K & Co., as Statutory Auditors for the term of five years at the Annual General Meeting held on September 30, 2014. In compliance with the provisions of Section 139 of the Companies Act, 2013, the appointment of the auditors is to be ratified by the members at every Annual General Meeting. M/s P B K & Co., Chartered Accountant (ICAI Firm Registration No. 122384W) have given their consent for re-appointment. The members are requested to ratify the appointment of Auditors and fix their remuneration.

There were no qualifications, reservations, adverse remarks or disclaimers in the report of Statutory Auditors of the Company nor any frauds were reported by the auditor under Section 143 (12) of the Companies Act, 2013.

## **Particulars of Employees as required under section 197 of the Companies Act, 2013 and rules framed there under**

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

## **Directors' Responsibility Statement**

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (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, 2016 and of the Profit & Loss 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
  - (iv) the annual accounts have been prepared on a going concern basis; and
  - (v) they have devised proper systems to ensure compliance with the provisions of all applicable laws and the systems were adequate and operating effectively.

## Extract of Annual Return

The Extract of Annual Return in Form MGT-9 under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed herewith to this report as "Annexure 3".

## Significant and Material Orders

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

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

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

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

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

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

## Mandatory Disclosures in the Boards' Report

Following mandatory disclosures in the Boards' Report pursuant to the provisions of the Companies Act, 2013 are not applicable to the Company:

- Section 134(3)(d) - A statement on declaration given by independent directors under sub-section (7) of section 149;
- Section 134(3)(e) - As per sub-section (1) of section 178, policies on appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178;
- Section 134(3)(f) - Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the Company secretary in practice in his secretarial audit report;
- Section 134(3)(l) - Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relate and the date of the report;
- Section 177 - Audit Committee;
- Section 177(9) - Establishment of Vigil Mechanism;
- Section 178 - Nomination And Remuneration Committee and stakeholders Relationship Committee;
- Section 203 - Appointment of Key Managerial Personnel;
- Section 204 - Secretarial Audit;
- Performance Evaluation of the Board of Directors.

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

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## **Acknowledgments**

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

For and on behalf of the Board of  
**Motilal Oswal Wealth Management Limited**

**Ajay Menon**  
*Chairman*  
DIN: 00024589

Place : Mumbai

Date : 22nd April, 2016.

# ANNEXURE 1 TO THE BOARD'S REPORT

## Annual Report on Corporate Social Responsibility Activities

[Pursuant to section 135 of the Companies Act, 2013 and Rule 9 of the Companies (Accounts) Rules, 2014]

### 1. A brief outline of the Company's Corporate Social Responsibility (CSR) Policy:

The Company, Motilal Oswal Wealth Management Limited, recognizes its responsibilities towards society and strongly intends to contribute towards various areas like education, health care and social welfare. The Company's endeavour is to provide liberal arts education at low cost, providing services to children from different background, health care services for the social welfare of the people, etc.

### 2. The Composition of the CSR Committee

The CSR Committee comprises of three Directors:

| Sr. No. | Name of Directors | DIN      |
|---------|-------------------|----------|
| 1       | Mr. Ajay Menon    | 00024589 |
| 2       | Mr. Harsh Joshi   | 02951058 |
| 3       | Mr. Sudhir Dhar   | 06911441 |

### 3. Average net profit of the company for last three financial years

₹ 38,333,479/-

### 4. Prescribed CSR Expenditure

₹ 770,000/-

### 5. Details of CSR spent during the financial year.

- Total amount spent for the financial year : ₹ 993,000/-
- Amount unspent, if any : NIL
- Manner in which the amount spent during the financial year is detailed below:

| Sr. No. | CSR project or activity identified  | Sector in which the Project is covered | Projects or programs<br>(1) Local area or other<br>(2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) projects or programs wise | Amount spent on the projects or programs<br>Subheads:<br>(i) Direct expenditure on projects or programs<br>(ii) Overheads | Cumulative expenditure up to the reporting period | Amount spent: Direct or through implementing agency* |
|---------|---|--|---|--|---|---|--|
| 1.      | International Foundation For Research And Education (Construction of Ashoka University) | Education                              | New Delhi   | ₹ 780,000  | Direct expenditure of ₹ 780,000   | ₹ 780,000   | Through M/s Motilal Oswal Foundation                 |
| 2.      | Dr. Batras Positive Health Foundation   | Health care                            | Mumbai  | ₹ 38,000   | Direct expenditure of ₹ 38,000  | ₹ 38,000  | Direct   |
| 3.      | Friends of Tribals Society  | Social Welfare                         | Kolkata   | ₹ 100,000  | Direct expenditure of ₹ 100,000   | ₹ 100,000   | Direct   |
| 4.      | Vedant Foundation   | Social Welfare                         | Mumbai  | ₹ 75,000   | Direct expenditure of ₹ 75,000  | ₹ 75,000  | Direct   |

# ANNEXURE 1 TO THE BOARD'S REPORT

\* Give details of implementing agency:

M/s. Motilal Oswal Foundation is registered under section 25 of the Companies Act, 1956 incorporated on 24th June, 2011 having registered office at Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025. Motilal Oswal Foundation is a non-profit organisation to support social initiatives of the group and is promoted by Mr. Motilal Oswal, Mr. Raamdeo Agarawal and Passionate Investment Management Private Limited, the group holding company. The Foundation is headed by Mrs. Suneeta Agrawal. Education, healthcare and rural and urban development are the key focus areas of Motilal Oswal Foundation.

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

Not Applicable

## 7. Responsibility Statement

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of CSR Projects and activities in compliance with our CSR objectives.

For and on behalf of the Board of  
**Motilal Oswal Wealth Management Limited**

**Ajay Menon**

*Director & Chairman - CSR Committee*

DIN: 00024589

Place : Mumbai

Date: 22nd April, 2016.

# ANNEXURE 2 TO THE BOARD'S REPORT

## Form No. AOC-2

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

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

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

NOT APPLICABLE

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

(Amount in ₹)

| Sr. No. | Name of the Related Party  | Nature of the relationship | Nature of Contract                         | Duration of Contract | Salient terms of the contracts or arrangements or transactions including the value, if any  | Amount paid as advances, if any |
|---------|--|----------------------------|--|----------------------|---|---------------------------------|
| 1       | Motilal Oswal Asset Management Company Limited                   | Fellow Subsidiary          | Rendering of PMS services                  | On-going             | PMS Sharing received by Motilal Oswal Wealth Management Limited from Motilal Oswal Asset Management Company Limited                                 | Nil                             |
| 2       | Motilal Oswal Real Estate Investment Advisors II Private Limited | Fellow Subsidiary          | Rendering of Advisory & Placement services | On-going             | Advisory & Placement fees received by Motilal Oswal Wealth Management Limited from Motilal Oswal Real Estate Investment Advisors II Private Limited | Nil                             |
| 3       | Motilal Oswal Securities Limited                                 | Holding Company            | Rendering of Broking services              | On-going             | "Brokerage Comission received by Motilal Oswal Wealth Management Limited from Motilal Oswal Securities Limited"                                     | Nil                             |
| 4       | Motilal Oswal Real Estate Investment Advisors II Private Limited | Fellow Subsidiary          | Rendering of loan                          | On-going             | Loan given by Motilal Oswal Wealth Management Limited from Motilal Oswal Real Estate Investment Advisors II Private Limited                         | Nil                             |

\* Definition of Materiality has been adopted from Regulation 23 of the Listing Regulations, 2015 which states as follows: Transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statement of the Company. Since the Company does not have any subsidiary Company, materiality is decided based on transactions exceeding 10% of the standalone turnover as per the last audited financial statement of the Company.

For and on behalf of the Board of  
**Motilal Oswal Wealth Management Limited**

**Ajay Menon**

Chairman

DIN: 00024589

Place : Mumbai  
Date: 22nd April, 2016.

# ANNEXURE 3 TO THE BOARD'S REPORT

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

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

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

#### I. Registration and Other Details:

|  |   |
|--|---|
| i) CIN   | U67110MH2002PLC135075   |
| ii) Registration Date  | 6th March, 2002   |
| iii) Name of the Company   | Motilal Oswal Wealth Management Limited   |
| iv) Category / Sub Category of the Company                                     | Public Limited Company  |
| v) Address of the Registered Office and contact details                        | Motilal Oswal Tower, 6th Floor, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025.<br>Tel. No. +91 22 3980 4200 |
| vi) Whether Shares Listed On Recognized Stock Exchange(s)                      | No  |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | N.A.  |

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

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

| Sr. No. | Name and Description of main products / services | NIC Code of the Product / Service | % to total turnover of the company |
|---------|--|-----------------------------------|------------------------------------|
| 1       | Brokerage and Referral Fees                      | 6619                              | 67%                                |
| 2       | Management and Consultant Fees                   | 6619                              | 20%                                |

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

| Sr. No | Name and Address of the Company  | CIN / GLN             | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|--------|----------------------------------|-----------------------|----------------------------------|------------------|--------------------|
| 1.     | Motilal Oswal Securities Limited | U65990MH1994PLC079418 | Holding                          | 100              | 2(46)              |

##### Note:

- There are no Subsidiary and Associate Companies of the Company as on 31st March, 2016.
- Passionate Investment Management Private Limited (PIMPL) is the ultimate holding Company and holds 54.01% shares in Motilal Oswal Financial Services Limited (MOFSL).
- Motilal Oswal Financial Services Limited (MOFSL) holds 100% shares in Motilal Oswal Securities Limited (MOSL).

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

##### i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year |               |               |                   | No. of Shares held at the end of the year |               |               |                   | % Change during the year |
|--------------------------|---|---------------|---------------|-------------------|---|---------------|---------------|-------------------|--------------------------|
|                          | Demat   | Physical      | Total         | % of Total Shares | Demat                                     | Physical      | Total         | % of Total Shares |                          |
| <b>A. Promoters</b>      |   |               |               |                   |   |               |               |                   |                          |
| <b>(1) Indian</b>        |   |               |               |                   |   |               |               |                   |                          |
| Bodies Corp              | –   | 80,000        | 80,000        | 100               | –   | 80,000        | 80,000        | 100               | 0                        |
| <b>Sub-total (A) (1)</b> | –   | <b>80,000</b> | <b>80,000</b> | <b>100</b>        | –   | <b>80,000</b> | <b>80,000</b> | <b>100</b>        | <b>0</b>                 |

# ANNEXURE 3 TO THE BOARD'S REPORT

| Category of Shareholders                           | No. of Shares held at the beginning of the year |          |        |                   | No. of Shares held at the end of the year |          |        |                   | % Change during the year |
|--|---|----------|--------|-------------------|---|----------|--------|-------------------|--------------------------|
|  | Demat   | Physical | Total  | % of Total Shares | Demat                                     | Physical | Total  | % of Total Shares |                          |
| (2) Foreign  | -   | -        | -      | -                 | -   | -        | -      | -                 | -                        |
| Sub-total (A) (2)                                  | -   | -        | -      | -                 | -   | -        | -      | -                 | -                        |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) | -   | 80,000   | 80,000 | 100               | -   | 80,000   | 80,000 | 100               | 0                        |
| <b>B. Public Shareholding</b>                      |   |          |        |                   |   |          |        |                   |                          |
| 1. Institutions                                    | -   | -        | -      | -                 | -   | -        | -      | -                 | -                        |
| Sub-total (B)(1)                                   | -   | -        | -      | -                 | -   | -        | -      | -                 | -                        |
| 2. Non-Institutions                                | -   | -        | -      | -                 | -   | -        | -      | -                 | -                        |
| Sub-total (B)(2)                                   | -   | -        | -      | -                 | -   | -        | -      | -                 | -                        |
| Total Public Shareholding (B)=(B)(1)+ (B)(2)       | -   | -        | -      | -                 | -   | -        | -      | -                 | -                        |
| C. Shares held by Custodian for GDRs & ADRs        | -   | -        | -      | -                 | -   | -        | -      | -                 | -                        |
| GRAND TOTAL (A+B+C)                                | -   | 80,000   | 80,000 | 100               | -   | 80,000   | 80,000 | 100               | 0                        |

## (ii) Shareholding of Promoters

| Sr. No. | Shareholder's Name   | Shareholding at the beginning of the year |                                  |  | Share holding at the end of the year |                                  |   |  |
|---------|--|---|----------------------------------|--|--------------------------------------|----------------------------------|---|--|
|         |  | No. of shares                             | % of total shares of the company | % of shares Pledged / encumbered to total shares | No. of shares                        | % of total shares of the company | % of the shares pledged/ encumbered to total shares | % change in shareholding during the year |
| 1       | Motilal Oswal Securities Limited                                   | 79,994                                    | 99.99                            | -  | 79,994                               | 99.99                            | -   | 0  |
| 2       | Motilal Oswal Securities Limited jointly with Mr. Motilal Oswal    | 1   | 0.00                             | -  | 1                                    | 0.00                             | -   | 0  |
| 3       | Motilal Oswal Securities Limited jointly with Mr. Raamdeo Agarawal | 1   | 0.00                             | -  | 1                                    | 0.00                             | -   | 0  |
| 4       | Motilal Oswal Securities Limited jointly with Mrs. Vimla Oswal     | 1   | 0.00                             | -  | 1                                    | 0.00                             | -   | 0  |
| 5       | Motilal Oswal Securities Limited jointly with Mrs. Suneeta Agrawal | 1   | 0.00                             | -  | 1                                    | 0.00                             | -   | 0  |
| 6       | Motilal Oswal Securities Limited jointly with Mr. Navin Agarwal    | 1   | 0.00                             | -  | 1                                    | 0.00                             | -   | 0  |
| 7       | Motilal Oswal Securities Limited jointly with Mr. Ajay Menon       | 1   | 0.00                             | -  | 1                                    | 0.00                             | -   | 0  |
|         | <b>Total</b>   | <b>80,000</b>                             | <b>100.00</b>                    | <b>-</b>   | <b>80,000</b>                        | <b>100.00</b>                    | <b>-</b>  | <b>0</b>                                 |

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

| Sr. No. | Shareholder's Name   | Shareholding at the beginning / end of the year |                                  | Date       | Increase / (Decrease) in Share-holding | Reason                       | Cumulative Shareholding during the year |                                  |
|---------|--|---|----------------------------------|------------|--|------------------------------|---|----------------------------------|
|         |  | No. of Shares                                   | % of total Shares of the company |            |  |                              | No. of Shares                           | % of total Shares of the company |
| 1       | Motilal Oswal Securities Limited                                   | 79,994  | 99.99                            | 01-04-2015 | -                                      | Nil movement during the year | 79,994                                  | 99.99                            |
|         |  | 79,994  | 99.99                            | 31-03-2016 |  |                              |   |                                  |
| 2       | Motilal Oswal Securities Limited jointly with Mr. Motilal Oswal    | 1   | 0.00                             | 01-04-2015 | -                                      | Nil movement during the year | 1                                       | 0.00                             |
|         |  | 1   | 0.00                             | 31-03-2016 |  |                              |   |                                  |
| 3       | Motilal Oswal Securities Limited jointly with Mr. Raamdeo Agarawal | 1   | 0.00                             | 01-04-2015 | -                                      | Nil movement during the year | 1                                       | 0.00                             |
|         |  | 1   | 0.00                             | 31-03-2016 |  |                              |   |                                  |

# ANNEXURE 3 TO THE BOARD'S REPORT

| Sr. No. | Shareholder's Name   | Shareholding at the beginning / end of the year |                                  | Date       | Increase / (Decrease) in Shareholding | Reason                       | Cumulative Shareholding during the year |                                  |
|---------|--|---|----------------------------------|------------|---------------------------------------|------------------------------|---|----------------------------------|
|         |  | No. of Shares                                   | % of total Shares of the company |            |                                       |                              | No. of Shares                           | % of total Shares of the company |
| 4       | Motilal Oswal Securities Limited jointly with Mr. Vimla Oswal      | 1   | 0.00                             | 01-04-2015 | –                                     | Nil movement during the year | 1                                       | 0.00                             |
|         |  | 1   | 0.00                             | 31-03-2016 |                                       |                              |   |                                  |
| 5       | Motilal Oswal Securities Limited jointly with Mrs. Suneeta Agrawal | 1   | 0.00                             | 01-04-2015 | –                                     | Nil movement during the year | 1                                       | 0.00                             |
|         |  | 1   | 0.00                             | 31-03-2016 |                                       |                              |   |                                  |
| 6       | Motilal Oswal Securities Limited jointly with Mr. Navin Agarawal   | 1   | 0.00                             | 01-04-2015 | –                                     | Nil movement during the year | 1                                       | 0.00                             |
|         |  | 1   | 0.00                             | 31-03-2016 |                                       |                              |   |                                  |
| 7       | Motilal Oswal Securities Limited jointly with Mr. Ajay Menon       | 1   | 0.00                             | 01-04-2015 | –                                     | Nil movement during the year | 1                                       | 0.00                             |
|         |  | 1   | 0.00                             | 31-03-2016 |                                       |                              |   |                                  |

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

| Sr. No. | For each of the Top 10 Shareholders | Shareholding at the Beginning of the year |                                  | Shareholding at the End of the year |                                  | Cumulative Shareholding During the year |                                  |
|---------|-------------------------------------|---|----------------------------------|-------------------------------------|----------------------------------|---|----------------------------------|
|         |                                     | No. of shares                             | % of total Shares of the company | No. of shares                       | % of total Shares of the company | No. of shares                           | % of total Shares of the company |
| NIL     |                                     |   |                                  |                                     |                                  |   |                                  |

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

| Sr. No. | Name | Designation | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|------|-------------|---|----------------------------------|---|----------------------------------|
|         |      |             | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| NIL     |      |             |   |                                  |   |                                  |

## V. Indebtedness

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

Amount (₹)

|  | Secured Loans excluding deposits | Unsecured Loans  | Deposits | Total Indebtedness |
|--|----------------------------------|------------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                  |          |                    |
| i) Principal Amount  | –                                | 18,476           | –        | 18,476             |
| ii) Interest due but not paid                              | –                                | 43,219           | –        | 43,219             |
| iii) Interest accrued but not due                          | –                                | –                | –        | –                  |
| <b>Total (i+ii+iii)</b>                                    | –                                | <b>61,695</b>    | –        | <b>61,695</b>      |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                  |          |                    |
| • Addition   | –                                | 355,689,575      | –        | 355,689,575        |
| • Reduction  | –                                | 355,648,051      | –        | 355,648,051        |
| <b>Net Change</b>  | –                                | <b>41,524</b>    | –        | <b>41,524</b>      |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                  |          |                    |
| i) Principal Amount  | –                                | 60,000           | –        | 60,000             |
| ii) Interest due but not paid                              | –                                | 3,545,310        | –        | 3,545,310          |
| iii) Interest accrued but not due                          | –                                | –                | –        | –                  |
| <b>Total (i+ii+iii)</b>                                    | –                                | <b>3,605,310</b> | –        | <b>3,605,310</b>   |

# ANNEXURE 3 TO THE BOARD'S REPORT

## VI. Remuneration of Directors And Key Managerial Personnel

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

Amount (₹)

| Sr. No. | Particulars of Remuneration   | Name of MD / WTD / Manager | Total Amount |
|---------|---|----------------------------|--------------|
| 1       | <b>Gross salary</b>   |                            |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | –                          | –            |
|         | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | –                          | –            |
|         | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961       | –                          | –            |
| 2       | Stock Option  | –                          | –            |
| 3       | Sweat Equity  | –                          | –            |
| 4       | Commission as % of profit   | –                          | –            |
| 5       | Others, please specify Variable Incentives  | –                          | –            |
|         | <b>Total (A)</b>  | –                          | –            |
|         | Ceiling as per the Act  |                            | –            |
|         | *5% of the net profit calculated as per Section 198                                 |                            |              |

### B. Remuneration to other directors:

Amount (₹)

| Sr. No. | Particulars of Remuneration                    | Name of Directors | Total Amount |
|---------|--|-------------------|--------------|
| 1.      | Independent Directors                          |                   |              |
|         | • Fee for attending board / committee meetings | –                 | –            |
|         | • Commission                                   | –                 | –            |
|         | • Others, please specify                       | –                 | –            |
|         | <b>Total (1)</b>                               | –                 | –            |
| 2.      | Other Non-Executive Directors                  |                   |              |
|         | • Fee for attending board / committee meetings | –                 | –            |
|         | • Commission                                   | –                 | –            |
|         | • Others, please specify                       | –                 | –            |
|         | <b>Total</b>                                   | –                 | –            |

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

Amount (₹)

| Sr. No. | Particulars of Remuneration   | Key Managerial Personnel |                   |     |       |
|---------|---|--------------------------|-------------------|-----|-------|
|         |   | CEO                      | Company Secretary | CFO | Total |
| 1       | Gross salary  |                          |                   |     |       |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | –                        | –                 | –   | –     |
|         | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | –                        | –                 | –   | –     |
|         | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961       | –                        | –                 | –   | –     |

# ANNEXURE 3 TO THE BOARD'S REPORT

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

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

For and on behalf of the Board of  
**Motilal Oswal Wealth Management Limited**

**Ajay Menon**

*Chairman*

DIN: 00024589

Place : Mumbai  
Date: 22nd April, 2016.

# INDEPENDENT AUDITORS' REPORT

To the Members of MOTILAL OSWAL WEALTH MANAGEMENT LIMITED

## Report on the Standalone Financial Statements

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

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the annexure a statement of the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

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

- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from the examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. in our opinion the aforesaid standalone financial statements comply with the accounting standards notified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ;
- e. on the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of section 164(2) of the Act.
- f. with respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the companies (Audit and Auditor) Rule 2014, in our opinion to the best of our information and according to the explanations given to us:
  - i) there are no pending litigations on its financials position in the financials statement that need to be disclosed by the Company.
  - ii) the Company has not entered in to any long term contracts including derivatives contract. Hence provision for material foreseeable losses does not arise.
  - iii) there are no amount that need to transferred to Investor Education and Protection Fund by the Company.

For **P B K & CO**  
*Chartered Accountants*  
Firm Registration No.: 122384W

**Premal H Gandhi**  
*Partner*  
Membership No. 111592

Place: Mumbai  
Date: April 22, 2016

# INDEPENDENT AUDITORS' REPORT (Contd..)

## **Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.  
(c) The Company did not have any immovable properties at anytime during the year. Hence, the requirements of sub clause (c) to clause (i) of paragraph 3 of the said Order are not applicable to the Company.
2. The Company did not have any inventory at anytime during the year. Hence, the requirements of clause (ii) of paragraph 3 of the said Order are not applicable to the Company.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act. Hence, the requirements of sub clause (a) (b) & (c) to clause (iii) of paragraph 3 of the said Order are not applicable to the Company.
4. According to the information and explanation given to us, in respect of loans, investments, guarantees, and security the company has complied with the provisions of section 185 and 186 of the companies Act, 2013.
5. The Company has not accepted any deposits from the public under the provisions of Sections 73 to 76 or any relevant provisions of the Companies Act and the rules framed there under.
6. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act for any activities of the Company.
7. (a) According to the information and explanation given to us and the records of the Company examined by us in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of investor education and protection fund, income-tax, sales- tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable with the appropriate authorities in India.  
(b) According to the information and explanations given to us, and the records of the Company examined by us, there are no dues in respect of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess as at March 31, 2016 which have not been deposited on account of any dispute.
8. According to the records of Company examined by us and the information and explanation given to us, the Company has not availed of any loans from the financial institutions or banks and has not issued debentures.
9. In our opinion, and according to the information and explanation given to us, no moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were not applied for the purposes for which those are raised.
10. During the course of our examination of books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year, nor have been informed of such case by the management.
11. The Company has not paid any managerial remuneration provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013. Hence, the requirements of paragraph 11 of the said Order are not applicable to the Company.
12. In our opinion, and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us, and the records of the Company examined by us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the Accounting Standard (AS) 18 - Related Party Transaction.
14. According to the information and explanations given to us, and the records of the Company examined by us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

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

15. According to the information and explanations given to us, and the records of the Company examined by us, the company has not entered into any non-cash transactions with directors or persons connected with him.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **P B K & CO**  
*Chartered Accountants*  
Firm Registration No.: 122384W

**Premal H Gandhi**  
*Partner*  
Membership No. 111592

Place: Mumbai  
Date: April 22, 2016

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

[Referred to in paragraph 4 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Motilal Oswal Wealth Management Limited on the standalone\* financial statements for the year ended 31st March, 2016.

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

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

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

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

#### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

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

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

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

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

## **Opinion**

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

For **P B K & CO**

*Chartered Accountants*

Firm Registration No.: 122384W

**Premal H Gandhi**

*Partner*

Membership No. 111592

Place: Mumbai

Date: April 22, 2016

# BALANCE SHEET

## Balance Sheet as at March 31, 2016

|                                 | Note No. | As at<br>31-Mar-16<br>(In ₹) | As at<br>31-Mar-15<br>(In ₹) |
|---------------------------------|----------|------------------------------|------------------------------|
| <b>I EQUITY AND LIABILITIES</b> |          |                              |                              |
| <b>Share Holder's Funds :</b>   |          |                              |                              |
| Share Capital                   | 1        | 800,000                      | 800,000                      |
| Reserve & Surplus               | 2        | 210,141,149                  | 138,671,939                  |
| <b>Non-Current Liabilities</b>  |          |                              |                              |
| Deferred Tax Liability          | 3        | —                            | 55,649                       |
| Long Term Provision             | 4        | 6,036,454                    | 2,777,826                    |
| <b>Current Liabilities</b>      |          |                              |                              |
| Short Term Borrowings           | 5        | 60,000                       | 18,476                       |
| Other Current Liabilities       | 6        | 26,943,076                   | 13,958,090                   |
| Short Term Provision            | 7        | 49,927,467                   | 49,407,139                   |
| <b>TOTAL</b>                    |          | <b>293,908,146</b>           | <b>205,689,119</b>           |
| <b>II. ASSETS</b>               |          |                              |                              |
| <b>Non - Current Assets</b>     |          |                              |                              |
| Fixed Assets                    |          |                              |                              |
| Tangible Assets                 | 8        | 32,011,826                   | 29,218,377                   |
| Gross Block                     |          |                              |                              |
| Less : Accumulated Depreciation |          |                              |                              |
| (i) Tangible assets             |          | 28,932,663                   | 29,218,377                   |
| (ii) Intangible assets          |          | 3,079,163                    | 4,609,530                    |
| Long Term Loans & Advances      | 9        | 307,692                      | 5,759,525                    |
| Deferred Tax Liability          | 10       | 1,518,347                    | —                            |
| <b>Current Assets</b>           |          |                              |                              |
| Current Investment              | 11       | 10                           | —                            |
| Cash and Cash Equivalents       | 12       | 20,141,057                   | 67,452,432                   |
| Short term loan and advances    | 13       | 142,024,866                  | 11,134,856                   |
| Trade Receivables               | 14       | 97,891,880                   | 87,492,089                   |
| Other Current Assets            | 15       | 12,469                       | 22,312                       |
| <b>TOTAL</b>                    |          | <b>293,908,146</b>           | <b>205,689,119</b>           |

Notes to Accounts referred above form a integral part of the financial statements

As per our attached report of even date

**For P B K & Co.**

Chartered Accountants

Firm Registration No. 122384W

**Premal H. Gandhi**

Partner

M.No. : 111592

Place : Mumbai

Date : 22nd April, 2016

For and on behalf of the Board of

**Motilal Oswal Wealth Management Limited**

**Harsh Joshi**

Director

DIN No: 2951058

**Ajay Menon**

Director

DIN No: 00024589

# STATEMENT OF PROFIT AND LOSS

## Statement of Profit and Loss for the year ended 31st March, 2016

|                                    | Note No. | For the Period ended<br>31-Mar-16<br>(In ₹) | For the Period ended<br>31-Mar-15<br>(In ₹) |
|------------------------------------|----------|---|---|
| <b>REVENUE :</b>                   |          |   |   |
| Revenue from Operation             | 16       | 392,901,225                                 | 285,511,300                                 |
| Other Income                       | 17       | 51,106,541                                  | 13,638,484                                  |
| <b>Total Revenue</b>               |          | <b>444,007,766</b>                          | <b>299,149,784</b>                          |
| <b>EXPENSES :</b>                  |          |   |   |
| Employee Benefit                   | 18       | 224,389,095                                 | 145,836,805                                 |
| Finance Cost                       | 18       | 26,067,214                                  | 270,203                                     |
| Depreciation                       | 8        | 3,686,189                                   | 3,967,431                                   |
| Other Expenses                     | 18       | 80,426,290                                  | 55,056,170                                  |
| <b>Total Expenses</b>              |          | <b>334,568,787</b>                          | <b>205,130,609</b>                          |
| Prior year Income/(Expenses)       |          | –   | –   |
| <b>Profit Before Tax</b>           |          | <b>109,438,979</b>                          | <b>94,019,175</b>                           |
| <b>Tax Expenses :</b>              |          |   |   |
| Provision For Tax (Current Year)   |          | 39,543,765                                  | 30,974,760                                  |
| Provision For Tax (Earlier Years)  |          | –   | (694,324)                                   |
| Deferred tax                       |          | (1,573,996)                                 | (1,011,188)                                 |
| <b>Profit for the period</b>       |          | <b>71,469,210</b>                           | <b>64,749,927</b>                           |
| Earnings per share (₹)             |          |   |   |
| Equity share of par value ₹10 each |          |   |   |
| Basic                              |          | 893.37                                      | 809.37                                      |
| Diluted                            |          | 893.37                                      | 809.37                                      |

Notes to Accounts referred above form a integral part of the financial statements

As per our attached report of even date

**For P B K & Co.**  
Chartered Accountants  
Firm Registration No. 122384W

**Premal H. Gandhi**  
Partner  
M.No. : 111592  
Place : Mumbai  
Date : 22nd April, 2016

For and on behalf of the Board of  
**Motilal Oswal Wealth Management Limited**

**Harsh Joshi**  
Director  
DIN No: 2951058

**Ajay Menon**  
Director  
DIN No: 00024589

# CASH FLOW STATEMENT

## Cash flow statement as of 31st March, 2016

| Particulars   | For the Year ended<br>31st March, 2016<br>In (₹) | For the Year ended<br>31st March, 2015<br>In (₹) |
|---|--|--|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                          |  |  |
| <b>Profit Before Tax</b>  | 109,438,979                                      | 93,934,905                                       |
| Add /Less :   |  |  |
| 1) Interest Expenses  | 26,067,214                                       | 270,203  |
| 2) Interest Income  | (39,052,162)                                     | (478,563)  |
| 3) Dividend   | –  | (499,563)  |
| 4) Profit on sale of Investment                                     | (1,100,478)                                      | (1,622,188)                                      |
| 5) Depreciation   | 3,686,189  | 3,967,431  |
| <b>Operating Profit</b>   | <b>99,039,741</b>                                | <b>95,572,225</b>                                |
| Adjustment For:   |  |  |
| 1) Increase/(Decrease) in Other Long Term Liabilities               | –  | –  |
| 2) Increase/(Decrease) in Other Current Liabilities                 | 12,984,985                                       | (4,409,114)                                      |
| 3) Increase/(Decrease) in Long Term Provision                       | 3,258,628  | 2,381,601  |
| 4) Increase/(Decrease) in Short Term Provision                      | (2,862,270)                                      | 61,076,045                                       |
| 5) Increase/(Decrease) in Short Term Borrowings                     | 41,524   | (1,981,524)                                      |
| 6) (Increase)/Decrease in Other Current Assets                      | 9,843  | 4,550  |
| 7) (Increase)/Decrease in Short term Loans & Advances               | (130,890,009)                                    | 1,127,085  |
| 8) Increase/(Decrease) in Trade Receivables                         | (10,399,792)                                     | (45,063,641)                                     |
| 9) (Increase)/Decrease in Long term Loans & Advances                | (301,037)  | (13,368,496)                                     |
| <b>Cash Flow From Operations</b>                                    | <b>(29,118,386)</b>                              | <b>95,338,732</b>                                |
| Taxes Paid  | (30,408,297)                                     | (31,726,781)                                     |
| <b>NET CASH FLOW FROM OPERATIONS</b>                                | <b>(59,526,684)</b>                              | <b>63,611,951</b>                                |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                          |  |  |
| 1) Interest Received  | 39,052,162                                       | 478,563  |
| 2) Dividend Income  | –  | –  |
| 3) Net cash inflow on account of mutual fund (Reliance Mutual Fund) | 0  | 2,121,750  |
| 4) Aspire Shares Acquired   | (10.00)  | –  |
| 5) Purchase of Fixed Assets   | (769,630)  | (1,524,908)                                      |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>                      | <b>38,282,522</b>                                | <b>1,075,405</b>                                 |

# CASH FLOW STATEMENT (Contd..)

| Particulars  | For the Year ended<br>31st March, 2016<br>In (₹) | For the Year ended<br>31st March, 2015<br>In (₹) |
|--|--|--|
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                       |  |  |
| 1) Interest Paid   | (26,067,214)                                     | (270,203)  |
| 2) Increase/(Decrease) in Share Capital                          | —  | —  |
| 3) Increase/(Decrease) in Share Premium                          | —  | —  |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>                   | <b>(26,067,214)</b>                              | <b>(270,203)</b>                                 |
| <b>NET CASH FLOW FOR THE YEAR</b>                                | <b>(47,311,375)</b>                              | <b>64,417,153</b>                                |
| <b>Cash and bank balances comprise of:</b>                       |  |  |
| Cash in hand   | —  | —  |
| Scheduled bank - In Current Account                              | 66,102,432                                       | 1,685,278  |
| Fixed Deposit with Bank  | —  | —  |
| <b>Total Cash &amp; Cash Equivalents as at beginning of year</b> | <b>66,102,432</b>                                | <b>1,685,278</b>                                 |
| <b>Cash and bank balances comprise of:</b>                       |  |  |
| Cash in hand   | —  | —  |
| Scheduled bank - In Current Account                              | 18,791,057                                       | 66,102,432                                       |
| Fixed Deposit with Bank  | —  | —  |
| <b>Total Cash &amp; Cash Equivalents as at end of year</b>       | <b>18,791,057</b>                                | <b>66,102,432</b>                                |

As per our attached report of even date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

M.No. : 111592

Place : Mumbai

Date : 22nd April, 2016

For and on behalf of the Board of  
**Motilal Oswal Wealth Management Limited**

**Harsh Joshi**

*Director*

DIN No: 2951058

**Ajay Menon**

*Director*

DIN No: 00024589

# NOTES TO FINANCIAL STATEMENT

## Note 1 : Share Capital

|   | As at 31-Mar-16  |                  | As at 31-Mar-15  |                  |
|---|------------------|------------------|------------------|------------------|
|   | Number of Shares | In (₹)           | Number of Shares | In (₹)           |
| <b>Authorised Share Capital :</b>         |                  |                  |                  |                  |
| Equity Shares of ₹ 10/- each              | 150,000          | 1,500,000        | 150,000          | 1,500,000        |
| <b>TOTAL</b>                              | <b>150,000</b>   | <b>1,500,000</b> | <b>150,000</b>   | <b>1,500,000</b> |
| <b>Issued, Subscribed &amp; Paid Up :</b> |                  |                  |                  |                  |
| Equity Shares of ₹ 10/- each              | 80,000           | 800,000          | 80,000           | 800,000          |
| <b>TOTAL</b>                              | <b>80,000</b>    | <b>800,000</b>   | <b>80,000</b>    | <b>800,000</b>   |

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

#### Equity Shares :

All the Equity shares are held by Motilal Oswal Securities Ltd, the holding company (including 1 share held jointly with nominee)

The Company has one class of equity shares having a par value of ₹ 10/- (Previous year: having a par value of ₹ 10/- each). Each holder of equity shares is entitled to one vote per share.

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

### 1.2 Reconciliation of number of shares outstanding

|                                | As at 31-Mar-16  |         | As at 31-Mar-15  |         |
|--------------------------------|------------------|---------|------------------|---------|
|                                | Number of Shares | (₹)     | Number of Shares | (₹)     |
| Number of share at beginning # | 80,000           | 800,000 | 80,000           | 800,000 |
| Addition During the Year #     | -                | -       | -                | -       |
| Number of Share at the end     | 80,000           | 800,000 | 80,000           | 800,000 |

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

| Name of Shareholder  | As at 31-Mar-16 |              | As at 31-Mar-15 |              |
|--|-----------------|--------------|-----------------|--------------|
|  | No of Shares #  | % of Holding | No of Shares #  | % of Holding |
| Motilal Oswal Securities Ltd.(Holding Company)             | 79,994          | 99.99        | 79994.00        | 100          |
| Motilal Oswal Securities Ltd. Jtly. With Mr. Motilal Oswal | 1               | 0.00         | 1.00            | 0            |
|  | <b>79,995</b>   | <b>99.99</b> | <b>79,995</b>   | <b>99.99</b> |

1.4 For the current year the ultimate holding Company of the Company is Passionate Investment Management Private Limited

# NOTES TO FINANCIAL STATEMENT

## Note 2: Reserves and Surplus

|                              | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|------------------------------|---------------------------|---------------------------|
| Securities Premium           | 46,986,308                | 46,986,308                |
|                              | <b>46,986,308</b>         | <b>46,986,308</b>         |
| <b>Surplus</b>               |                           |                           |
| Opening balance              | 91,685,631                | 26,935,704                |
| Add: Net profit for the year | 71,469,210                | 64,749,927                |
|                              | <b>163,154,841</b>        | <b>91,685,631</b>         |
| <b>TOTAL</b>                 | <b>210,141,149</b>        | <b>138,671,939</b>        |

## Note 3 : Deferred Tax Liability

|                        | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|------------------------|---------------------------|---------------------------|
| Provision for gratuity | –                         | (1,028,359)               |
| Wdv of Fixed Assets    | –                         | 1,084,008                 |
| <b>TOTAL</b>           | <b>–</b>                  | <b>55,649</b>             |

## Note 4 : Long Term Provision

|                        | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|------------------------|---------------------------|---------------------------|
| Provision for Gratuity | 6,036,454                 | 2,777,826                 |
| <b>TOTAL</b>           | <b>6,036,454</b>          | <b>2,777,826</b>          |

## Note 5 : Short Term borrowing

|   | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|---|---------------------------|---------------------------|
| <b>Loan from Related Party (Unsecured, Considered Good)</b> |                           |                           |
| Motilal Oswal Financial services Ltd.                       | 60,000                    | 18,476                    |
| <b>TOTAL</b>  | <b>60,000</b>             | <b>18,476</b>             |

## Note 6 : Other Current Liabilities

|                                     | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|-------------------------------------|---------------------------|---------------------------|
| Advance received from client        | 78,498                    | –                         |
| <b>For other liabilities</b>        |                           |                           |
| Others Payable                      | 5,128,511                 | 900,437                   |
| Deposits (with MOSL)                | 176,910                   | 176,910                   |
| Interest Payable                    | 3,545,310                 | 43,219                    |
| For Expenses                        | 15,380,603                | 10,856,832                |
| Withholding and other Taxes Payable | 2,633,244                 | 1,980,692                 |
| <b>TOTAL</b>                        | <b>26,943,076</b>         | <b>13,958,090</b>         |

# NOTES TO FINANCIAL STATEMENT

## Note 7 : Short Term Provision

|   | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|---|---------------------------|---------------------------|
| Provision for Tax Current Year (Net of Advance Tax) | 3,382,598                 |                           |
| Provision Gratuity                                  | 1,182,639                 | 332,474                   |
| Provision for Ex -gratia and Other                  | 45,362,230                | 49,074,665                |
| <b>TOTAL</b>  | <b>49,927,467</b>         | <b>49,407,139</b>         |

## Note 8 :

(in ₹)

| PARTICULARS          | GROSS BLOCK       |                  |           | DEPRICIATION      |                   |                  |           | NET BLOCK         |                   |                   |
|----------------------|-------------------|------------------|-----------|-------------------|-------------------|------------------|-----------|-------------------|-------------------|-------------------|
|                      | As At<br>1-Apr-15 | Additions        | Deduction | As At<br>1-Apr-16 | As At<br>1-Apr-15 | Additions        | Deduction | As At<br>1-Apr-16 | As At<br>1-Apr-15 |                   |
| Commercial Rights    | 500,000           |                  |           | 500,000           | 156,986           | 100,210          |           | 257,196           | 343,014           | 242,804           |
| Computer Software    | 7,019,721         |                  |           | 7,019,721         | 2,807,192         | 1,406,832        |           | 4,214,024         | 4,212,529         | 2,805,697         |
| PMS Licence          | 100,000           |                  |           | 100,000           | 46,013            | 23,325           |           | 69,338            | 53,987            | 30,662            |
| Office Premises      | 44,776,849        |                  |           | 44,776,849        | 16,511,800        | 1,370,575        |           | 17,882,375        | 28,265,049        | 26,894,474        |
| Electrical Equipment |                   | 3,510            |           | 3,510             |                   | 151              |           | 151               | 0                 | 3,359             |
| Air Conditioner      |                   | 42,166           |           | 42,166            |                   | 34,109           |           | 34,109            | 0                 | 8,057             |
| Mobile               |                   | 65,000           |           | 65,000            |                   | 7,324            |           | 7,324             | 0                 | 57,676            |
| Office Equipments    |                   | 100,095          |           | 100,095           |                   | 22,621           |           | 22,621            | 0                 | 77,474            |
| Television           |                   | 39,990           |           | 39,990            |                   | 13,510           |           | 13,510            | 0                 | 26,480            |
| Computer-1           | 2,533,588         | 57,750           |           | 2,591,338         | 1,580,257         | 666,885          |           | 2,247,142         | 953,331           | 344,196           |
| Car                  |                   | 1,561,444        |           | 1,561,444         |                   | 40,646           |           | 40,644            | 0                 | 1,520,800         |
| <b>Total</b>         | <b>54,930,158</b> | <b>1,869,955</b> | <b>0</b>  | <b>56,800,113</b> | <b>21,102,248</b> | <b>3,686,189</b> | <b>0</b>  | <b>24,788,435</b> | <b>33,827,910</b> | <b>32,011,678</b> |

## Note 9 : Long Term Loans and Advances

|                                 | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|---------------------------------|---------------------------|---------------------------|
| Prepaid                         | 307,692                   | 6,655                     |
| Advance Tax (Net of Provisions) |                           | 5,752,870                 |
| <b>TOTAL</b>                    | <b>307,692</b>            | <b>5,759,525</b>          |

## Note 10 : Deferred Tax Assets

|                                      | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|--------------------------------------|---------------------------|---------------------------|
| Provision for gratuity (DT)          | 2,498,384                 | -                         |
| Loss in Business                     | -                         | -                         |
| Wdv of Fixed Assets                  | (980,037)                 | -                         |
| Provision for bad and doubtful debts | -                         | -                         |
| <b>TOTAL</b>                         | <b>1,518,347</b>          | <b>-</b>                  |

# NOTES TO FINANCIAL STATEMENT

## Note 11 : Current Investments

|                        | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|------------------------|---------------------------|---------------------------|
| Aspire Shares acquired | 10                        | –                         |
| <b>TOTAL</b>           | <b>10</b>                 | <b>–</b>                  |

## Note 12 : Cash and bank balances

|  | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|--|---------------------------|---------------------------|
| <b>Cash and Cash Equivalents</b>                             |                           |                           |
| Bank Balances  |                           |                           |
| IDBI Bank A/c No. 014102000000693                            | –                         | –                         |
| In Current Account   | 18,791,057                | 66,102,432                |
| <b>TOTAL (A)</b>   | <b>18,791,057</b>         | <b>66,102,432</b>         |
| Other Bank Balances  |                           |                           |
| Fixed Deposit with Banks (with maturity more than 3 months). | 1,350,000                 | 1,350,000                 |
| <b>TOTAL (B)</b>   | <b>1,350,000</b>          | <b>1,350,000</b>          |
| <b>TOTAL (A+B)</b>   | <b>20,141,057</b>         | <b>67,452,432</b>         |

## Note 13 : Short term loan and advances

|                                     | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|-------------------------------------|---------------------------|---------------------------|
| <b>Unsecured, considered good</b>   |                           |                           |
| <b>Others</b>                       |                           |                           |
| Advances                            | 1,482,854                 | 1,482,854                 |
| Prepaid                             | 838,825                   | 646,826                   |
| Others                              | 138,879,837               | 558,413                   |
| Balance with Government Authorities | 823,350                   | 8,446,763                 |
| <b>TOTAL</b>                        | <b>142,024,866</b>        | <b>11,134,856</b>         |

## Note 14 : Trade Receivables

|   | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|---|---------------------------|---------------------------|
| <b>Unsecured, considered good</b>                     |                           |                           |
| Trade Receivables(Outstanding for less than 6 months) | 6,048,484                 | 86,683,039                |
| Trade Receivables (More than 6 months)                | 91,249,939                | 809,050                   |
| Other Receivables                                     | 593,457                   | –                         |
| <b>TOTAL</b>  | <b>97,891,880</b>         | <b>87,492,089</b>         |

# NOTES TO FINANCIAL STATEMENT

## Note 15 : Other Current Assets

|  | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|--|---------------------------|---------------------------|
| <b>Secured, considered good:</b>               |                           |                           |
| Accrued interest but not due on Fixed Deposits | 12,469                    | 22,312                    |
| Accrued interest on Loan Given                 | —                         | —                         |
| <b>TOTAL</b>                                   | <b>12,469</b>             | <b>22,312</b>             |

## Note 16 : Revenue from Operation

|  | For the Year Ended<br>31-Mar-16<br>In (₹) | For the Year Ended<br>31-Mar-15<br>In (₹) |
|--|---|---|
| Management and Consultant Fees               | 89,050,714                                | 42,219,536                                |
| Brokerage, Commission & Referral Fees Others | 6,540,908                                 | 1,603,994                                 |
| Brokerage & Referral Fees                    | 297,309,604                               | 241,687,770                               |
| PMS Commission                               | —   | —   |
| <b>TOTAL</b>                                 | <b>392,901,225</b>                        | <b>285,511,300</b>                        |

## Note 17: Other Income

|                              | For the Year Ended<br>31-Mar-16<br>In (₹) | For the Year Ended<br>31-Mar-15<br>In (₹) |
|------------------------------|---|---|
| Dividend on Mutual Fund      | —   | 499,563                                   |
| Interest                     | 38,805,712                                | 122,069                                   |
| Rent Received                | 10,953,900                                | 10,953,900                                |
| Interest on IT refund        | 246,450                                   | 440,764                                   |
| Profit on Sale of Investment | 1,100,478                                 | 1,622,188                                 |
| <b>TOTAL</b>                 | <b>51,106,541</b>                         | <b>13,638,484</b>                         |

## Note 18 : Expenses

|                                       | For the Year Ended<br>31-Mar-16<br>In (₹) | For the Year Ended<br>31-Mar-15<br>In (₹) |
|---------------------------------------|---|---|
| <b>Employee Benefit</b>               |   |   |
| Salary and Bonus                      | 216,092,721                               | 140,652,792                               |
| Gratuity                              | 4,108,793                                 | 2,712,155                                 |
| Contribution to Provident Other Funds | 2,799,095                                 | 1,627,324                                 |
| Staff Welfare                         | 1,388,486                                 | 844,534                                   |
| <b>Total</b>                          | <b>224,389,095</b>                        | <b>145,836,805</b>                        |
| <b>Finance Cost</b>                   |   |   |
| Interest Other                        | 26,067,214                                | 270,203                                   |
| <b>Total</b>                          | <b>26,067,214</b>                         | <b>270,203</b>                            |

# NOTES TO FINANCIAL STATEMENT

|  | For the Year Ended<br>31-Mar-16<br>In (₹) | For the Year Ended<br>31-Mar-15<br>In (₹) |
|--|---|---|
| <b>Other Expenses</b>                    |   |   |
| Software Charges                         | 741,427                                   | 204,969                                   |
| Brokerage Sharing with Intermeditorities | 21,027,900                                | 20,048,619                                |
| Rent Paid                                | 10,613,329                                | 10,600,080                                |
| Auditors Remuneration                    | 50,191                                    | 47,250                                    |
| Printing & Stationery Expenses           | 5,164,659                                 | 3,204,246                                 |
| Membership & Subscription Fees           | 1,710,921                                 | 219,583                                   |
| Client Entertainment                     | 1,127,218                                 | 259,388                                   |
| Communication Expenses                   | 1,235,733                                 | 941,528                                   |
| Computer Running Exp                     | 181,712                                   | 30,696                                    |
| Miscellaneous Exp.                       | 10,889,005                                | 3,073,654                                 |
| Marketing & Brand Promotion Expenses     | 4,901,293                                 | 1,833,425                                 |
| Legal & Professional Fees                | 6,572,400                                 | 3,049,923                                 |
| Travelling Expenses and Conveyance       | 7,384,330                                 | 6,727,646                                 |
| Donation                                 | 3,664,700                                 | 1,842,000                                 |
| Training Expenses                        | 273,640                                   | 933,585                                   |
| Cenvat Reversal Towards Exempt Services  | 3,062,101                                 |   |
| Rates and Taxes                          | 18,265                                    | 16,667                                    |
| Power and Fuel                           | 1,807,465                                 | 2,022,911                                 |
| <b>TOTAL</b>                             | <b>80,426,290</b>                         | <b>55,056,170</b>                         |

## Note 19 : Nature of Business

Company is carrying the business of advisory services in investment and wealth management in accordance with the applicable laws and to carry on the business of advising on investments in stocks, shares, securities, debentures, bonds, warrants, depository receipts, commodities, currency, real estate, options, derivatives and all kinds of financial instruments including portfolio management services, mutual funds, unit linked policies, insurance policies, and providing financial and investment advisory services, management and facilitation services and others. Further the company has rented the premises owned by it & is offering the rent income from the said premises as income from house property under the income tax laws. In the books of accounts the company has claimed depreciation on the said premises in accordance with the Companies Act.

## Note 20 : Background

Motilal Oswal Wealth Management Private Limited was incorporated on March 6, 2002. the principal shareholder of the Company as at March 31, 2016 is Motilal Oswal Securities Limited (MOSL). During the year the company has received license from SEBI Motilal Oswal Wealth Management Limited (Reg. No. INP000004409 date of Reg. Nov 29, 2012) for doing business of portfolio management services & Motilal Oswal Alternative Investment Trust (REG No. IN/AIF3/13-14/0044 Date of Reg. April 10, 2013) for creation of Alternative Investment Fund

## Note 21 : Significant Accounting Policies:

### 21.1 Basis of Preparation of Financial Statements:

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

# NOTES TO FINANCIAL STATEMENT

All assets and liabilities have been classified as current or noncurrent as per the company's normal operating cycle and other criteria set out in the schedule III to the Companies Act 2013. Based on the nature of business the company has ascertained its operating cycle as twelve months for the purpose of current and non - current classification of assets and liabilities.

## 21.2 Use of Estimates:

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

## 21.3 Property, Plant and Equipments & Depreciation

Property, plant and equipments are stated at cost less accumulated depreciation thereon. The cost of property, plant and equipments comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. The Company provides pro-rata depreciation from the date on which asset is acquired/ put to use. In respect of assets sold, pro-rata depreciation is provided up to the date on which the asset is sold. Depreciation is based on the cost of an asset less its residual value as notified in Schedule II to the Companies Act, 2013. In pursuant of Schedule II of the Companies Act 2013, the property, plant and equipments of the significant value are componentized with separate useful life. On all assets, except as mentioned below, depreciation has been provided based on Written Down Value method using the useful life as specified in Schedule II to the Companies Act, 2013.

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

## 21.4 Intangible Assets and Amortization:

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

## 21.5 Revenue Recognition:

Rent income is recognized on accrual basis and is exclusive of service tax. All other income is recognized on accrual basis.

## 21.6 Taxation:

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

### Current Tax:

Current tax is determined as the amount payable in respect of taxable income for the year. While computing the taxable income, due credit is taken for allowances and exemption in accordance with Indian Income Tax Act, 1961. In case of matters under appeal due to disallowance or otherwise, full provision is made when the said liabilities are accepted by the Company.

### Minimum Alternate Tax:

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

### Deferred Tax

Deferred tax is recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in future. However, where there is an unabsorbed depreciation or a carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

## 21.7 Preliminary Expenses:

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

# NOTES TO FINANCIAL STATEMENT

## 21.8 Employee Benefits:

### Provident Fund:

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

### Gratuity:

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

### Compensated Absences:

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

### Bonus / Ex-gratia Plans:

The company recognizes the costs of bonus payments when it has a present obligation to make such payments as a result of past events and the reliable estimate of the obligation can be made.

## 21.9 Provisions and Contingencies:

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

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 assess continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

## Note 22 : Remuneration to Auditors:

|                                       | 31-Mar-16<br>In (₹) | 31-Mar-15<br>In (₹) |
|---------------------------------------|---------------------|---------------------|
| <b>As Auditors:</b>                   |                     |                     |
| Audit Fees                            | 31,254              | 31,250              |
| In any other capacity, in respect of: |                     |                     |
| Other Certification                   | 18,750              | 16,000              |
| <b>TOTAL</b>                          | <b>50,004</b>       | <b>47,250</b>       |

## Note 23 : Basic & Diluted Earnings per share:

|   | 31-Mar-16  | 31-Mar-15  |
|---|------------|------------|
| Net Profit / (loss) attributable to equity shareholders [A] (₹) | 71,469,210 | 64,749,927 |
| Weighted Average Number of equity shares issued [B] (₹)         | 80,000     | 80,000     |
| Basic & Diluted EPS [A/B] (₹)                                   | 893        | 809        |

# NOTES TO FINANCIAL STATEMENT

## Note 24 :

In the opinion of the Board of Directors, all current assets, loans and advances would be realizable at least of an amount equal to the amount at which they are stated in the Balance Sheet. There is no impairment in the Fixed Assets.

## Note 25 : Segment Information

Since the Company is engaged in Multi segment i.e. Advising and managing real estate funds and Asset Management, hence there separate reportable segment as required under Accounting Standard – 17.

| Particulars   | 31st March, 2016 |            |             | 31st March, 2015 |            |             |
|---|------------------|------------|-------------|------------------|------------|-------------|
|   | AMC              | Fund based | Unallocated | AMC              | Fund based | Unallocated |
| REVENUE:  |                  |            |             |                  |            |             |
| External Revenue  | 86,971,087       | –          | 1,468,280   | 143,704,069      | –          | 2,684,584   |
| Inter-Segment Revenue   | 305,930,138      | 10,953,900 | 38,684,361  | 144,491,815      | 10,953,900 | –           |
| Total Revenue   | 392,901,225      | 10,953,900 | 40,152,641  | 288,195,884      | 10,953,900 | 2,684,584   |
| RESULT:   |                  |            |             |                  |            |             |
| Segment Result  | 88,114,544       | 10,953,900 | 10,370,536  | 82,492,894       | 10,953,900 | 572,381     |
| Unallocated Expenses  |                  |            |             | –                | –          | –           |
| Operating Profit  |                  |            |             | –                | –          | –           |
| Interest Expenses   |                  |            |             | –                | –          | –           |
| Interest Income   |                  |            |             | –                | –          | –           |
| Income Tax  |                  |            |             | –                | –          | –           |
| Profit from Ordinary Activities                                       |                  |            |             | –                | –          | –           |
| Extra-Ordinary Items  |                  |            |             | –                | –          | –           |
| Net Profit  |                  |            |             | –                | –          | –           |
| OTHER INFORMATION:  |                  |            |             |                  |            |             |
| Segment Assets  | 265,655,331      | 26,890,346 | 1,362,469   | 168,816,037      | 28,265,046 | 8,608,036   |
| Segment Liabilities   | 82,906,997       | –          | 60,000      | 65,966,146       | –          | 251,035     |
| Capital Expenditure   |                  |            |             | 1,524,908        | –          | –           |
| Depreciation  | 3,686,189        |            |             | 3,967,431        | –          | –           |
| Non-cash expenses other than depreciation                             |                  |            |             | –                | –          | –           |
| Capital Expenditure   |                  |            |             | 1,524,908.00     | –          | –           |
| Depreciation  | 3,686,189        |            |             | 3,967,431.00     | –          | –           |
| Non-cash Exp  |                  |            |             |                  |            |             |
| Provision on Standard & Sub-Standard Assets and on Bad/Doubtful Debts |                  |            |             | –                | –          | –           |
| Expenses on Employee Stock Option Scheme                              |                  |            |             | –                | –          | –           |
| Partnership (Gain)/Loss   |                  |            |             | –                | –          | –           |
| Foreign Exchange Fluctuation  |                  |            |             | –                | –          | –           |
| <b>Total</b>  |                  |            |             | –                | –          | –           |

# NOTES TO FINANCIAL STATEMENT

## Note 26 : Gratuity

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

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

|  | 31-Mar-16            | 31-Mar-15            |
|--|----------------------|----------------------|
| <b>I Assumptions as at</b>                               |                      |                      |
| Mortality  | IALM (2006-08) Ult.  | IALM (2006-08) Ult.  |
| Interest / Discount Rate                                 | 7.49%                | 7.77%                |
| Rate of increase in compensation                         | 5.00%                | 3.00%                |
| Rate of return (expected) on plan assets                 |                      |                      |
| Employee Attrition Rate(Past Service (PS))               | PS: 0 to 37 : 13.56% | PS: 0 to 37 : 07.22% |
| Expected average remaining service                       | 5.84                 | 10.02                |
| <b>II Changes in present value of obligations</b>        |                      |                      |
| PVO at beginning of period                               | 3,110,300            | 398,145.00           |
| Interest cost  | 241,670              | 34,838.00            |
| Current Service Cost                                     | 1,285,827            | 1,007,728            |
| Past Service Cost- (non vested benefits)                 | –                    | –                    |
| Past Service Cost -(vested benefits)                     | –                    | –                    |
| Benefits Paid  | –                    | –                    |
| Actuarial (Gain)/Loss on obligation                      | 2,581,296            | 1,669,589            |
| PVO at end of period                                     | 7,219,093            | 3,110,300            |
| <b>III Changes in fair value of plan assets</b>          |                      |                      |
| Fair Value of Plan Assets at beginning of period         | –                    | –                    |
| Expected Return on Plan Assets                           | –                    | –                    |
| Contributions  | –                    | –                    |
| Benefit Paid   | –                    | –                    |
| Actuarial Gain/(Loss) on plan assets                     | –                    | –                    |
| Fair Value of Plan Assets at end of period               | –                    | –                    |
| <b>IV Fair Value of Plan Assets</b>                      |                      |                      |
| Fair Value of Plan Assets at beginning of period         | –                    | –                    |
| Actual Return on Plan Assets                             | –                    | –                    |
| Contributions  | –                    | –                    |
| Benefit Paid   | –                    | –                    |
| Fair Value of Plan Assets at end of period               | –                    | –                    |
| Funded Status (including unrecognised past service cost) | (7,219,093)          | (3,110,300)          |
| Excess of actual over estimated return on Plan Assets    | –                    | –                    |
| <b>V Experience History</b>                              | 31-Mar-16            | 31-Mar-15            |
| (Gain)/Loss on obligation due to change in Assumption    | 1,201,417            | (255,034.00)         |
| Experience (Gain)/ Loss on obligation                    | 1,379,879            | 1,924,623            |
| Actuarial Gain/(Loss) on plan assets                     | –                    | –                    |
| <b>VI Actuarial Gain/(Loss) Recognized</b>               |                      |                      |
| Actuarial Gain/(Loss) for the period (Obligation)        | (2,581,296)          | (1,669,589)          |
| Actuarial Gain/(Loss) for the period (Plan Assets)       | –                    | –                    |
| Total Gain/(Loss) for the period                         | (2,581,296)          | (1,669,589)          |
| Actuarial Gain/(Loss) recognized for the period          | (2,581,296)          | (1,669,589)          |
| Unrecognized Actuarial Gain/(Loss) at end of period      | –                    | –                    |

# NOTES TO FINANCIAL STATEMENT

|  | 31-Mar-16   | 31-Mar-15   |
|--|-------------|-------------|
| <b>VII Past Service Cost Recognised</b>  |             |             |
| Past Service Cost- (non vested benefits)   | –           |             |
| Past Service Cost -(vested benefits)   | –           |             |
| Average remaining future service till vesting of the benefit   | –           |             |
| Recognised Past service Cost- non vested benefits  | –           |             |
| Recognised Past service Cost- vested benefits  | –           |             |
| Unrecognised Past Service Cost- non vested benefits  | –           |             |
| <b>VIII Amounts to be recognized in the balance sheet and statement of profit &amp; loss account</b> |             |             |
| PVO at end of period   | 7,219,093   | 3,110,300   |
| Fair Value of Plan Assets at end of period   | –           |             |
| Funded Status  | (7,219,093) | (3,110,300) |
| Unrecognized Actuarial Gain/(Loss)   | –           |             |
| Unrecognised Past Service Cost- non vested benefits  | –           |             |
| Net Asset/(Liability) recognized in the balance sheet  | (7,219,093) | (3,110,300) |
| <b>IX Expense recognized in the statement of P &amp; LAIC</b>  |             |             |
| Current Service Cost   | 1,285,827   | 1,007,728   |
| Interest cost  | 241,670     | 34,838.00   |
| Past Service Cost- (non vested benefits)   | –           |             |
| past Service Cost "(vested benefits)   | –           |             |
| Unrecognised Past Service Cost- non vested benefits  | –           |             |
| Expected Return on Plan Assets   | –           |             |
| Net Actuarial (Gain)/Loss recognized for the period  | 2,581,296   | 1,669,589   |
| Expense recognized in the statement of P & L AIC   | 4,108,793   | 2,712,155   |
| <b>X Movements in the Liability recognized in Balance Sheet</b>                                      |             |             |
| Opening Net Liability  | 3,110,300   | 398,145.00  |
| Expenses as above  | 4,108,793   | 2,712,155   |
| Contribution paid  | –           |             |
| Closing Net Liability  | 7,219,093   | 3,110,300   |
| <b>XI Revised Schedule VI</b>  |             |             |
| Current Liability  | 1,182,639   | 332,474     |
| Non-Current Liability  | 6,036,454   | 2,777,826   |

## Note 27 : Related Party Disclosure As Per AS 18:

### Related Party Disclosure:

#### I. Names of Related Parties:-

##### Holding Company:

- Motilal Oswal Securities Limited

##### Holding Company of Motilal Oswal Securities Limited:

- Motilal Oswal Financial Services Limited

##### Ultimate Holding Company:

- Passionate Investment Management Private Limited

##### Fellow subsidiaries:

1. Motilal Oswal Capital Markets Private Limited
2. Motilal Oswal Commodities Broker Private Limited
3. Motilal Oswal Investment Advisors Private Limited

# NOTES TO FINANCIAL STATEMENT

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

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

| Particulars                                  | Name of the related Party  | Holding Company ( A ) |              | Fellow Subsidiaries ( B ) |              | Total         |              |
|--|--|-----------------------|--------------|---------------------------|--------------|---------------|--------------|
|  |  | 2015-16               | 2014-15      | 2015-16                   | 2014-15      | 2015-16       | 2014-15      |
| Rent Expense / (Income)                      | Motilal Oswal Securities Limited                                 | (10,953,900)          | (10,953,900) | -                         | -            | (10,953,900)  | (10,953,900) |
|  | Motilal Oswal Securities Limited                                 | 10,600,080            | 10,600,080   | -                         | -            | 10,600,080    | 10,600,080   |
| MOT - Cost                                   | Motilal Oswal Financial Services Limited                         |                       | 2,232,484    | -                         | -            | -             | 2,232,484    |
|  | Motilal Oswal Securities Limited                                 |                       | 1,488,138    | -                         | -            | -             | 1,488,138    |
| Interest Expense / (Income)                  | Motilal Oswal Financial Services Limited                         | 26,110,554            | 264,768      | -                         | -            | 26,110,554    | 264,768      |
|  | Motilal Oswal Securities Limited                                 | (38,684,361)          | -            | -                         | -            | (38,684,361)  | -            |
|  | Motilal Oswal Securities Limited                                 | -                     | -            | -                         | -            | -             | -            |
| Advisory & Placement fees (Income) / Expense | Motilal Oswal Private Equity Advisors Private Limited            | -                     | -            | (3,858,099)               | (3,105,000)  | (3,858,099)   | (3,105,000)  |
|  | Motilal Oswal Asset Management Company Limited                   | -                     | -            | 2,631,935                 | (1,168,996)  | 2,631,935     | (1,168,996)  |
|  | Motilal Oswal Real Estate Investment Advisors II Private Limited | -                     | -            | (66,204,560)              | (31,532,078) | (66,204,560)  | (31,532,078) |
| Brokerage Mutual Fund (Income)               | Motilal Oswal Asset Management Company Limited                   | -                     | -            | (19,068,163)              | (6,501,492)  | (19,068,163)  | (6,501,492)  |
| PMS Sharing (Income)                         | Motilal Oswal Asset Management Company Limited                   | -                     | -            | (166,777,465)             | (66,592,047) | (166,777,465) | (66,592,047) |
| Management Fees Expense                      | Motilal Oswal Asset Management Company Limited                   | -                     | -            | -                         | 153,047      | -             | 153,047      |
| Marketing Commission (Income)                | Motilal Oswal Real Estate Investment Advisors II Private Limited | -                     | -            | -                         | (1,883,750)  | -             | (1,883,750)  |
| Brokerage Commission (Income) / Expense      | Motilal Oswal Securities Limited                                 | (48,475,989)          | (36,184,837) | -                         | -            | (48,475,989)  | (36,184,837) |
|  | Motilal Oswal Asset Management Company Limited                   | -                     | -            | (1,545,863)               | -            | (1,545,863)   | -            |
|  | MOPE Investment Advisors Pvt. Ltd.                               | -                     | -            | 58,721                    | -            | 58,721        | -            |
| Legal & Professional fee                     | Motilal Oswal Securities Limited                                 | -                     | -            | -                         | -            | -             | -            |
| Loan (Taken) / Given (Maximum Balance)       | Motilal Oswal Financial Services Limited                         | (417,583,351)         | (16,500,000) | -                         | -            | (417,583,351) | (16,500,000) |
|  | Motilal Oswal Securities Limited                                 | 498,343,084           | -            | -                         | -            | 498,343,084   | -            |
| <b>Outstanding Balances:</b>                 |  |                       |              |                           |              |               |              |
| Other Receivables / (Payables)               | Motilal Oswal Asset Management Company Limited                   | -                     | -            | 18,324,390                | 39,555,738   | 18,324,390    | 39,555,738   |
|  | MOPE Investment Advisors Pvt. Ltd.                               | -                     | -            | 4,031,713                 | -            | 4,031,713     | -            |
|  | Motilal Oswal Securities Limited                                 | 5,771,303             | 5,340,766    | -                         | -            | 5,771,303     | 5,340,766    |
|  | Motilal Oswal Real Estate Investment Advisors II Private Limited | 44,571,982            | -            | -                         | 5,497,323    | 44,571,982    | 5,497,323    |
|  | Motilal Oswal Asset Management Company Limited                   | -                     | -            | (497,361)                 | (428,330)    | (497,361)     | (428,330)    |
| Payable for Expenses                         | Motilal Oswal Securities Limited                                 | (323,481)             | (475,836)    | -                         | -            | (323,481)     | (475,836)    |
|  | Motilal Oswal Financial Services Limited                         | (440,028)             | (459,105)    | -                         | -            | (440,028)     | (459,105)    |
| Deposit rent refundable                      | Motilal Oswal Securities Limited                                 | (176,910)             | (176,910)    | -                         | -            | (176,910)     | (176,910)    |
| Loan Given / (Taken)                         | Motilal Oswal Financial Services Limited                         | (3,589,262)           | (18,476)     | -                         | -            | (3,589,262)   | (18,476)     |
|  | Motilal Oswal Securities Limited                                 | 127,449,390           | -            | -                         | -            | 127,449,390   | -            |

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

# NOTES TO FINANCIAL STATEMENT

## Note 28 : Dues to micro and small enterprises

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

### Capital Commitments:

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances) is ₹ 16,236 (Previous Year : ₹ Nil)

## Note 29 : Corporate Social Responsibility

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

- a) Gross amount required to be spent by the company during the year is ₹ 7,70,000 (Previous year : Nil)  
b) Amount spent during the period ended 31st March, 2016 on :

| Particulars   | Amount paid    | Yet to be paid | Total          |
|---|----------------|----------------|----------------|
| a) Construction/acquisition of any asset  |                |                |                |
| – International Foundation For Research And Education (Construction Of Ashoka University) through Motilal Oswal Foundation  | 780,000        | –              | 780,000        |
| b) on Purposes other than (a) above   |                |                |                |
| – Dr.Batras Positive Health Foundation (Set Up For Health & Family Welfare, Hiv/Aids)   | 38,000         | –              | 38,000         |
| – Friends Of Tribals Society (For the purpose of upliftment of tribals and other deprived in rural India, by providing basic education to their children and giving the villagers health care education, development education and empowerment education) | 100,000        | –              | 100,000        |
| – Vedant Foundation   | 75,000         | –              | 75,000         |
| <b>Total</b>  | <b>993,000</b> | <b>–</b>       | <b>993,000</b> |

## Note 30 :

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

### For P B K & Co.

Chartered Accountants

Firm Registration No. 122384W

### Premal H. Gandhi

Partner

M.No. : 111592

Place : Mumbai

Dated : 22nd April, 2016

For and on behalf of the Board of

**Motilal Oswal Wealth Management Limited**

### Harsh Joshi

Director

DIN No: 2951058

### Ajay Menon

Director

DIN No: 00024589

# **Motilal Oswal Asset Management Company Limited**

**Annual Report 2015-2016**

# INDEPENDENT AUDITORS' REPORT

To the Members of **MOTILAL OSWAL ASSET MANAGEMENT COMPANY LIMITED**

## Report on the Standalone Financial Statements

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

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

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

## Other Matters

During the year, the company has revised its accounting policy for amortizing the upfront distribution cost; the impact of this revision is an increase in profit after tax by Rs 1,620 lakhs in the profit & loss account.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the annexure a statement of the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:

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

- a. we have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from the examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. in our opinion the aforesaid standalone financial statements comply with the accounting standards notified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ;
- e. on the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of section 164(2) of the Act.
- f. with respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the companies (Audit and Auditor) Rule 2014, in our opinion to the best of our information and according to the explanations given to us:
  - i) there are no pending litigations on its financial position in the financials statement that need to be disclosed by the Company.
  - ii) the Company has not entered in to any long term contracts including derivatives contract. Hence provision for material foreseeable losses does not arise.
  - iii) there are no amount that need to transferred to Investor Education and Protection Fund by the Company.

For **P B K & CO**  
*Chartered Accountants*  
Firm Registration No.:122384W

**Premal H Gandhi**  
*Partner*  
Membership No. 111592

Place: Mumbai  
Date: 21st April, 2016

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

## **Annexure referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.  
(c) The Company did not have any immovable properties at anytime during the year. Hence, the requirements of sub clause (c) to clause (i) of paragraph 3 of the said Order are not applicable to the Company.
2. The Company did not have any inventory at anytime during the year. Hence, the requirements of clause (ii) of paragraph 3 of the said Order are not applicable to the Company.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act. Hence, the requirements of sub clause (a) (b) & (c) to clause (iii) of paragraph 3 of the said Order are not applicable to the Company.
4. According to the information and explanation given to us, in respect of loans, investments, guarantees, and security the company has complied with the provisions of section 185 and 186 of the companies Act, 2013.
5. The Company has not accepted any deposits from the public under the provisions of Sections 73 to 76 or any relevant provisions of the Companies Act and the rules framed there under.
6. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act for any activities of the Company.
7. (a) According to the information and explanation given to us and the records of the Company examined by us in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of investor education and protection fund, income-tax, sales- tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable with the appropriate authorities in India.  
(b) According to the information and explanations given to us, and the records of the Company examined by us, there are no dues in respect of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess as at March 31, 2016 which have not been deposited on account of any dispute.
8. According to the records of Company examined by us and the information and explanation given to us, the Company has not availed of any loans from the financial institutions or banks and has not issued debentures.
9. In our opinion, and according to the information and explanation given to us, no moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were not applied for the purposes for which those are raised.
10. During the course of our examination of books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year, nor have been informed of such case by the management.
11. The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
12. In our opinion, and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us, and the records of the Company examined by us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the Accounting Standard (AS) 18 - Related Party Transaction.
14. According to the information and explanations given to us, and the records of the Company examined by us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
15. According to the information and explanations given to us, and the records of the Company examined by us, the company has

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

not entered into any non-cash transactions with directors or persons connected with him.

16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **P B K & CO**

*Chartered Accountants*

Firm Registration No.:122384W

**Premal H Gandhi**

*Partner*

Membership No. 111592

Place: Mumbai

Date: 21st April, 2016

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

[Referred to in paragraph 4 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Motilal Oswal Asset Management Company limited on the standalone\* financial statements for the year ended 31st March 2016.

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

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

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

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

#### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

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

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

A company's internal financial control over financial reporting is a process designed to provide

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

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

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

## **Opinion**

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

For **P B K & CO**

*Chartered Accountants*

Firm Registration No.:122384W

**Premal H Gandhi**

*Partner*

Membership No. 111592

Place: Mumbai

Date: 21st April, 2016

# BALANCE SHEET

## Balance Sheet as at March 31, 2016

|                                  | Note No. | As on 31-Mar-16<br>(In ₹) | As on 31-Mar-15<br>(In ₹) |
|----------------------------------|----------|---------------------------|---------------------------|
| <b>I EQUITY AND LIABILITIES</b>  |          |                           |                           |
| <b>Share holders' Funds :</b>    |          |                           |                           |
| Share capital                    | 1        | 650,000,000               | 650,000,000               |
| Reserves and surplus             | 2        | 201,685,991               | (62,627,434)              |
| <b>Non - Current Liabilities</b> |          |                           |                           |
| Long term provisions             | 3        | 5,589,547                 | 3,506,854                 |
| <b>Current Liabilities</b>       |          |                           |                           |
| Short term borrowings            | 4        | –                         | 36,328,914                |
| Trade payables                   | 5        | 157,748,450               | 288,818,165               |
| Other current liabilities        | 6        | 25,079,041                | 27,616,853                |
| Short term provisions            | 7        | 88,083,463                | 45,744,708                |
| <b>TOTAL</b>                     |          | <b>1,128,186,492</b>      | <b>989,388,061</b>        |
| <b>II. ASSETS</b>                |          |                           |                           |
| <b>Non - Current Assets</b>      |          |                           |                           |
| Fixed assets                     | 8        |                           |                           |
| (i) Tangible assets              |          | 4,354,669                 | 7,923,524                 |
| (ii) Intangible assets           |          | 5,795,794                 | 5,314,591                 |
| Non- current Investments         | 9        | 478,498,760               | 465,168,750               |
| Deferred tax assets (net )       | 10       | 3,595,351                 | –                         |
| Long term loans and advances     | 11       | 22,280,589                | 37,432,369                |
| <b>Current Assets</b>            |          |                           |                           |
| Trade receivables                | 12       | 252,490,904               | 452,223,389               |
| Cash and bank balances           | 13       | 76,386,968                | 1,951,990                 |
| Short term loans and advances    | 14       | 284,783,458               | 19,373,449                |
| <b>TOTAL</b>                     |          | <b>1,128,186,492</b>      | <b>989,388,061</b>        |

Notes referred to above form an integral part of these financial statements

As per our attached report of even date

**For P B K & Co.**

Chartered Accountants

Firm Registration No. 122384W

**Premal H. Gandhi**

Partner

Membership No. 111592

Place : Mumbai

Dated : 21st April, 2016

For and on behalf of the Board of

**Motilal Oswal Asset Management Company Limited**

**Aashish Somaiya**

Managing Director & CEO

DIN No: 06705119

**Sarika Shah**

Company Secretary & Compliance Officer

**Raamdeo Agarawal**

Director

DIN No: 0024533

**Sameer Kamath**

Chief Financial Officer

# STATEMENT OF PROFIT AND LOSS

## Statement of Profit and Loss for the year ended 31st March, 2016

|   | Note No. | For the Period ended<br>31-Mar-16<br>(In ₹) | For the Period ended<br>31-Mar-15<br>(In ₹) |
|---|----------|---|---|
| <b>REVENUE :</b>  |          |   |   |
| Revenue from operations                                 | 15       | 1,848,686,338                               | 874,391,476                                 |
| Other income  | 16       | 1,855,576                                   | 3,947,909                                   |
| <b>Total Income</b>                                     |          | <b>1,850,541,914</b>                        | <b>878,339,385</b>                          |
| <b>EXPENSES :</b>                                       |          |   |   |
| Employee benefits                                       | 17       | 222,231,843                                 | 153,661,177                                 |
| Finance costs   | 18       | 4,292,048                                   | 3,249,215                                   |
| Depreciation and amortization expense                   | 7        | 5,563,747                                   | 5,314,094                                   |
| Other expenses  | 19       | 1,265,809,295                               | 665,913,936                                 |
| <b>Total expenses</b>                                   |          | <b>1,497,896,933</b>                        | <b>828,138,422</b>                          |
| <b>Profit/(Loss ) before taxation</b>                   |          | <b>352,644,981</b>                          | <b>50,200,962</b>                           |
| Prior year income                                       |          | 1,299,310                                   | 2,276,621                                   |
| <b>Profit/(Loss) before extraordinary items and tax</b> |          | <b>353,944,291</b>                          | <b>52,477,583</b>                           |
| <b>Tax expense:</b>                                     |          |   |   |
| Current tax   |          | 77,916,841                                  | 7,147,993                                   |
| MAT credit entitlement                                  |          | 15,309,376                                  | (7,147,993)                                 |
| Deferred tax  |          | (3,595,351)                                 | –   |
| <b>Profit / (Loss) for the year/ period</b>             |          | <b>264,313,425</b>                          | <b>52,477,583</b>                           |
| Earnings per equity share                               |          |   |   |
| Basic   |          | 4.07  | 0.86  |
| Diluted   |          | 3.91  | 0.84  |

Notes referred to above form an integral part of these financial statements

As per our attached report of even date

**For P B K & Co.**

Chartered Accountants

Firm Registration No. 122384W

**Premal H. Gandhi**

Partner

Membership No. 111592

Place : Mumbai

Dated : 21st April, 2016

For and on behalf of the Board of  
**Motilal Oswal Asset Management Company Limited**

**Aashish Somaiya**

Managing Director & CEO

DIN No: 06705119

**Sarika Shah**

Company Secretary & Compliance Officer

**Raamdeo Agarawal**

Director

DIN No: 0024533

**Sameer Kamath**

Chief Financial Officer

# CASH FLOW STATEMENT

## Cash flow statement as of 31st March 2016

| Particulars  | For the Year ended<br>31-Mar-16<br>(In ₹) | For the Year ended<br>31-Mar-15<br>(In ₹) |
|--|---|---|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>   |   |   |
| <b>Profit / (Loss) before taxation</b>   | 352,644,981                               | 50,200,963                                |
| Adjustment for   |   |   |
| Interest paid  | 4,292,048                                 | 3,249,215                                 |
| Profit on sale of investment   | (1,555,637)                               | –   |
| Depreciation   | 5,563,747                                 | 5,314,094                                 |
| Interest received  | (344,774)                                 | (76,536)                                  |
| Dividend income  | –   | (3,854,254)                               |
| Adjustment for working capital changes   |   |   |
| Increase/(Decrease) other long term provision  | –   | –   |
| Increase/(Decrease) in long term liabilities   | 2,082,693                                 | 1,277,660                                 |
| Increase/(Decrease) in trade payables  | (131,069,715)                             | 226,279,299                               |
| Increase/(Decrease) in other current liabilities   | (2,537,812)                               | 19,132,990                                |
| Increase/(Decrease) in short-term provision  | 36,266,324                                | 30,785,934                                |
| (Increase)/Decrease in trade receivable  | 199,732,484                               | (316,325,454)                             |
| (Increase)/Decrease in long-term loans and advances  | 18,738,019                                | (12,143,050)                              |
| (Increase)/Decrease in short-term loans and advances   | (271,373,389)                             | (10,999,857)                              |
| (Increase)/Decrease in other current assets  | –   | 51,782                                    |
| <b>CASH GENERATED FROM OPERATIONS</b>  | <b>212,438,969</b>                        | <b>(7,107,216)</b>                        |
| Taxes Paid (Net of Refunds )   | (84,776,646)                              | 8,401,519                                 |
| Prior period income (recovery of MF Distribution cost & recovery of cost from MOMF against MF Sharing) | 1,299,311                                 | 2,276,622                                 |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>  | <b>128,961,634</b>                        | <b>(13,232,113)</b>                       |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>   |   |   |
| Interest received on fixed deposits & others   | 344,774                                   | 76,536                                    |
| Purchase of fixed assets   | (2,476,094)                               | (5,811,130)                               |
| Sale of investment   | 561,555,637                               | 0   |
| Investments in Mutual Funds  | (10,000,000)                              | (460,000,001)                             |
| Investments in Equity Shares   | –   | (500,000)                                 |
| Investments in Subsidiary - Equity Shares  | –   | (62)                                      |
| Investments in Subsidiary - Share Application Money  | –   | (4,668,688)                               |
| Investments in Subsidiary - Share Application Money ( Allotment Pending)                               | (3,330,010)                               | –   |
| Dividend income  | 0   | 3,854,254                                 |
| Investment in Mutual Fund  | (560,000,000)                             | –   |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>   | <b>(13,905,693)</b>                       | <b>(467,049,090)</b>                      |

# CASH FLOW STATEMENT (Contd.)

| Particulars   | For the Year ended<br>31-Mar-16<br>(In ₹) | For the Year ended<br>31-Mar-15<br>(In ₹) |
|---|---|---|
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                  |   |   |
| Increase/(Decrease) Short-term Borrowings                   | (36,328,914)                              | 36,328,914                                |
| Increase in share capital                                   | –   | 300,000,000                               |
| Interest paid   | (4,292,048)                               | (3,249,215)                               |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>              | <b>(40,620,962)</b>                       | <b>333,079,699</b>                        |
| <b>NET CASH FLOW FOR THE YEAR</b>                           | <b>74,434,979</b>                         | <b>(147,201,504)</b>                      |
| <b>Cash and bank balance</b>                                |   |   |
| Scheduled Bank - in current account                         | 1,951,990                                 | 79,153,495                                |
| Fixed deposit with banks                                    | –   | 70,000,000                                |
| <b>Total Cash and bank balances as at beginning of year</b> | <b>1,951,990</b>                          | <b>149,153,495</b>                        |
| Cash and bank balances as at end of year :                  | 311,800                                   |   |
| Scheduled Bank - In Current Account                         | 76,075,168                                | 1,951,990                                 |
| <b>Total Cash and bank balances as at end of year</b>       | <b>76,386,968</b>                         | <b>1,951,990</b>                          |

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

As per our attached report of even date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

Membership No. 111592

Place : Mumbai

Dated : 21st April, 2016

For and on behalf of the Board of  
**Motilal Oswal Asset Management Company Limited**

**Aashish Somaiya**

*Managing Director & CEO*

DIN No: 06705119

**Sarika Shah**

*Company Secretary & Compliance Officer*

**Raamdeo Agarawal**

*Director*

DIN No: 0024533

**Sameer Kamath**

*Chief Financial Officer*

# NOTES TO FINANCIAL STATEMENT

## Note 1 : Share Capital

|  | As at 31-Mar-16   |                    | As at 31-Mar-15   |                    |
|--|-------------------|--------------------|-------------------|--------------------|
|  | In Numbers        | In ₹               | In Numbers        | In ₹               |
| <b>Authorised :</b>                      |                   |                    |                   |                    |
| Equity Shares of ₹ 10 each               | 65,000,000        | 650,000,000        | 65,000,000        | 650,000,000        |
| <b>Issued, Subscribed and Paid Up :</b>  |                   |                    |                   |                    |
| Equity shares of ₹ 10 each fully paid up | 65,000,000        | 650,000,000        | 65,000,000        | 650,000,000        |
| <b>TOTAL</b>                             | <b>65,000,000</b> | <b>650,000,000</b> | <b>65,000,000</b> | <b>650,000,000</b> |

[All the above shares are held by Motilal Oswal Securities Limited, the holding company]

## Note 2 : Reserves and surplus

|  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--|-------------------------|-------------------------|
| <b>Profit/(Deficit) in the statement of profit and loss</b>            |                         |                         |
| Opening balance  | (62,627,434)            | (114,866,896)           |
| Add: Net profit / (loss) transferred from Statement of Profit and Loss | 264,313,425             | 52,477,584              |
| Less: Transitional Depreciation  | –                       | (238,121)               |
| (-) Transfer to Reserves   |                         |                         |
| <b>Closing balance</b>   | <b>201,685,991</b>      | <b>(62,627,434)</b>     |

## Note 3 : Long term provisions

|                        | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|------------------------|-------------------------|-------------------------|
| Provision for gratuity | 5,589,547               | 3,506,854               |
| <b>TOTAL</b>           | <b>5,589,547</b>        | <b>3,506,854</b>        |

## Note 4 : Short term borrowings

|   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---|-------------------------|-------------------------|
| (unsecured unless otherwise mentioned ) |                         |                         |
| Loans repayable on demand               |                         |                         |
| - from Related Parties parties          | –                       | 36,328,914              |
| <b>Total</b>                            | <b>–</b>                | <b>36,328,914</b>       |

## Note 5 : Trade payables

|                  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|------------------|-------------------------|-------------------------|
| Sundry creditors | 157,748,450             | 288,818,165             |
| <b>Total</b>     | <b>157,748,450</b>      | <b>288,818,165</b>      |

# NOTES TO FINANCIAL STATEMENT

## Note 6 : Other current liabilities

|                                     | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|-------------------------------------|-------------------------|-------------------------|
| Salaries and others                 | 534,903                 | 325,944                 |
| Withholding and other taxes payable | 4,611,327               | 19,603,770              |
| Creditors for expenses              | 13,524,064              | 7,538,845               |
| Other payables                      | 6,408,748               | 148,295                 |
| <b>Total</b>                        | <b>25,079,041</b>       | <b>27,616,853</b>       |

## Note 7 : Short term provisions

|                         | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|-------------------------|-------------------------|-------------------------|
| Provision for ex-gratia | 62,245,057              | 44,442,740              |
| Provision for gratuity  | 891,125                 | 809,029                 |
| Provision for expenses  | 18,874,850              | 492,939                 |
| Provision for tax       | 6,072,431               | –                       |
| <b>Total</b>            | <b>88,083,463</b>       | <b>45,744,708</b>       |

## Note 8 : Fixed Assets

(in ₹)

| PARTICULARS                                     | GROSS BLOCK          |                  |           |                      | DEPRECIATION         |                  |           |                      | NET BLOCK            |                      |  |
|---|----------------------|------------------|-----------|----------------------|----------------------|------------------|-----------|----------------------|----------------------|----------------------|--|
|   | As At<br>01-Apr-2015 | Additions        | Deduction | As At<br>01-Apr-2016 | As At<br>01-Apr-2015 | Additions        | Additions | As At<br>01-Apr-2016 | As At<br>01-Apr-2016 | As At<br>01-Apr-2015 |  |
| Customer rights to portfolio management clients | 3,834,987            |                  |           | 3,834,987            | 3,407,660            | 427,327          |           | 3,834,987            | 427,327              | –                    |  |
| Computer Software                               | 5,560,400            | 2,112,403        |           | 7,672,803            | 673,135              | 1,203,873        |           | 1,877,008            | 4,887,265            | 5,795,795            |  |
| Renovation To Leased Office Premises            | 13,093,321           |                  |           | 13,093,321           | 7,939,500            | 2,580,432        |           | 10,519,932           | 5,153,821            | 2,573,389            |  |
| Furniture                                       | 2,818,270            |                  |           | 2,818,270            | 1,509,723            | 418,898          |           | 1,928,621            | 1,308,547            | 889,649              |  |
| Office Equipments                               | 149,486              | 153,089          |           | 302,575              | 148,518              | 32,011           |           | 180,529              | 968                  | 122,046              |  |
| Computer-1                                      | 4,569,664            | 210,602          |           | 4,780,266            | 3,404,076            | 788,730          |           | 4,192,806            | 1,165,588            | 587,460              |  |
| Car   | 1,780,375            |                  |           | 1,780,375            | 1,485,777            | 112,475          |           | 1,598,253            | 294,598              | 182,122              |  |
| <b>Total</b>                                    | <b>31,806,503</b>    | <b>2,476,094</b> | –         | <b>34,282,597</b>    | <b>18,568,390</b>    | <b>5,563,746</b> | –         | <b>24,132,136</b>    | <b>13,238,113</b>    | <b>10,150,461</b>    |  |

# NOTES TO FINANCIAL STATEMENT

## Note 9 : Non-Current Investments

| Name of the Body Corporate   | JV/<br>Controlled<br>Entity /<br>Others | No. of Shares / Units |            | Quoted /<br>Unquoted | Partly Paid<br>/ Fully<br>paid | Extent of Holding (%) |           |                    | Amount             |  |
|--|---|-----------------------|------------|----------------------|--------------------------------|-----------------------|-----------|--------------------|--------------------|--|
|  |   | 31-Mar-16             | 31-Mar-15  |                      |                                | 31-Mar-16             | 31-Mar-15 | 31-Mar-16          | 31-Mar-15          |  |
| <b>Non Trade Investments</b>   |   |                       |            |                      |                                |                       |           |                    |                    |  |
| <b>Investment in equity instruments</b>  |   |                       |            |                      |                                |                       |           |                    |                    |  |
| Investment In MOAM(M) Pvt. Ltd.  | Subsidiary                              | 75,000                | 1          | Unquoted             | Fully paid-up                  | 100%                  | –         | 4,668,750          | 62                 |  |
| Investment In MOAM(M) Pvt. Ltd.  | Subsidiary                              | Pending Allotment     |            | Unquoted             |                                |                       |           | 3,330,000          |                    |  |
| Share Application Money Pending Allotment with Investment In MOAM(M) Pvt. Ltd. | Subsidiary                              | –                     | –          | Unquoted             |                                |                       |           | –                  | 4,668,688          |  |
| Investment in Equity Shares Of MF Utilities India Pvt. Ltd.                    |   |                       |            | Unquoted             |                                |                       |           | 500,000            | 500,000            |  |
| Investment in Equity Shares of Aspire Home Finance Corporation Ltd             | Subsidiary                              | 1                     | –          | Unquoted             | Fully paid-up                  |                       |           | 10                 | –                  |  |
| <b>Investment in Mutual Funds</b>  |   |                       |            |                      |                                |                       |           |                    |                    |  |
| Motilal Oswal MOST Focused Midcap 30 Fund - Direct Plan Growth                 | Others                                  | 12,910,454            | 12,910,454 | Quoted               | –                              | –                     | –         | 180,000,000        | 180,000,000        |  |
| Motilal Oswal MOST Focused Multicap 35 Fund - Direct Dividend Reinvestment     | Others                                  | 3,000,000             | 3,000,000  | Quoted               | –                              | –                     | –         | 30,000,000         | 30,000,000         |  |
| Motilal Oswal MOST Focused Multicap 35 Fund - Direct Growth                    | Others                                  | 23,290,696            | 23,290,696 | Quoted               | –                              | –                     | –         | 250,000,000        | 250,000,000        |  |
| Motilal Oswal MOST Focused Midcap 25 Fund                                      | Others                                  | 306,557               | –          |                      |                                |                       |           | 5,000,000          | –                  |  |
| Investment in Short Tem Ultra Bond   | Others                                  | 438,043               | –          |                      |                                |                       |           | 5,000,000          | –                  |  |
| <b>Total</b>   |   |                       |            |                      |                                |                       |           | <b>478,498,760</b> | <b>465,168,750</b> |  |

| Details of quoted and unquoted investments:                | Cost        | Market Value   |
|--|-------------|----------------|
| Aggregate value of quoted investments and market value     | 460,000,000 | 445,177,723    |
| Aggregate value of unquoted investments                    | 18,498,760  | Not Applicable |
| Aggregate provision for diminution in value of investments | Nil         | Not Applicable |

|  | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|--|-------------------------|-------------------------|
| <b>Investment in Subsidiaries Company</b>                                      |                         |                         |
| Investment In MOAM(M) Pvt. Ltd. (Equity Share of 1 USD )                       | 7,998,750               | 62                      |
| Share Application Money Pending Allotment with Investment In MOAM(M) Pvt. Ltd. | –                       | 4,668,688               |
| <b>Others</b>  |                         |                         |
| Investment in Equity Shares Of MF Utilities India Pvt. Ltd.                    | 500,000                 | 500,000                 |
| Motilal Oswal MOST Focused Midcap 30 Fund - Direct Plan Growth                 | 180,000,000             | 180,000,000             |
| Motilal Oswal MOST Focused Multicap 35 Fund - Direct Dividend Reinvestment     | 30,000,000              | 30,000,000              |
| Motilal Oswal MOST Focused Multicap 35 Fund - Direct Growth                    | 250,000,000             | 250,000,000             |
| Motilal Oswal MOST Focused Midcap 25 Fund                                      | 5,000,000               | –                       |
| Investment in Short Tem Ultra Bond   | 5,000,000               | –                       |
| Investment in Shares   | 10                      | –                       |
| <b>Total</b>   | <b>478,498,760</b>      | <b>465,168,750</b>      |

# NOTES TO FINANCIAL STATEMENT

## Note 10 : Deferred taxes

|   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---|-------------------------|-------------------------|
| <b>Deferred tax assets</b>              |                         |                         |
| Carry forward losses                    | –                       | (27,493,712)            |
| Provision for gratuity                  | 2,242,831               | 1,333,608               |
| Difference in net block of fixed assets | 1,352,520               | 2,749,780               |
| <b>Restricted to ₹</b>                  | <b>3,595,351</b>        | <b>(23,410,324)</b>     |

## Note 11 : Long term loans & advances

|                                 | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---------------------------------|-------------------------|-------------------------|
| <b>Other loans and advances</b> |                         |                         |
| Unsecured, considered good      |                         |                         |
| Prepaid expenses (LT)           | 1,631,635               | 5,008,476               |
| MAT credit entitlement          | –                       | 15,361,178              |
| Taxes Paid                      | 20,648,954              | 17,062,715              |
| <b>Total</b>                    | <b>22,280,589</b>       | <b>37,432,369</b>       |

## Note 12 : Trade receivables

|   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---|-------------------------|-------------------------|
| <b>Unsecured, considered good</b>                   |                         |                         |
| Secured, considered good                            |                         |                         |
| Debts outstanding for a period exceeding six months | 22,116,631              | 2,876,623               |
| Unsecured, considered doubtful (USD)                |                         |                         |
| Others  | 230,374,273             | 449,346,766             |
| Unsecured, considered good                          |                         |                         |
| <b>Total</b>  | <b>252,490,904</b>      | <b>452,223,389</b>      |

## Note 13 : Cash and bank balances

|                             | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|-----------------------------|-------------------------|-------------------------|
| Cash and cash equivalents   |                         |                         |
| Cash on hand                | 311,800                 | –                       |
| Balances with banks         |                         |                         |
| - In current accounts       | 76,075,168              | 1,951,990               |
| - In fixed deposit accounts | –                       |                         |
| <b>Total</b>                | <b>76,386,968</b>       | <b>1,951,990</b>        |

# NOTES TO FINANCIAL STATEMENT

## Note 14 : Short term loans and advances

|   | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---|-------------------------|-------------------------|
| <b>Unsecured, considered good</b>                 |                         |                         |
| Loans to employees                                | 103,675                 | 40,487                  |
| Other loans and advances (ST)                     | 6,255,221               | 1,593,931               |
| Prepaid expenses                                  | 252,376,029             | 5,654,641               |
| Taxes Paid  | –                       | 5,963,379               |
| Other tax credit receivable                       | –                       |                         |
| Other deposits                                    | 6,121,011               | 6,121,010               |
| Service Tax Credit Receivable (Net of provisions) | 19,927,522              |                         |
| <b>Total</b>                                      | <b>284,783,458</b>      | <b>19,373,449</b>       |

## Note 15 : Revenue from operations

|   | For the Period Ended<br>31-Mar-16<br>In ₹ | For the Period Ended<br>31-Mar-15<br>In ₹ |
|---|---|---|
| Investment management and advisory fees | 677,904,316                               | 111,435,223                               |
| Portfolio management fees               | 1,170,782,021                             | 762,956,252                               |
| <b>Total</b>                            | <b>1,848,686,338</b>                      | <b>874,391,476</b>                        |

## Note 16 : Other income

|  | For the Period Ended<br>31-Mar-16<br>In ₹ | For the Period Ended<br>31-Mar-15<br>In ₹ |
|--|---|---|
| Gain on sale of investments                                    | 1,555,637                                 | –   |
| Dividend received on investment in mutual fund units           | –   | 3,854,254                                 |
| Net gain/loss on foreign currency transactions and translation | (44,835)                                  | 17,119                                    |
| Interest received on deposits with banks and others            | 344,774                                   | 76,536                                    |
| <b>Total</b>   | <b>1,855,576</b>                          | <b>3,947,909</b>                          |

## Note 17 : Employee benefits

|                                | For the Period Ended<br>31-Mar-16<br>In ₹ | For the Period Ended<br>31-Mar-15<br>In ₹ |
|--------------------------------|---|---|
| Salaries and incentives        | 213,173,242                               | 149,160,199                               |
| Contribution to provident fund | 2,693,314                                 | 1,478,806                                 |
| Gratuity                       | 3,136,378                                 | 1,817,286                                 |
| Staff welfare expenses         | 3,228,909                                 | 1,204,886                                 |
| <b>Total</b>                   | <b>222,231,843</b>                        | <b>153,661,177</b>                        |

# NOTES TO FINANCIAL STATEMENT

## Note 18 : Finance cost

|                        | For the Period Ended<br>31-Mar-16<br>In ₹ | For the Period Ended<br>31-Mar-15<br>In ₹ |
|------------------------|---|---|
| Interest on borrowings | 4,292,048                                 | 3,249,215                                 |
| <b>Total</b>           | <b>4,292,048</b>                          | <b>3,249,215</b>                          |

## Note 19 : Other expenses

|   | For the Period Ended<br>31-Mar-16<br>In ₹ | For the Period Ended<br>31-Mar-15<br>In ₹ |
|---|---|---|
| Distribution cost and Spillover expense |   |   |
| - for mutual fund schemes               | 308,760,138                               | 62,652,321                                |
| - for portfolio management services     | 757,397,485                               | 489,647,386                               |
| Depository and processing charges       | 9,154,346                                 | 3,451,156                                 |
| Rent                                    | 12,153,246                                | 12,133,020                                |
| Rates and taxes                         | 17,375                                    | 17,131                                    |
| Insurance                               | 1,690,703                                 | 1,138,345                                 |
| Computer maintenance                    | 3,950,634                                 | 2,201,988                                 |
| Registration and filing charges         | 301,113                                   | 5,557,201                                 |
| Legal and professional fees             | 21,933,973                                | 9,622,844                                 |
| Auditors' remuneration (refer note 22)  | 109,043                                   | 104,864                                   |
| Marketing and brand promotion expenses  | 39,531,948                                | 26,662,627                                |
| Advertisement expenses                  | 49,178,423                                | 7,351,382                                 |
| Printing and stationery                 | 6,326,638                                 | 5,708,227                                 |
| Power and fuel                          | 2,065,431                                 | 2,315,265                                 |
| Communication expenses                  | 6,704,462                                 | 9,026,678                                 |
| Travelling and conveyance expenses      | 20,320,239                                | 15,947,244                                |
| Stamp and postage charges               | 9,840,669                                 | 3,118,042                                 |
| Entertainment expenses                  | 7,593,475                                 | 4,734,103                                 |
| Data processing charges                 | 2,410,898                                 | 1,332,746                                 |
| Miscellaneous expenses                  | 4,259,056                                 | 3,086,366                                 |
| Donation                                | 2,110,000                                 | 105,000                                   |
| <b>Total</b>                            | <b>1,265,809,295</b>                      | <b>665,913,936</b>                        |

## Note 20 : Background

Motilal Oswal Asset Management Company Limited (MOAMC the Company) was incorporated on November 14, 2008. The principal shareholder of the Company as at March 31, 2016 is Motilal Oswal Securities Limited (MOSL).

The Company's principle activity is to provide, investment management and administrative services to the Schemes of Motilal Oswal Mutual Fund (the Fund), portfolio management services and investment advisory services to offshore funds.

Pursuant to the approval granted by the Securities and Exchange Board of India (SEBI) dated June 30, 2010, the Company has entered into an agreement with MOSL for assignment of the portfolio management services business of MOSL with effect from September 16, 2010.

# NOTES TO FINANCIAL STATEMENT

## **Note 21 : Significant Accounting Policies:**

### **(a) Basis of preparation**

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

All assets and liabilities have been classified as current or noncurrent as per the company's normal operating cycle and other criteria set out in the schedule III to the Companies Act 2013. Based on the nature of business the company has ascertained its operating cycle as twelve months for the purpose of current and non - current classification of assets and liabilities.

### **(b) Use of estimates**

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to such estimates are recognized prospectively in the current and future periods.

### **(c) Property, plant & equipments and depreciation/Amortization**

Property, plant & equipments are stated at the cost of acquisition less accumulated depreciation thereon. Cost of acquisition is inclusive of taxes, duties, freight and other incidental costs relating to their acquisition and installation of these assets.

On all assets except as mentioned below, depreciation is provided on useful life basis and on pro-rata basis for additions/deletions during the period, in line with Schedule II to the Companies Act, 2013.

- Improvements to leasehold premises are depreciated over the initial period of lease.
- Customer rights to portfolio management clients and computer software are amortized over a period of five years.

Depreciation is based on the cost of an asset less its residual value as notified in Schedule II to the Companies Act, 2013. In pursuant of Schedule II of the Companies Act 2013, the property, plant & equipments of the significant value are componentized with separate useful life. In case of addition, depreciation is provided pro-rata for entire month in which addition is made and in case of deletions, depreciation is provided till month preceding month of disposal of such assets. On all assets, except as mentioned below, depreciation has been provided based on Written Down Value method using the useful life as specified in Schedule II to the Companies Act, 2013.

### **(d) Impairment of assets**

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

### **(e) Investments**

Transactions for purchase and sale of investments are recognized as at the trade date.

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

Long term investments are valued at cost and a provision is made to recognize any diminution in value, other than temporary, determined separately for each investment.

Current investments are valued at cost or market/fair value, whichever is lower. In case of investment in units of mutual funds, the net asset value of units declared by the mutual fund is considered as the market/fair value. The comparison of cost and market/ fair value is done separately in respect of each individual investment.

# NOTES TO FINANCIAL STATEMENT

## (f) Revenue Recognition

Revenue is recognized when there is reasonable certainty of its ultimate realization/collection.

### – Investment management fees

Investment Management fees are recognized on an accrual basis in accordance with Investment Management Agreement and SEBI (Mutual Fund) Regulations, 1996, based on daily average assets under management (AUM) of the Schemes of Motilal Oswal Mutual Fund.

### – Investment advisory and portfolio management fees

Investment advisory fee is recognized on an accrual basis in accordance with the terms of the contract with the clients. Portfolio management fees are recognized on an accrual basis in accordance with the Portfolio Management Agreement entered with respective clients.

### – Profit or loss on sale of investments

The gains/ losses on sale of investments are recognized in the statement of profit and loss on the trade date. Profit or loss on sale of investments is determined on average cost basis.

### – Interest and dividend income

Interest income is accounted on an accrual basis. Dividend income is recognized when the right to receive dividend is established.

## (g) Distribution Cost for Portfolio Management Services

Distribution cost for Portfolio Management Services are charged to statement of profit and loss on accrual basis.

## (h) Foreign Currency Transactions

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction date. Realized gains or losses on settlement of foreign currency transactions are recognized in the statement of profit and loss. Foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange difference is recognized in the statement of profit and loss.

## (i) Employee Benefits

### Long term employee benefits

#### Defined contribution plan

The Company has a defined contribution plan for post employment benefits in the form of Provident Fund. Under the provident fund plan, the Company contributes to a Government administered provident fund on behalf of employees. The Company has no further obligation beyond making the contributions.

The Company's contribution to the above Plan is charged to the statement of profit and loss as incurred.

#### Defined benefit plan

The Company has a defined benefit plan for post employment benefits in the form of Gratuity. The Company accounts for gratuity based on an actuarial valuation which is carried out by an independent actuary as at the year end. The actuarial valuation method used by the actuary for measuring the liability is the Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustment and the effects of changes in actuarial assumptions are recognized immediately in the statement of profit and loss.

#### Ex-gratia (Bonus)

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

## (j) Fund related expenses

### New Fund Offer expenses

Expenses relating to initial issue of Mutual Fund Schemes of Motilal Oswal Mutual Fund are charged to the statement of profit and loss in the year in which such expenses are incurred.

### Recurring fund expenses

Expenses incurred (inclusive of advertisement/brokerage expenses) on behalf of schemes of Motilal Oswal Mutual Fund are recognized in the statement of profit and loss unless considered recoverable from the schemes of the Fund in accordance with the provisions of SEBI (Mutual Fund) Regulations, 1996.

# NOTES TO FINANCIAL STATEMENT

## (k) Operating leases

Lease rentals in respect of operating lease are charged to the statement of profit and loss as per the terms of the lease arrangement on a straight-line basis over the lease period.

## (l) Taxes on income

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

### Current tax

Current tax is determined as the amount payable in respect of taxable income for the year. While computing the taxable income, due credit is taken for allowances and exemption in accordance with Indian Income Tax Act, 1961. In case of matters under appeal due to disallowance or otherwise, full provision is made when the said liabilities are accepted by the Company.

### Minimum Alternate Tax

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

### Deferred tax

Deferred tax is recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in future. However, where there is an unabsorbed depreciation or a carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

## (m) Earnings per share

Basic earning per share is computed by dividing net profit or loss for the period by the weighted average number of equity shares outstanding during the period.

Diluted earning per share is computed by dividing the net profit or loss for the period by the weighted average number of shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

## (n) Contingencies and provisions

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

## Note 22 : Taxation

In current year the company has utilised MAT credit entitlement of ₹ 15,309,376/- and in previous year the company has recognised MAT credit entitlement of ₹ 7,147,993/- in accordance with the provisions of the Guidance Note on Accounting for Credit available in respect of Minimum Alternate Tax under the Income Tax Act 1961 issued by the Institute of Chartered Accountants of India.

## Note 23 :

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

# NOTES TO FINANCIAL STATEMENT

## Note 24 : Auditor's Remuneration : -

|                        | April 1, 2015 to<br>March 31, 2016<br>In ₹ | April 1, 2014 to<br>March 31, 2015<br>In ₹ |
|------------------------|--|--|
| <b>As Auditors:</b>    |  |  |
| Audit fees             | 83,500                                     | 75,000                                     |
| Out of pocket expenses | —  | —  |
| Other matters          | 85,500                                     | 29,864                                     |
| <b>TOTAL</b>           | <b>169,000</b>                             | <b>104,864</b>                             |

## Note 25 :

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

|  | 31-Mar-16           | 31-Mar-15           |
|--|---------------------|---------------------|
| <b>I Assumptions as at</b>                               |                     |                     |
| Mortality  | IALM (2006-08) Ult. | IALM (2006-08) Ult. |
| Interest / Discount Rate                                 | 7.49%               | 7.77%               |
| Rate of increase in compensation                         | 10.00%              | 6.00%               |
| Rate of return (expected) on plan assets                 | —                   | —                   |
| Employee Attrition Rate(Past Service (PS))               | PS: 0 to 37 : 18.6% | PS: 0 to 37 : 19.1% |
| Expected average remaining service                       | 4.23                | 4.12                |
| <b>II Changes in present value of obligations (PVO)</b>  |                     |                     |
| PVO at beginning of year                                 | 4,315,883           | 2,631,530           |
| Interest cost  | 297,598             | 224,443             |
| Current Service Cost                                     | 1,824,234           | 1,500,999           |
| Past Service Cost- (non vested benefits)                 | —                   | —                   |
| Past Service Cost -(vested benefits)                     | —                   | —                   |
| Benefits Paid  | (971,589)           | (132,933)           |
| Actuarial (Gain)/Loss on obligation                      | 1,014,546           | 91,844              |
| PVO at end of year                                       | 6,480,672           | 4,315,883           |
| <b>III Changes in fair value of plan assets</b>          |                     |                     |
| Fair Value of Plan Assets at beginning of year           | —                   | —                   |
| Expected Return ori Plan Assets                          | —                   | —                   |
| Contributions  | 971,589             | 132,933             |
| Benefit Paid   | (971,589)           | (132,933)           |
| Actuarial Gain/(Loss) on plan assets                     | —                   | —                   |
| Fair Value of Plan Assets at end of year                 | —                   | —                   |
| <b>IV Fair Value of Plan Assets</b>                      |                     |                     |
| Fair Value of Plan Assets at beginning of year           | —                   | —                   |
| Actual Return on Plan Assets                             | —                   | —                   |
| Contributions  | 971,589             | 132,933             |
| Benefit Paid   | (971,589)           | (132,933)           |
| Fair Value of Plan Assets at end of year                 | —                   | —                   |
| Funded Status (including unrecognised past service cost) | (6,480,672)         | (4,315,883)         |
| Excess of actual over estimated return on Plan Assets    | —                   | —                   |
| <b>V Experience History</b>                              |                     |                     |
| (Gain)/Loss on obligation due to change in Assumption    | 935,883             | 142,612             |
| Experience (Gain)/ Loss on obligation                    | 78,663              | (50,768)            |
| Actuarial Gain/(Loss) on plan assets                     | —                   | —                   |

# NOTES TO FINANCIAL STATEMENT

|  | 31-Mar-16   | 31-Mar-15   |
|--|-------------|-------------|
| <b>VI Actuarial Gain/(Loss) Recognized</b>   |             |             |
| Actuarial Gain/(Loss) for the year (Obligation)  | (1,014,546) | (91,844)    |
| Actuarial Gain/(Loss) for the year (Plan Assets)   | —           | —           |
| Total Gain/(Loss) for the year   | (1,014,546) | (91,844)    |
| Actuarial Gain/(Loss) recognized for the year  | (1,014,546) | (91,844)    |
| Unrecognized Actuarial Gain/(Loss) at end of year  | —           | —           |
| <b>VII Past Service Cost Recognised</b>  |             |             |
| Past Service Cost- (non vested benefits)   | —           | —           |
| Past Service Cost -(vested benefits)   | —           | —           |
| Average remaining future service till vesting of the benefit                               | —           | —           |
| Recognised Past service Cost- non vested benefits  | —           | —           |
| Recognised Past service Cost- vested benefits  | —           | —           |
| Unrecognised Past Service Cost- non vested benefits  | —           | —           |
| <b>VIII Amounts to be recognized in the balance sheet and statement of profit and loss</b> |             |             |
| PVO at end of period   | 6,480,672   | 4,315,883   |
| Fair Value of Plan Assets at end of year   | —           | —           |
| Funded Status  | (6,480,672) | (4,315,883) |
| Unrecognized Actuarial Gain/(Loss)   | —           | —           |
| Unrecognised Past Service Cost- non vested benefits  | —           | —           |
| Net Asset/(Liability) recognized in the balance sheet                                      | (6,480,672) | (4,315,883) |
| <b>IX Expense recognized in the statement of profit and loss</b>                           |             |             |
| Current Service Cost   | 1,824,234   | 1,500,999   |
| Interest cost  | 297,598     | 224,443     |
| Past Service Cost- (non vested benefits)   | —           | —           |
| Past Service Cost - (vested benefits)  | —           | —           |
| Unrecognised Past Service Cost- non vested benefits  | —           | —           |
| Expected Return on Plan Assets   | —           | —           |
| Net Actuarial (Gain)/Loss recognized for the year  | 1,014,546   | 91,844      |
| Expense recognized in the statement of profit and loss                                     | 3,136,378   | 1,817,286   |
| <b>X Movements in the Liability recognized in Balance Sheet</b>                            |             |             |
| Opening Net Liability  | 4,315,883   | 2,631,530   |
| Expenses as above  | 3,136,378   | 1,817,286   |
| Contribution paid  | (971,589)   | (132,933)   |
| Closing Net Liability  | 6,480,672   | 4,315,883   |
| <b>XI Revised schedule VI</b>  |             |             |
| Current liability  | 891,125     | 809,029     |
| Non-current liability  | 5,589,547   | 3,506,854   |

## Note 26 :

During the year ₹ 1,21,53,246/- being lease rentals for premises for the current year are recognized in the statement of profit and loss under the head " Rent ".

## Operating Lease Commitments

| Particulars                                     | As at 31-Mar-16<br>In ₹ | As at 31-Mar-15<br>In ₹ |
|---|-------------------------|-------------------------|
| Payable within 1 year                           | 12,133,020              | 12,133,020              |
| Payable after 1 year but not later than 5 years | 12,133,020              | 24,266,040              |
| <b>TOTAL</b>                                    | <b>24,266,040</b>       | <b>36,399,060</b>       |

# NOTES TO FINANCIAL STATEMENT

## Note 27 : Segment Reporting

The Company's principle activity is to provide, investment management and administrative services to the Schemes of Motilal Oswal Mutual Fund (the Fund), portfolio management services and investment advisory services to offshore funds. In the opinion of management, the risks and rewards attached to all the above services are similar in nature. Hence separate segments under Accounting Standard 17 on "Segment Reporting", issued by the Institute of Chartered Accountants of India are not required to be reported as the Company's operations are restricted to single segment i.e. asset management services.

## Note 28 : Earnings per share

The numerator and denominators used to calculate basic and diluted earnings per share are as under:

### Basic Earnings per share

| Particulars  | April 1, 2015 to<br>March 31, 2016<br>In ₹ | April 1, 2014 to<br>March 31, 2015<br>In ₹ |
|--|--|--|
| Profit / (Loss) attributable to equity shareholders (₹) [A]  | 264,313,425                                | 52,477,584                                 |
| Weighted average number of equity shares outstanding during the year (Face value of ₹ 10 each) [B] | 65,000,000                                 | 61,260,274                                 |
| <b>Basic Earnings per share (₹) [A] / [B]</b>  | <b>4.07</b>                                | <b>0.86</b>                                |

### Diluted Earnings per share

| Particulars  | April 1, 2015 to<br>March 31, 2016<br>In ₹ | April 1, 2014 to<br>March 31, 2015<br>In ₹ |
|--|--|--|
| Profit / (Loss) attributable to equity shareholders (₹)  | 264,313,425                                | 52,477,584                                 |
| Less : Impact on Net profit due to exercise of diluted potential equity shares                 | –  | –  |
| <b>Net Profit attributable to equity shareholders for calculation of Diluted EPS (₹) [A]</b>   | <b>264,313,425</b>                         | <b>52,477,584</b>                          |
| Weighted average number of equity shares outstanding during the year (Face value of ₹ 10 each) | 65,000,000                                 | 61,260,274                                 |
| Weighted Number of additional equity shares outstanding for Diluted EPS                        | 2,519,284                                  | 1,417,565                                  |
| <b>Weighted Number of equity shares outstanding for Diluted EPS [B]</b>                        | <b>67,519,284</b>                          | <b>62,677,839</b>                          |
| <b>Diluted Earnings per share (₹) [A] / [B]</b>  | <b>3.91</b>                                | <b>0.84</b>                                |

## Note 29 : Transactions in foreign currency

### (i) Revenue in foreign currency :

| Particulars                | April 1, 2015 to<br>March 31, 2016<br>In ₹ | April 1, 2014 to<br>March 31, 2015<br>In ₹ |
|----------------------------|--|--|
| Investment Management fees | 453,780                                    | 2,130,028                                  |

# NOTES TO FINANCIAL STATEMENT

## (ii) Expenditure in foreign currency :

| Particulars                 | April 1, 2015 to<br>March 31, 2016 | April 1, 2014 to<br>March 31, 2015 |
|-----------------------------|------------------------------------|------------------------------------|
|                             | In ₹                               | In ₹                               |
| Travel and conveyance       | 2,345,000                          | 123,026                            |
| Communication expenses      | –                                  | 6,782                              |
| Data subscription charges   | –                                  | 563,087                            |
| Entertainment               | 63,608                             | 45,763                             |
| Software Charges            | –                                  | 973,750                            |
| Legal and professional fees | 1,647,015                          | 1,170,248                          |
| <b>TOTAL</b>                | <b>4,055,623</b>                   | <b>2,882,656</b>                   |

## Note 30 : Related party transactions

### (i) Relationships during the year

#### Holding Company

- Motilal Oswal Securities Limited

#### Holding Company of Motilal Oswal Securities Limited

- Motilal Oswal Financial Services Limited

#### Ultimate Holding Company

- Passionate Investment Management Private Limited

#### Subsidiaries

- Motilal Oswal Asset Management (Mauritius) Private Limited

#### Fellow subsidiaries

- Motilal Oswal Capital Markets Private Limited
- Motilal Oswal Trustee Company Limited
- Motilal Oswal Insurance Brokers Private Limited
- Motilal Oswal Commodities Broker Private Limited
- Motilal Oswal Investment Advisors Private Limited
- MOPE Investment Advisors Private Limited
- Motilal Oswal Wealth Management Limited
- Motilal Oswal Securities International Private Limited
- Motilal Oswal Capital Market (Hongkong) Private Limited
- Motilal Oswal Capital Markets (Singapore) Pte. Limited
- Aspire Home Finance Corporation Limited
- Motilal Oswal Real Estate Investment Advisors Private Limited
- Motilal Oswal Real Estate Investment Advisors II Private Limited
- India Business Excellence Management Company
- Nagori Agro & Cattle Feeds Private Limited
- VISU Associates - Partnership firm
- OSAG Enterprises LLP

#### Key management personnel

- Raamdeo Agrawal – Director
- Aashish Somaiyaa – Managing Director

#### Relative of Key management personnel

- Suneeta Agrawal (Wife of Raamdeo Agrawal)

#### Enterprises in which key management personnel exercise significant influence

- Motilal Oswal Foundation

# NOTES TO FINANCIAL STATEMENT

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

| Transaction  | Name of the related Party  | Holding Company / Subsidiary company (A) |                                   | Key Managerial Personnel / Relative of KMP (B) |                                   | Total (A+B)                       |                                   |
|--|--|--|-----------------------------------|--|-----------------------------------|-----------------------------------|-----------------------------------|
|  |  | For the year ended March 31, 2016        | For the year ended March 31, 2015 | For the year ended March 31, 2016              | For the year ended March 31, 2015 | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| Interest Paid  | Motilal Oswal Financial Services Limited                               | 4,292,048                                | 3,249,215                         | –  | –                                 | 4,292,048                         | 3,249,215                         |
| Rent Paid  | Motilal Oswal Financial Services Limited                               | 12,133,032                               | 12,133,020                        |  |                                   | 12,133,032                        | 12,133,020                        |
| Brokerage on distribution of mutual fund                   | Motilal Oswal Securities Limited                                       | 30,501,891                               | 21,364,942                        | –  | –                                 | 30,501,891                        | 21,364,942                        |
| Brokerage on distribution of portfolio management services | Motilal Oswal Securities Limited                                       | 216,240,486                              | 205,605,493                       | –  | –                                 | 216,240,486                       | 205,605,493                       |
| Business Support Charges                                   | Motilal Oswal Securities Limited                                       | 454,555                                  | 418,950                           |  |                                   | 454,555                           | 418,950                           |
| Brokerage on distribution of portfolio management services | Motilal Oswal Wealth Management Private Limited                        | 142,957,399                              | 66,592,047                        | –  | –                                 | 142,957,399                       | 66,592,047                        |
| Brokerage on distribution of mutual fund                   | Motilal Oswal Wealth Management Private Limited                        | 19,068,163                               | 741,213                           | –  | –                                 | 19,068,163                        | 741,213                           |
| Sharing of advisory fees                                   | Motilal Oswal Wealth Management Private Limited                        | –  | 1,168,997                         |  |                                   | –                                 | 1,168,997                         |
| Marketing Commission                                       | Motilal Oswal Wealth Management Private Limited                        | 1,545,863                                | 3,283,894                         |  |                                   | 1,545,863                         | 3,283,894                         |
| Investment Advisory fees (Received) / Paid                 | Motilal Oswal Wealth Management Private Limited                        | (2,631,935)                              | (379,115)                         |  |                                   | (2,631,935)                       | (379,115)                         |
| Rent Deposit   | Motilal Oswal Financial Services Limited                               | 6,066,510                                | 6,066,510                         |  |                                   | 6,066,510                         | 6,066,510                         |
| Portfolio management services fee                          | Raamdeo Agarwal  | –  | –                                 | 37,540   | 24,138                            | 37,540                            | 24,138                            |
|  | Suneeta Agarwal  | –  | –                                 | 1,310,209                                      | 394,123                           | 1,310,209                         | 394,123                           |
| Reimbursemt of TDS   | Motilal Oswal Commoditis Broker Pvt Ltd                                | –  | 1,607                             |  |                                   | –                                 | 1,607                             |
| Reimbursement of Electricity Charges                       | Motilal Oswal Financial Services Limited                               | 1,224,982                                | 2,315,265                         |  |                                   | 1,224,982                         | 2,315,265                         |
| Reimbursemt of Common Cost                                 | Motilal Oswal Financial Services Limited                               | 1,222,657                                | 1,186,557                         |  |                                   | 1,222,657                         | 1,186,557                         |
| Managerial remuneration                                    | Aashish Somaiyaa/Nitin Rakesh//Trupti Vyas/Sarika Shah/Raamdeo Agarwal | –  | –                                 | 16,300,000                                     | 13,100,230                        | 16,300,000                        | 13,100,230                        |
| Subscription to Equity Share Capital                       | Motilal Oswal Securities Limited                                       | –  | (300,000,000)                     | –  | –                                 | –                                 | (300,000,000)                     |
| Loans taken during the year                                | Motilal Oswal Financial Services Limited                               | 701,161,172                              | 493,019,808                       |  |                                   | 701,161,172                       | 493,019,808                       |
| Loan (repaid) during the year                              | Motilal Oswal Financial Services Limited                               | (741,853,190)                            | (459,615,186)                     | –  | –                                 | (741,853,190)                     | (459,615,186)                     |
| Loans taken (Maximum balance)                              | Motilal Oswal Financial Services Limited                               | 222,706,946                              | 76,731,594                        |  |                                   | 222,706,946                       | 76,731,594                        |
| <b>Outstanding Balances:</b>                               |  |  |                                   |  |                                   |                                   |                                   |
| Loans  | Motilal Oswal Financial Services Limited                               | –  | (36,328,914)                      |  |                                   | –                                 | (36,328,914)                      |
| Trade Receivables  | Motilal Oswal Wealth Management Private Limited                        | 497,362                                  | –                                 | –  | –                                 | 497,362                           | –                                 |
| Trade Payables   | Motilal Oswal Wealth Management Private Limited                        | (18,324,390)                             | (39,269,992)                      |  |                                   | (18,324,390)                      | (39,269,992)                      |
|  | Motilal Oswal Securities Limited                                       | (14,910,853)                             | (145,991,615)                     | –  | –                                 | (14,910,853)                      | (145,991,615)                     |
| Other Payables   | Motilal Oswal Financial Services Limited                               | (719,826)                                | (830,410)                         | –  | –                                 | (719,826)                         | (830,410)                         |
| Prepaid Expenses   | Motilal Oswal Securities Limited                                       | 41,460,551                               | –                                 | –  | –                                 | 41,460,551                        | –                                 |
|  | Motilal Oswal Wealth Management Private Limited                        | 23,820,067                               | –                                 | –  | –                                 | 23,820,067                        | –                                 |

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

# NOTES TO FINANCIAL STATEMENT

## Note 31 :

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for is ₹ 29,02,955/- (Previous Year: ₹ 22,96,393).

## Note 32 :

Effective 1st April 2015, the Company has amortized the upfront distribution costs incurred on the inflows of its Portfolio management Schemes over a period in which future economic benefits are expected to arise to the company. This change would result in a more appropriate presentation of the financial statements of the company. Pursuant to this change, Profit after tax for the year ended 31st March 2016 has increased by ₹ 1,620 lakhs.

## Note 33 :

Previous year figures have been regrouped/rearranged where necessary to confirm to year's classification.

## Note 34 : Disclosure relating to Employee Stock Option Purchase Plan

### Details of Stock options

The company has two Stock option Schemes

#### Motilal Oswal Asset Management Company Limited -Employees' Stock Option Scheme - I (ESOP - I)

The ESOP - I was approved by the Board of Directors at the allotment committee meeting on July 22 , 2010 and by the members at the meeting held on July 21, 2010) and is for grant of 2,000,000 Equity shares of ₹ 10 each).

#### Motilal Oswal Asset Management Company Limited -Employees' Stock Option Scheme - II (ESOP - II)

The ESOP - II was approved by the Board of Directors at the allotment committee meeting on June 26 , 2014 for grant of 3,250,000 Equity shares of ₹ 10 each.

The activity in the (ESOS-I) and ESOS (II) during the year ended March 2016 and March 2015 is set below:

|   | For the Year Ended<br>31-Mar-16 |                                    | For the Year Ended<br>31-Mar-15 |                                    |
|---|---------------------------------|------------------------------------|---------------------------------|------------------------------------|
|   | In Numbers                      | Weighted Average<br>Exercise Price | In Numbers                      | Weighted Average<br>Exercise Price |
| The MOAMC (ESOS-I) : (Face value of ₹ 10/- each)  |                                 |                                    |                                 |                                    |
| Option outstanding, beginning of the year         | 170,000                         | 10.00                              | 170,000                         | 10.00                              |
| Add: Granted                                      | –                               | NA                                 | –                               | NA                                 |
| Less: Exercised                                   | –                               | NA                                 | –                               | NA                                 |
| Less: Forfeited                                   | –                               | NA                                 | –                               | NA                                 |
| Less: Lapsed                                      | –                               | NA                                 | –                               | NA                                 |
| <b>Option outstanding, end of the year</b>        | <b>170,000</b>                  | <b>10.00</b>                       | <b>170,000</b>                  | <b>10.00</b>                       |
| <b>Exercisable at the end of the period</b>       | <b>–</b>                        | <b>–</b>                           | <b>–</b>                        | <b>–</b>                           |
| The MOAMC (ESOS-II) : (Face value of ₹ 10/- each) |                                 |                                    |                                 |                                    |
| Option outstanding, beginning of the year         | 3,250,000                       | 10.00                              | –                               | NA                                 |
| Add: Granted                                      | –                               | NA                                 | 3,250,000                       | 16.77                              |
| Less: Exercised                                   | –                               | NA                                 | –                               | NA                                 |
| Less: Forfeited                                   | –                               | NA                                 | –                               | NA                                 |
| Less: Lapsed                                      | –                               | NA                                 | –                               | NA                                 |
| <b>Option outstanding, end of the year</b>        | <b>3,250,000</b>                | <b>10.00</b>                       | <b>3,250,000</b>                | <b>16.77</b>                       |
| <b>Exercisable at the end of the period</b>       | <b>–</b>                        | <b>–</b>                           | <b>–</b>                        | <b>–</b>                           |

# NOTES TO FINANCIAL STATEMENT

## Employees' Stock Options Scheme (ESOS) :

During the year Nil Employee Stock Options (Previous Year 32,50,000) have been granted to the employees of the company.

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

| Particulars   | Scheme I  | Scheme II   |
|---|---|---|
| Date of grant   | 22-Jul-10   | 26-Jun-14   |
| Date of Board Approval                                  | 21-Jul-10   | 21-Jul-11   |
| Date of Shareholder's approval                          | 22-Jul-10   | 21-Jul-11   |
| Number of options granted                               | 1,510,000   | 2,925,000   |
| Method of Settlement                                    | Equity Shares   | Equity Shares   |
| Vesting Period  | Not later than 6 years from the date of grant   | Not later than 6 years from the date of grant   |
| Weighted Average Remaining Contractual Life             |   |   |
| CY -Granted but not Vested                              | –   | 1.51 Years  |
| CY -Vested but not exercised                            | 1.50 Years  | 2.25 Years  |
| Weighted Average Remaining Contractual Life             |   |   |
| LY -Granted but not Vested                              | 0.01 Year   | 2.26 Years  |
| LY -Vested but not exercised                            | 1.01 Years  | NA  |
| Exercise Period   | Within a period of 36 months from the date of vesting   | Within a period of 84 months from the date of vesting   |
| Vesting Conditions                                      | Vesting of Options would be subject to continued employment with the Company and/or its holding/ subsidiary, and thus the Options would vest on passage of time. In addition to this, the Remuneration/ Compensation Committee may also specify certain performance parameters subject to which the options would vest. In case of performance based vesting, the options would vest on achievement of performance parameters irrespective of the time horizon. | Vesting of Options would be subject to continued employment with the Company and/or its holding/ subsidiary, and thus the Options would vest on passage of time. In addition to this, the Remuneration/ Compensation Committee may also specify certain performance parameters subject to which the options would vest. In case of performance based vesting, the options would vest on achievement of performance parameters irrespective of the time horizon. |
| Weighted Average Fair Value of options as on grant date | 10  | 10  |

# NOTES TO FINANCIAL STATEMENT

## Exercise Pricing Formula

### Scheme I

The Committee shall have the authority to determine the Exercise Price having regard to the valuation report of an independent practicing chartered accountant that may be based on such valuation method, as may be considered suitable by him, including but not restricted to the Net Asset Value Method, Discounted Cash Flow Method, Earnings Capitalisation Method, Dividend Yield Model, etc. and may also rely upon the future projections of the Company which would be prepared by the management from time to time having regard to the future potential and prospects of the Company.

The Committee shall in its absolute discretion, have the authority to grant the Options at such discount as it may deem fit.”

### Scheme II

The Committee shall have the authority to determine the Exercise Price having regard to the valuation report of an independent practicing chartered accountant that may be based on such valuation method, as may be considered suitable by him, including but not restricted to the Net Asset Value Method, Discounted Cash Flow Method, Earnings Capitalisation Method, Dividend Yield Model, etc. and may also rely upon the future projections of the Company which would be prepared by the management from time to time having regard to the future potential and prospects of the Company.

The Committee shall in its absolute discretion, have the authority to grant the Options at such discount as it may deem fit.

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

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

## Annexure II: Corporate Social Responsibility

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

- Gross amount required to be spent by the company during the year ₹ 10,60,000/- (Previous year ₹ 1,05,000/-)
- Amount spent during the period ended 31st March 2016 and 31st March 2015 on :

(Amount in ₹)

| Particulars   | April 1, 2015 to March 31, 2016 |                |                   | April 1, 2014 to March 31, 2015 |                |                   |
|---|---------------------------------|----------------|-------------------|---------------------------------|----------------|-------------------|
|   | Amount paid                     | Yet to be paid | Total Amount Paid | Amount paid                     | Yet to be paid | Total Amount Paid |
| Sholka Missionaries (Setting Up And Running English Medium Schools For Underprivileged Children)      | 1,000,000                       | –              | 1,000,000         | –                               | –              | –                 |
| International Foundation For Research And Education (Construction Of Ashoka University)               | 1,060,000                       | –              | 1,060,000         | –                               | –              | –                 |
| United Way Of Baroda  | 50,000                          | –              | 50,000            | –                               | –              | –                 |
| Muskaan Foundation (Providing Education To Children With Multiple Disabilities And Visual Impairment) | –                               | –              | –                 | 105,000                         | –              | 105,000           |
| <b>Total</b>  | <b>2,110,000</b>                | <b>–</b>       | <b>2,110,000</b>  | <b>105,000</b>                  | <b>–</b>       | <b>105,000</b>    |

# NOTES TO FINANCIAL STATEMENT

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**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

Membership No. 111592

Place : Mumbai

Dated : 21st April, 2016

For and on behalf of the Board of  
**Motilal Oswal Asset Management Company Limited**

**Aashish Somaiya**

*Managing Director & CEO*

DIN No: 06705119

**Sarika Shah**

*Company Secretary & Compliance Officer*

**Raamdeo Agarawal**

*Director*

DIN No: 0024533

**Sameer Kamath**

*Chief Financial Officer*

# **Motilal Oswal Trustee Company Limited**

**Annual Report 2015-2016**

# BOARD'S REPORT

To the Members,

Your Directors have pleasure in presenting the Seventh Annual Report together with the Audited Accounts of your Company for the financial year ended March 31, 2016.

## Financial Highlights

| Particulars  | Amount (₹)                           |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
| Income   | 1,221,950                            | 1,220,570                            |
| Income/(Loss) before Interest, Depreciation and Taxation | 8,76,382                             | 853,359                              |
| Interest   | –                                    | –                                    |
| Depreciation   | –                                    | –                                    |
| Profit/(Loss) before Taxation                            | 8,76,382                             | 853,359                              |
| <b>Provision for Taxation</b>                            |                                      |                                      |
| Current Tax  | 2,70,802                             | 259,265                              |
| Deferred Tax Asset                                       | –                                    | –                                    |
| Income/(Loss) for the period                             | 6,05,579                             | 577,834                              |
| Balance of Loss carried forward                          | 1,227,681                            | 6,22,102                             |

## Principal Activities

The Company is acting as 'Trustee' to Motilal Oswal Mutual Fund pursuant to the Trust Deed executed on May 21, 2009. Motilal Oswal Mutual Fund is registered with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 under registration code no. MF/063/09/04 dated December 29, 2009.

As on March 31, 2016, Motilal Oswal Mutual Fund had 8 Schemes with the assets under management of ₹ 5,066.66 crores and the total number of investors in all its Schemes as on that date was 194,525. The Scheme wise details are as under:

| S r.<br>No. | Name of Scheme  | As on March 31, 2016              |                |
|-------------|---|-----------------------------------|----------------|
|             |   | AUM of the Scheme<br>(₹ In Crore) | No. of Folios  |
| 1.          | Motilal Oswal MOST Shares M50 ETF (MOST Shares M50)                             | 22.69                             | 4,348          |
| 2.          | Motilal Oswal MOST Shares Midcap 100 ETF (MOST Shares Midcap 100)               | 36.05                             | 3,838          |
| 3.          | Motilal Oswal MOST Shares NASDAQ-100 ETF (MOST Shares NASDAQ 100)               | 77.27                             | 2,868          |
| 4.          | Motilal Oswal MOST Focused 25 Fund (MOST Focused 25)                            | 378.85                            | 24,394         |
| 5.          | Motilal Oswal MOST Ultra Short Term Bond Fund (MOST Ultra Short Term Bond Fund) | 216.19                            | 4,148          |
| 6.          | Motilal Oswal MOST Focused Midcap 30 Fund (MOST Focused Midcap 30)              | 917.98                            | 39,281         |
| 7.          | Motilal Oswal MOST Focused Multicap 35 Fund (MOST Focused Multicap 35)          | 3,294.32                          | 94,720         |
| 8.          | Motilal Oswal MOST Focused Long Term Fund (MOST Focused Long Term)              | 123.31                            | 20,928         |
|             | <b>Total</b>  | <b>5,066.66</b>                   | <b>194,525</b> |

## Capital and Holding Company

During the year, there was no change in Share Capital of the Company and the Company is continued to be a wholly owned subsidiary of Motilal Oswal Securities Limited.

## Dividend and Reserves

There is no dividend declared for the financial year ended March 31, 2016.

During the year under review, the Company has transferred a sum of ₹ 6,05,579/- to Reserves and Surplus.

## Directors

Mr. Sunil Goyal, Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

The Board of Directors recommends the aforesaid re-appointment to the members.

## Number of Board Meetings

The Board of Directors met six times in the Financial Year 2015-16.

The details of the meetings are as below:

| Dates on which the Board Meetings were held | Total Strength of the Board | No. of Directors Present |
|---|-----------------------------|--------------------------|
| April 29, 2015                              | 4                           | 3                        |
| July 23, 2015                               | 4                           | 3                        |
| September 29, 2015                          | 4                           | 4                        |
| November 10, 2015                           | 4                           | 3                        |
| January 21, 2016                            | 4                           | 4                        |
| March 16, 2016                              | 4                           | 4                        |

The Attendance of the Directors at the Board meeting is as below:

| Name                | No. Of Board Meetings Held | No. Of Meetings Attended |
|---------------------|----------------------------|--------------------------|
| Mr. Motilal Oswal   | 6                          | 6                        |
| Mr. Sunil Goyal     | 6                          | 5                        |
| Mr. Brij Gopal Daga | 6                          | 6                        |
| Mr. Samir Shah      | 6                          | 4                        |

## Business Risk Management

Directors' Responsibility Statement

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (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 March 31, 2016 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) they have devised proper systems to ensure compliance with the provisions of all applicable laws and the systems were adequate and operating effectively.

## Particulars of Loans, Guarantees or Investments

The details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in notes to financial statements.

## Related Party Transactions

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

In terms of Section 134(3)(h) of the Companies Act, 2013, the details of contracts / arrangements entered into with Related Parties are provided in Form AOC-2 and is enclosed as 'Annexure A' to this Report.

All Related Party Transactions are placed before the Audit Committee.

## Development and Implementation of Risk Management Policy

The Company on a regular basis reviews its entity-wide Risk Management framework with an endeavor to enhance the control environment via risk mitigation and reducing the impact of risks within acceptable levels wherein due emphasis has been being given on identification, assessment and economic control of those risks that endanger the assets and earning capacity of the business.

# BOARD'S REPORT (Contd..)

## Details of significant and material orders passed by the Regulators or Courts or Tribunals

There were no significant and material orders passed by the Regulators or Courts or Tribunals during the year March 31, 2016.

## Details of Subsidiaries

The Company is not having any subsidiary as on March 31, 2016.

## Audit Committee

The Audit Committee comprises of Mr. Motilal Oswal, Mr. Sunil Goyal and Mr. Brij Gopal Daga, Directors of the Company.

## Statutory Auditors

M/s. PBK & Co. (erstwhile known as M/s Premal H Gandhi, Chartered Accountants) are being appointed as Statutory Auditors for the term of 5 years. In compliance to the provisions of Section 139 of the Companies Act, 2013, the appointment of the auditors is to be ratified by the members at the forthcoming Annual General Meeting. M/s. PBK & Co. have given their consent for re-appointment. The members will be required to ratify the appointment of Auditors for the current financial year and fix their remuneration.

As required by the provisions of section 139(1) of the Companies Act, 2013, the Company has received a certificate from M/s. PBK & Co., to the effect that their re-appointment, if made, would be in conformity within the limits specified in that section.

## Auditors Report

The Auditors Report to the Members on the Accounts of the Company for the financial year ended March 31, 2016 does not contain any qualification and is self-explanatory, hence does not call for any comment of Board.

## Public Deposits

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

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

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

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

## Annual Return

The extracts of Annual Return pursuant to the provisions of Section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is enclosed as 'Annexure B' to this Report.

Particulars of employees as required under Section 197 of the Companies Act, 2013, read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The Company had no employee who was in receipt of remuneration of ₹ 60 lakh or more during the year ended March 31, 2016 or not less than ₹5 lakh per month during any part of the said year.

Material changes and commitment if any affecting the Financial Position of the Company occurred between the end of the financial year to which this Financial Statements relate and the date of the report

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report.

## Acknowledgements

The Directors take this opportunity to place on record their gratitude for the valuable assistance, support and guidance received from Securities & Exchange Board of India, Reserve Bank of India and all government and regulatory bodies.

For and on behalf of the Board of  
**Motilal Oswal Trustee Company Limited**

**Motilal Oswal**  
Chairman  
(DIN: 00024503)

Place : Mumbai  
Date : 30th June, 2016.

# ANNEXURE 1 TO THE BOARD'S REPORT

## Form No. AOC-2

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

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

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

(Amount in ₹)

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

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

(Amount in ₹)

| Sr. No. | Name of the Related Party | Nature of the relationship | Nature of Contract | Duration of Contract | Salient terms of the contracts or arrangements or transactions including the value, if any | Amount paid as advances, if any |
|---------|---------------------------|----------------------------|--------------------|----------------------|--|---------------------------------|
| NIL     |                           |                            |                    |                      |  |                                 |

\*Materiality is defined as per Clause 49 of the Listing Agreement i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements of the Company.

For and on behalf of the Board of  
**Motilal Oswal Trustee Company Limited**

Place : Mumbai  
Date : 30th June, 2016

**Motilal Oswal**  
Chairman  
(DIN : 00024503)

# ANNEXURE 2 TO THE BOARD'S REPORT

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2016

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

#### I. Registration and Other Details

|  |  |
|--|--|
| i) CIN   | U93090MH2008PLC188187  |
| ii) Registration Date  | 14/11/2008   |
| iii) Name of the Company   | Motilal Oswal Trustee Company Limited  |
| iv) Category / Sub Category of the Company                                     | Company Limited by shares/ Indian Non Govt. Company  |
| v) Address of the Registered Office and contact details                        | 10th Floor, Motilal Oswal Tower,<br>Rahimtullah Sayani Road, Opp. Parel ST Depot,<br>Prabhadevi, Mumbai - 400025<br>Tel. No.: +91 22 3089 4263 |
| vi) Whether Shares Listed On Recognized Stock Exchange(s)                      | No   |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | N.A.   |

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

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

| Sr. No. | Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the Company |
|---------|--|-----------------------------------|------------------------------------|
| 1       | Trustee Fees                                     | 6619                              | 95                                 |

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

| Sr. No | Name and Address of the Company  | CIN / GLN             | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|--------|----------------------------------|-----------------------|----------------------------------|------------------|--------------------|
| 1      | Motilal Oswal Securities Limited | U65990MH1994PLC079418 | Holding                          | 100              | 2(46)              |

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

##### i) Category-wise Share Holding

| Category of Shareholders                                  | No. of Shares held at the beginning of the year |               |               |                   | No. of Shares held at the end of the year |               |               |                   | % Change during the year |
|---|---|---------------|---------------|-------------------|---|---------------|---------------|-------------------|--------------------------|
|   | Demat   | Physical      | Total         | % of Total Shares | Demat                                     | Physical      | Total         | % of Total Shares |                          |
| <b>A. Promoters</b>                                       |   |               |               |                   |   |               |               |                   |                          |
| <b>(1) Indian</b>   |   |               |               |                   |   |               |               |                   |                          |
| Bodies Corp.  | -   | 100000        | 100000        | 100               | -   | 100000        | 100000        | 100               | 0                        |
| <b>Sub-total (A) (1):-</b>                                | -   | <b>100000</b> | <b>100000</b> | <b>100</b>        | -   | <b>100000</b> | <b>100000</b> | <b>100</b>        | <b>0</b>                 |
| <b>(2) Foreign</b>  | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| <b>Sub-total (A) (2)</b>                                  | -   | -             | -             | -                 | -   | -             | -             | -                 | -                        |
| <b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b> | -   | <b>100000</b> | <b>100000</b> | <b>100</b>        | -   | <b>100000</b> | <b>100000</b> | <b>100</b>        | <b>0</b>                 |

# ANNEXURE 2 TO THE BOARD'S REPORT

| Category of Shareholders                               | No. of Shares held at the beginning of the year |          |        |                   | No. of Shares held at the end of the year |          |        |                   | % Change during the year |
|--|---|----------|--------|-------------------|---|----------|--------|-------------------|--------------------------|
|  | Demat   | Physical | Total  | % of Total Shares | Demat                                     | Physical | Total  | % of Total Shares |                          |
| <b>B. Public Shareholding</b>                          |   |          |        |                   |   |          |        |                   |                          |
| <b>1. Institutions</b>                                 | -   | -        | -      | -                 | -   | -        | -      | -                 | -                        |
| <b>Sub-total (B)(1)</b>                                | -   | -        | -      | -                 | -   | -        | -      | -                 | -                        |
| <b>2. Non-Institutions</b>                             | -   | -        | -      | -                 | -   | -        | -      | -                 | -                        |
| <b>Sub-total (B)(2)</b>                                | -   | -        | -      | -                 | -   | -        | -      | -                 | -                        |
| <b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>    | -   | -        | -      | -                 | -   | -        | -      | -                 | -                        |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b> | -   | -        | -      | -                 | -   | -        | -      | -                 | -                        |
| <b>GRAND TOTAL (A+B+C)</b>                             | -   | 100000   | 100000 | 100               | -   | 100000   | 100000 | 100               | 0                        |

## (ii) Shareholding of Promoters:

| Sr. No. | Shareholder's Name   | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                      |  | % change in shareholding during the year |
|---------|--|---|----------------------------------|--|-------------------------------------|--------------------------------------|--|--|
|         |  | No. of shares                             | % of total shares of the company | % of shares Pledged / encumbered to total shares | No. of shares                       | % of the total shares of the company | % of the shares pledged / encumbered to total shares |  |
| 1.      | Motilal Oswal Securities Limited                                   | 99994                                     | 99.99%                           | -  | 99994                               | 99.99%                               | -  | NIL                                      |
| 2.      | Motilal Oswal Securities Limited jointly with Mr. Motilal Oswal    | 1   | 0.00%                            | -  | 1                                   | 0.00%                                | -  | NIL                                      |
| 3.      | Motilal Oswal Securities Limited jointly with Mr. Ramdeo Agarawal  | 1   | 0.00%                            | -  | 1                                   | 0.00%                                | -  | NIL                                      |
| 4.      | Motilal Oswal Securities Limited jointly with Ms. Vimla Oswal      | 1   | 0.00%                            | -  | 1                                   | 0.00%                                | -  | NIL                                      |
| 5.      | Motilal Oswal Securities Limited jointly with Ms. Suneeta Agarawal | 1   | 0.00%                            | -  | 1                                   | 0.00%                                | -  | NIL                                      |
| 6.      | Motilal Oswal Securities Limited jointly with Mr. Navin Agarwal    | 1   | 0.00%                            | -  | 1                                   | 0.00%                                | -  | NIL                                      |
| 7.      | Motilal Oswal Securities Limited jointly with Mr. Ajay Menon       | 1   | 0.00%                            | -  | 1                                   | 0.00%                                | -  | NIL                                      |
|         | <b>Total</b>   | <b>100000</b>                             | <b>100%</b>                      | <b>-</b>   | <b>100000</b>                       | <b>100%</b>                          | <b>-</b>   | <b>NIL</b>                               |

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

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year/ end of the year | Cumulative Shareholding during the year |
|---------|--------------------|--|---|
|         |                    | NIL  |   |

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

| Sr. No. | For each of the Top 10 Shareholders | Shareholding at the beginning of the year |                                  | Shareholding at the end of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|-------------------------------------|---|----------------------------------|-------------------------------------|----------------------------------|---|----------------------------------|
|         |                                     | No. of shares                             | % of total Shares of the company | No. of shares                       | % of total Shares of the company | No. of shares                           | % of total Shares of the company |
|         |                                     |   |                                  |                                     |                                  |   |                                  |

# ANNEXURE 2 TO THE BOARD'S REPORT

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

| Sr. No. | *For Each of the Top 10 Shareholders | Designation | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|--------------------------------------|-------------|---|----------------------------------|---|----------------------------------|
|         |                                      |             | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| NIL     |                                      |             |   |                                  |   |                                  |

## V. Indebtedness

### Indebtedness of the Company including interest outstanding / accrued but not due for payment (Amount in ₹)

| Particulars  | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |          |                    |
| i) Principal Amount  | -                                | -               | -        | -                  |
| ii) Interest due but not paid                              | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                          | -                                | -               | -        | -                  |
| <b>Total (i+ii+iii)</b>                                    | -                                | -               | -        | -                  |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                 |          |                    |
| • Addition   | -                                | -               | -        | -                  |
| • Reduction  | -                                | -               | -        | -                  |
| <b>Net Change</b>  | -                                | NIL             | -        | NIL                |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                 |          |                    |
| i) Principal Amount  | -                                | -               | -        | -                  |
| ii) Interest due but not paid                              | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                          | -                                | -               | -        | -                  |
| <b>Total (i+ii+iii)</b>                                    | -                                | -               | -        | -                  |

## VI. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and / or Manager : (Amount in ₹)

| Sr. No. | Particulars of Remuneration   | Name of MD / WTD / Manager | Total Amount |
|---------|---|----------------------------|--------------|
| 1       | <b>Gross salary</b>   |                            |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | -                          | -            |
|         | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | -                          | -            |
|         | (c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961       | -                          | -            |
| 2       | Stock Option  | -                          | -            |
| 3       | Sweat Equity  | -                          | -            |
| 4       | Commission as % of profit   | -                          | -            |
| 5       | Others, please specify Variable Incentives  | -                          | -            |
|         | <b>Total (A)</b>  | -                          | -            |
|         | Ceiling as per the Act  |                            |              |

\*kindly refer the caption 'Particulars of Employees' of the Board Report.

### B. Remuneration to other directors: (Amount in ₹)

| Sr. No. | Particulars of Remuneration                    | Name of Directors |              |                | Total Amount |
|---------|--|-------------------|--------------|----------------|--------------|
|         |  | Mr. Sunil Goyal   | Mr. B G Daga | Mr. Samir Shah |              |
| 1.      | Independent Directors                          |                   |              |                |              |
|         | • Fee for attending board / committee meetings | ₹ 80,000/-        | ₹ 1,00,000/- | ₹ 40,000/-     | ₹ 2,20,000/- |
|         | • Commission                                   | -                 | -            | -              | -            |
|         | • Others, please specify                       | -                 | -            | -              | -            |

# ANNEXURE 2 TO THE BOARD'S REPORT

| Sr. No. | Particulars of Remuneration                    | Name of Directors |              |                | Total Amount |
|---------|--|-------------------|--------------|----------------|--------------|
|         |  | Mr. Sunil Goyal   | Mr. B G Daga | Mr. Samir Shah |              |
|         | <b>Total (1)</b>                               | ₹ 80,000/-        | ₹ 1,00,000/- | ₹ 40,000/-     | ₹ 2,20,000/- |
| 2.      | Other Non-Executive Directors                  |                   |              |                |              |
|         | • Fee for attending board / committee meetings | -                 | -            | -              | -            |
|         | • Commission                                   | -                 | -            | -              | -            |
|         | • Others, please specify                       | -                 | -            | -              | -            |
|         | <b>Total</b>                                   | ₹ 80,000/-        | ₹ 1,00,000/- | ₹ 40,000/-     | ₹ 2,20,000/- |

## C. Remuneration to key managerial personnel other than MD / Manager / WTD: (Amount in ₹)

| Sr. No. | Particulars of Remuneration  | Key Managerial Personnel |                   |     |         |
|---------|--|--------------------------|-------------------|-----|---------|
|         |  | CEO                      | Company Secretary | CFO | Total   |
| 1       | Gross Salary   |                          |                   |     |         |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961* | -                        | 250,000           | -   | 250,000 |
|         | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                       | -                        | -                 | -   | -       |
|         | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961        | -                        | -                 | -   | -       |
| 2.      | Stock Option   | -                        | -                 | -   | -       |
| 3.      | Sweat Equity   | -                        | -                 | -   | -       |
| 4.      | Commission   |                          |                   |     |         |
|         | - as % of profit   |                          |                   |     |         |
|         | - others, specify  | -                        | -                 | -   | -       |
| 5.      | Others, please Specify   | -                        | -                 | -   | -       |
|         | <b>Total</b>   | -                        | -                 | -   | -       |

\*kindly refer the caption 'Particulars of Employees' of the Board Report.

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

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

For and on behalf of the Board of  
Motilal Oswal Trustee Company Limited

Place : Mumbai  
Date : 22nd April, 2016.

**Motilal Oswal**  
Chairman  
(DIN : 00024503)

# INDEPENDENT AUDITORS' REPORT

To the Members of **MOTILAL OSWAL TRUSTEE COMPANY LIMITED**

## Report on the Standalone Financial Statements

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

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the annexure a statement of the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

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

- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from the examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. in our opinion the aforesaid standalone financial statements comply with the accounting standards notified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ;
- e. on the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of section 164(2) of the Act.
- f. with respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the companies (Audit and Auditor) Rule 2014, in our opinion to the best of our information and according to the explanations given to us:
  - i) there are no pending litigations on its financials position in the financials statement that need to be disclosed by the Company.
  - ii) the Company has not entered in to any long term contracts including derivatives contract. Hence provision for material foreseeable losses does not arise.
  - iii) there are no amount that need to transferred to Investor Education and Protection Fund by the Company.

For **P B K & CO**  
*Chartered Accountants*  
Firm Registration No.:122384W

**Premal H Gandhi**  
*Partner*  
Membership No. 111592

Place: Mumbai  
Date: 26th April, 2016

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

## **Annexure referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.  
(c) The Company did not have any immovable properties at anytime during the year. Hence, the requirements of sub clause (c) to clause (i) of paragraph 3 of the said Order are not applicable to the Company.
2. The Company did not have any inventory at anytime during the year. Hence, the requirements of clause (ii) of paragraph 3 of the said Order are not applicable to the Company.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act. Hence, the requirements of sub clause (a) (b) & (c) to clause (iii) of paragraph 3 of the said Order are not applicable to the Company.
4. According to the information and explanation given to us, in respect of loans, investments, guarantees, and security the company has complied with the provisions of section 185 and 186 of the companies Act, 2013.
5. The Company has not accepted any deposits from the public under the provisions of Sections 73 to 76 or any relevant provisions of the Companies Act and the rules framed there under.
6. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act for any activities of the Company.
7. (a) According to the information and explanation given to us and the records of the Company examined by us in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of investor education and protection fund, income-tax, sales- tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable with the appropriate authorities in India.  
(b) According to the information and explanations given to us, and the records of the Company examined by us, there are no dues in respect of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess as at March 31, 2016 which have not been deposited on account of any dispute.
8. According to the records of Company examined by us and the information and explanation given to us, the Company has not availed of any loans from the financial institutions or banks and has not issued debentures.
9. In our opinion, and according to the information and explanation given to us, no moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were not applied for the purposes for which those are raised.
10. During the course of our examination of books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year, nor have been informed of such case by the management.
11. The Company has not paid any managerial remuneration provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013. Hence, the requirements of paragraph 11 of the said Order are not applicable to the Company.
12. In our opinion, and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us, and the records of the Company examined by us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the Accounting Standard (AS) 18 - Related Party Transaction.
14. According to the information and explanations given to us, and the records of the Company examined by us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

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

15. According to the information and explanations given to us, and the records of the Company examined by us, the company has not entered into any non-cash transactions with directors or persons connected with him.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **P B K & CO**  
*Chartered Accountants*  
Firm Registration No.:122384W

**Premal H Gandhi**  
*Partner*  
Membership No. 111592

Place: Mumbai  
Date: 26th April, 2016

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

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

[Referred to in paragraph 4 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Motilal Oswal Trustee Company Limited on the standalone\* financial statements for the year ended 31st March 2016.

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

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

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

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

#### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

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

A company's internal financial control over financial reporting is a process designed to provide

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

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

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

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

of compliance with the policies or procedures may deteriorate.

## **Opinion**

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

For **P B K & CO**

*Chartered Accountants*

Firm Registration No.:122384W

**Premal H Gandhi**

*Partner*

Membership No. 111592

Place: Mumbai

Date: 26th April, 2016

# BALANCE SHEET

## Balance Sheet as at March 31, 2016

|                                    | Note No. | As at<br>31-Mar-16<br>In (₹) | As at<br>31-Mar-15<br>In (₹) |
|------------------------------------|----------|------------------------------|------------------------------|
| <b>I. EQUITY &amp; LIABILITIES</b> |          |                              |                              |
| <b>Share holders' funds :</b>      |          |                              |                              |
| Share Capital                      | 1        | 1,000,000                    | 1,000,000                    |
| Reserves and Surplus               | 2        | 1,227,681                    | 622,102                      |
| <b>Current Liabilities</b>         |          |                              |                              |
| Other Current Liabilities          | 3        | 73,742                       | 208,636                      |
| <b>TOTAL</b>                       |          | <b>2,301,423</b>             | <b>1,830,738</b>             |
| <b>II. ASSETS</b>                  |          |                              |                              |
| <b>Non - Current Assets</b>        |          |                              |                              |
| Long Term Loans and Advances       | 4        | 4,307                        | 38,056                       |
| <b>Current Assets</b>              |          |                              |                              |
| Trade Receivables                  | 5        | 3,684                        | 169,307                      |
| Cash and Cash Equivalents          | 6        | 2,113,674                    | 1,607,239                    |
| Short Term Loans and Advances      | 7        | 158,310                      | 66                           |
| Other Current Assets               | 8        | 21,447                       | 16,069                       |
| <b>TOTAL</b>                       |          | <b>2,301,423</b>             | <b>1,830,738</b>             |

Notes referred to above form an integral part of these financial statements

As per our attached report of even date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

M.No. : 111592

Place : Mumbai

Dated : 23rd April 2016

For and on behalf of the Board of  
**Motilal Oswal Trustee Company Limited**

**Motilal Oswal**

*Chairman*

DIN No : 00024503

**Sunil Goyal**

*Director*

DIN No : 00503570

# STATEMENT OF PROFIT AND LOSS

## Statement of Profit and Loss for the year ended 31st March, 2016

|  | Note No. | For the Period Ended<br>31-Mar-16<br>In (₹) | For the Period Ended<br>31-Mar-15<br>In (₹) |
|--|----------|---|---|
| <b>REVENUE:</b>                          |          |   |   |
| Revenue from Operations                  | 9        | 1,101,108                                   | 1,154,900                                   |
| Other Income                             | 10       | 120,842                                     | 65,670                                      |
| <b>Total Revenue (I + II)</b>            |          | <b>1,221,950</b>                            | <b>1,220,570</b>                            |
| <b>EXPENSES :</b>                        |          |   |   |
| Other Expenses                           | 11       | 345,568                                     | 367,211                                     |
| <b>Total Expenses</b>                    |          | <b>345,568</b>                              | <b>367,211</b>                              |
| <b>Profit Before Tax</b>                 |          | <b>876,382</b>                              | <b>853,359</b>                              |
| <b>Tax expense:</b>                      |          |   |   |
| Current Tax                              |          | 270,802                                     | 259,265                                     |
| MAT credit entitlement                   |          | –   | –   |
| Deferred tax                             |          | –   | –   |
| Prior Period Taxes                       |          | –   | 16,260                                      |
| <b>Profit for the Year/ Period</b>       |          | <b>605,579</b>                              | <b>577,834</b>                              |
| <b>Earnings per equity share:</b>        |          |   |   |
| Basic and diluted (Refer Note No. 20)    |          | 6.06  | 5.78  |
| Equity Shares of ₹ 10 each fully paid up |          |   |   |

Notes referred to above form an integral part of these financial statements

As per our attached report of even date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

M.No. : 111592

Place : Mumbai

Dated : 23rd April 2016

For and on behalf of the Board of  
**Motilal Oswal Trustee Company Limited**

**Motilal Oswal**

*Chairman*

DIN No : 00024503

**Sunil Goyal**

*Director*

DIN No : 00503570

# CASH FLOW STATEMENT

## Cash flow statement for the year ended March 31, 2016

| Particulars  | For the Year ended<br>31st March 2016<br>(₹) | For the Year ended<br>31st March 2015<br>(₹) |
|--|--|--|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                 |  |  |
| Profit before taxation                                     | 876,382                                      | 853,359                                      |
| Adjustment for :   |  |  |
| Interest received  | (118,287)                                    | (62,999)                                     |
| Interest received on IT refund                             | (2,555)                                      | (2,671)                                      |
| Adjustment for working capital changes :                   |  |  |
| Increase/(Decrease) in other current liabilities           | (10,745)                                     | (9,075)                                      |
| (Increase)/Decrease in trade receivable                    | 165,623                                      | (140,281)                                    |
| (Increase)/Decrease in short-term loans and advances       | (44,977)                                     | 1,936  |
| (Increase)/Decrease In Long term Loans & Advances          | 5,935  | 65   |
| (Increase)/Decrease in other current assets                | (5,378)                                      | (11,144)                                     |
| <b>CASH GENERATED FROM OPERATIONS</b>                      | <b>865,997</b>                               | <b>629,189</b>                               |
| Taxes Paid (Net of Refunds )                               | 480,406                                      | 73,439                                       |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>             | <b>385,592</b>                               | <b>555,750</b>                               |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                 |  |  |
| Interest received on fixed deposits                        | 118,287                                      | 62,999                                       |
| Interest received on IT refund                             | 2,555  | 2,671  |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>             | <b>120,842</b>                               | <b>65,670</b>                                |
| <b>NET CASH FLOW FOR THE YEAR</b>                          | <b>506,434</b>                               | <b>621,420</b>                               |
| Cash and bank balances comprise of                         |  |  |
| Balance with scheduled bank - In Current Account           | 915,405                                      | 285,819                                      |
| Fixed deposit with banks                                   | 691,834                                      | 700,000                                      |
| <b>Total Cash and bank balance as at beginning of year</b> | <b>1,607,239</b>                             | <b>985,819</b>                               |
| Cash and bank balance as at end of period :                |  |  |
| Balance with scheduled bank - In Current Account           | 114,280                                      | 915,405                                      |
| Fixed deposit with banks                                   | 1,999,394                                    | 691,834                                      |
| <b>Total Cash and bank balance as at end of year</b>       | <b>2,113,674</b>                             | <b>1,607,239</b>                             |

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

As per our attached report of even date

**For P B K & Co.**

Chartered Accountants

Firm Registration No. 122384W

**Premal H. Gandhi**

Partner

M.No. : 111592

Place : Mumbai

Dated : 23rd April 2016

For and on behalf of the Board of  
**Motilal Oswal Trustee Company Limited**

**Motilal Oswal**

Chairman

DIN No : 00024503

**Sunil Goyal**

Director

DIN No : 00503570

# NOTES TO FINANCIAL STATEMENT

## Note 1 : Share Capital

|  | As at 31-Mar-16  |           | As at 31-Mar-15  |           |
|--|------------------|-----------|------------------|-----------|
|  | Number of Shares | (₹)       | Number of Shares | (₹)       |
| <b>Authorised :</b>                      |                  |           |                  |           |
| Equity Shares of ₹ 10 each               | 100,000          | 1,000,000 | 100,000          | 1,000,000 |
| <b>Issued, Subscribed and Paid Up :</b>  |                  |           |                  |           |
| Equity Shares of ₹ 10 each fully paid up | 100,000          | 1,000,000 | 100,000          | 1,000,000 |

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

|   | As at 31-Mar-16 | As at 31-Mar-15 |
|---|-----------------|-----------------|
| Number of shares at the beginning of the year | 100,000         | 100,000         |
| Number of shares at the end of the year       | 100,000         | 100,000         |

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

(c) There are no shares reserved for issue under options or shares allotted as fully paid up by way of bonus shares or shares allotted as fully paid up pursuant to contracts without payment being received in cash (since incorporation of the Company).

(d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company.

| Name of Shareholder                                  | As at 31-Mar-16    |              | As at 31-Mar-15    |              |
|--|--------------------|--------------|--------------------|--------------|
|  | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Motilal Oswal Securities Limited the Holding Company | 100,000            | 100%         | 100,000            | 100%         |

### (e) Shares held by holding company

|   | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|---|------------------------|------------------------|
| <b>Equity shares :</b>  |                        |                        |
| 100,000 shares (March 31 , 2015: 100,000 shares) held by Motilal Oswal Securities Limited | 100,000                | 100,000                |

## Note 2: Reserves and Surplus

|   | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|---|------------------------|------------------------|
| <b>Surplus/(Deficit) in the Statement of Profit and Loss</b>  |                        |                        |
| Opening balance   | 622,102                | 44,267                 |
| Add: Net profit transferred from Statement of Profit and Loss | 605,579                | 577,834                |
| <b>Closing balance</b>  | <b>1,227,681</b>       | <b>622,102</b>         |

# NOTES TO FINANCIAL STATEMENT

## Note 3 : Other Current Liabilities

|  | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|--|------------------------|------------------------|
| Creditors for expenses                 | 63,652                 | 54,847                 |
| Withholding and other taxes payable    | 10,090                 | 29,640                 |
| Provision for tax (net of advance tax) | –                      | 124,149                |
| <b>TOTAL</b>                           | <b>73,742</b>          | <b>208,636</b>         |

## Note 4 : Long term loans and advances

|                       | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|-----------------------|------------------------|------------------------|
| Taxes Receivable      | 4,307                  | 32,121                 |
| Prepaid expenses (LT) | –                      | 5,935                  |
| <b>TOTAL</b>          | <b>4,307</b>           | <b>38,056</b>          |

## Note 5 : Trade receivables

|                            | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|----------------------------|------------------------|------------------------|
| Unsecured, considered good |                        |                        |
| Other debts                | 3,684                  | 169,307                |
| <b>TOTAL</b>               | <b>3,684</b>           | <b>169,307</b>         |

## Note 6 : Cash and cash equivalents

|  | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|--|------------------------|------------------------|
| Balances with banks                              |                        |                        |
| In current account                               | 114,280                | 915,405                |
| Other bank balance                               |                        |                        |
| Fixed Deposit with banks for less than 12 months | 1,999,394              | 691,834                |
| <b>TOTAL</b>                                     | <b>2,113,674</b>       | <b>1,607,239</b>       |

## Note 7 : Short term loans and advances

|                           | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|---------------------------|------------------------|------------------------|
| Taxes Receivable          | 113,267                | –                      |
| Prepaid expenses          | 3,998                  | 66                     |
| Indirect Taxes Receivable | 41,045                 | –                      |
| <b>TOTAL</b>              | <b>158,310</b>         | <b>66</b>              |

# NOTES TO FINANCIAL STATEMENT

## Note 8 : Other current assets

|                                    | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|------------------------------------|------------------------|------------------------|
| Accrued interest on fixed deposits | 21,447                 | 16,069                 |
| <b>TOTAL</b>                       | <b>21,447</b>          | <b>16,069</b>          |

## Note 9 : Revenue from operations

|              | For the Year<br>Ended<br>31-Mar-16<br>(₹) | For the Year<br>Ended 31-Mar-15<br>(₹) |
|--------------|---|--|
| Trustee fees | 1,101,108                                 | 1,154,900                              |
| <b>TOTAL</b> | <b>1,101,108</b>                          | <b>1,154,900</b>                       |

## Note 10 : Other income

|  | For the Year<br>Ended<br>31-Mar-16<br>(₹) | For the Year<br>Ended 31-Mar-15<br>(₹) |
|--|---|--|
| Interest received on deposits with banks | 118,287                                   | 62,999                                 |
| Interest on IT Refund                    | 2,555                                     | 2,671                                  |
| <b>TOTAL</b>                             | <b>120,842</b>                            | <b>65,670</b>                          |

## Note 11 : Other Expenses

|                                       | For the Year<br>Ended<br>31-Mar-16<br>(₹) | For the Year<br>Ended 31-Mar-15<br>(₹) |
|---------------------------------------|---|--|
| Legal and professional fees           | 84,095                                    | 73,268                                 |
| Auditors remuneration (Refer Note 16) | 25,062                                    | 29,047                                 |
| Rates & Taxes                         | 1,971                                     | 2,001                                  |
| Director sitting fees                 | 230,500                                   | 251,012                                |
| Filing fees                           | 2,232                                     | 8,408                                  |
| Miscellaneous expenses                | 1,708                                     | 3,475                                  |
| <b>TOTAL</b>                          | <b>345,568</b>                            | <b>367,211</b>                         |

## Note 12 : Background

Motilal Oswal Trustee Company Limited (MOTC/ the Company) was incorporated on November 14, 2008. The principal shareholder of the Company as at March 31, 2016 is Motilal Oswal Securities Limited (MOSL).

The Company acts as the Trustee to Motilal Oswal Mutual Fund. SEBI has granted registration to Motilal Oswal Mutual Fund under SEBI (Mutual Funds) Regulations, 1996 vide Registration No. MF/063/09/04 dated December 29, 2009.

# NOTES TO FINANCIAL STATEMENT

## Note 13 : Significant accounting policies

### (a) Basis of preparation

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

All assets and liabilities have been classified as current or noncurrent as per the company's normal operating cycle and other criteria set out in the schedule III to the Companies Act 2013. Based on the nature of business the company has ascertained its operating cycle as twelve months for the purpose of current and non - current classification of assets and liabilities.

### (b) Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to such estimates are recognized prospectively in the current and future periods.

### (c) Investments

Transactions for purchase and sale of investments are recognized as at the trade date.

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

Long term investments are valued at cost and a provision is made to recognize any diminution in value, other than temporary, determined separately for each investment.

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

### (d) Revenue Recognition

Revenue is recognized when there is reasonable certainty of its ultimate realization/collection.

#### – Trustee fees

Trustee fees are recognized on an accrual basis, based on daily average assets under management (AUM) of the Schemes of Motilal Oswal Mutual Fund.

#### – Interest income

Interest income is accounted on an accrual basis.

### (e) Taxes on income

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

#### – Current tax

Current tax is determined as the amount payable in respect of taxable income for the year. While computing the taxable income, due credit is taken for allowances and exemption in accordance with Indian Income Tax Act, 1961. In case of matters under appeal due to disallowance or otherwise, full provision is made when the said liabilities are accepted by the Company.

#### – Minimum Alternate Tax

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

#### – Deferred tax

Deferred tax is recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in future. However, where there is an unabsorbed depreciation or a carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

# NOTES TO FINANCIAL STATEMENT

## (f) Earnings per share

Basic earning per share is computed by dividing net profit or loss for the period by the weighted average number of equity shares outstanding during the period.

Diluted earning per share is computed by dividing the net profit or loss for the period by the weighted average number of shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

## (g) Contingencies and provisions

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

## Note 14 : Taxes on income

### Current Tax

Provision for the current tax is made on the basis of taxable income for the year.

## Note 15 :

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

## Note 16 : Auditors' Remuneration

### Particulars

|              | April 1, 2015 to<br>March 31, 2016<br>(₹) | April 1, 2014 to<br>March 31, 2015<br>(₹) |
|--------------|---|---|
| Audit fees   | 25,000                                    | 18,750                                    |
| <b>TOTAL</b> | <b>25,000</b>                             | <b>18,750</b>                             |

## Note 17 : Segment Information:

The Company's principal activity is to acts as a Trustee for the schemes of Motilal Oswal Mutual Fund. In the opinion of the management separate segments under Accounting Standard 17 on "Segment Reporting", issued by the Institute of Chartered Accountants of India are not required to be reported as the Company is engaged only in one business segment.

## Note 18 : Earnings per share

Basic earning per share is computed by dividing net profit or loss for the period by the weighted average number of equity shares outstanding during the period.

The numerator and denominators used to calculate basic and diluted earnings per share are as under:

### Particulars

|  | April 1, 2015 to<br>March 31, 2016<br>(₹) | April 1, 2014 to<br>March 31, 2015<br>(₹) |
|--|---|---|
| Profit attributable to equity shareholders (₹)                       | 605,579                                   | 577,834                                   |
| Weighted average number of equity shares outstanding during the year | 100,000                                   | 100,000                                   |
| Nominal value per share (₹)  | 10  | 10  |
| <b>Earnings per share (Basic and diluted) (₹)</b>                    | <b>6.06</b>                               | <b>5.78</b>                               |

# NOTES TO FINANCIAL STATEMENT

## Note 19 : Related Party Disclosure:-

### Names of Related Parties:-

#### (i) Relationships during the year

##### Holding Company

- Motilal Oswal Securities Limited

##### Holding Company of Motilal Oswal Securities Limited:

- Motilal Oswal Financial Services Limited

##### Ultimate Holding Company:

- Passionate Investment Management Private Limited

##### Fellow subsidiaries:

- Motilal Oswal Capital Markets Private Limited
- Motilal Oswal Asset Management Company Limited
- Motilal Oswal Insurance Brokers Private Limited
- Motilal Oswal Commodities Broker Private Limited
- Motilal Oswal Investment Advisors Private Limited
- MOPE Investment Advisors Private Limited
- Motilal Oswal Real Estate Investment Advisors Private Limited
- Motilal Oswal Real Estate Investment Advisors II Private Limited
- India Business Excellence Management Company
- Motilal Oswal Wealth Management Limited
- Motilal Oswal Capital Markets (Hongkong) Private Limited
- Motilal Oswal Capital Markets Singapore Pte. Limited
- Motilal Oswal Securities International Private Limited
- Aspire Home Finance Corporation Limited
- Motilal Oswal Asset Management (Mauritius) Private Limited
- Nagori Agro & Cattle Feeds Private Limited
- VISU Associates - Partnership firm
- OSAG Enterprises LLP

##### Key management personnel

- Motilal Oswal – Chairman

##### Enterprises in which key managerial personnel exercise significant influence

- Motilal Oswal Foundation

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

## Note 20 :

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

## Note 21 :

Previous year figures have been regrouped/rearranged where necessary to confirm to year's classification.

### For P B K & Co.

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

M.No. : 111592

Place : Mumbai

Dated : 23rd April 2016

For and on behalf of the Board of  
**Motilal Oswal Trustee Company Limited**

**Motilal Oswal**

*Chairman*

DIN No : 00024503

**Sunil Goyal**

*Director*

DIN No : 00503570

# **Motilal Oswal Securities International Private Limited**

**Annual Report 2015-2016**

# BOARD'S REPORT

To the Members,

Your Directors have pleasure in presenting their 5th Annual Report together with the audited Financial Statement of your Company for the year ended 31st March, 2016.

## Financial Highlights

A summary of the financial performance of the Company for the financial year ended on 31st March, 2016 is given below:

Amount (₹)

| Particulars   | Financial Year Ended<br>31st March, 2016 | Financial Year Ended<br>31st March, 2015 |
|---|--|--|
| Revenue   | 19,940,856                               | 19,505,599                               |
| Profit before Interest, Depreciation & Taxation             | 2,622,867                                | 2,573,100                                |
| Interest Paid   | –  | –  |
| Depreciation  | –  | –  |
| <b>Profit / (Loss) before Taxation and exceptional item</b> | <b>2,622,867</b>                         | <b>2,573,100</b>                         |
| Less: Provision for Taxation                                |  |  |
| Current Tax   | 499,787                                  | 490,304                                  |
| Deferred Tax  | 515,867                                  | 631,272                                  |
| MAT credit entitlement                                      | (204,421)                                | (315,901)                                |
| Profit / (Loss) for the year                                | 1,811,634                                | 1,767,425                                |
| Balance Profit / (Loss) brought Forward                     | (3,564,062)                              | (5,331,486)                              |
| Less: Transfer to General Reserve                           | –  | –  |
| Less: Transitional Depreciation                             | –  | –  |
| Balance Profit / (Loss) carried Forward                     | (1,752,428)                              | (3,564,061)                              |

## Review of Operations and Future Outlook

During the year ended 31st March, 2016, the revenue of MOSIPL increased from ₹ 19.51 million to ₹ 19.94 million representing in the growth of 2.23%. The profit of the Company after tax was ₹ 1.81 million as compared to ₹ 1.77 million in the previous financial year.

The Company has registered under, Foreign Account Tax Compliance Act (FATCA)(GIN No. - NJWIGB.99999.SL.356), although there is no obligation on its part for being registered.

As the Company is only an Advisory entity, the provisions of US Foreign Account Tax Compliance Act (FATCA) are not applicable to the Company.

## Dividend and Reserves

Your Directors have not recommended payment of dividend for the Financial Year 2015-16 with a view to conserve the resources of the Company for the expansion of the operations of the Company.

During the year under review, the Company did not transfer any amount to Reserves.

## Share Capital

The issued and paid-up share capital of the Company as on 31st March, 2016 is ₹ 45,692,000/- divided into 4,569,200 Equity Shares of ₹ 10/- each.

## Deposits and Loans / Advances

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013 during the year under review.

The Company has not made any loans / advances which is required to be disclosed in the annual accounts of the Company pursuant to Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## Subsidiaries / Joint Ventures / Associate Companies

The Company does not have any Subsidiary Companies, Joint Ventures and Associate Companies as on 31st March, 2016.

## Directors

During the year, there was no appointment or resignation of Directors(s).

Mr. Harsh Joshi, Director of the Company, retires by rotation at the forthcoming Annual General Meeting and being eligible has offered himself for re-appointment.

## Number of Board Meetings

The Board meets at regular intervals to discuss and decide on the Company / business policy and strategy apart from other Board business. During the year under review, four Board Meetings were held and the interval between any two meetings was not more than 120 days. The date of the meetings and the status of attendance of Directors at these Board Meetings are as follows:

| Name of the Director                | Designation | Director Identification Number (DIN) | Meetings attended in Financial Year |
|-------------------------------------|-------------|--------------------------------------|-------------------------------------|
| Mr. Ajay Menon                      | Director    | 00024589                             | 4                                   |
| Mr. Rajesh Dharamshi                | Director    | 01415232                             | 4                                   |
| Mr. Harsh Joshi                     | Director    | 02951058                             | 4                                   |
| Total meetings held during the year |             |                                      | 4                                   |

## Business Risk Management

The organization realizes the importance of Enterprise Risk Management (ERM) framework and had taken early initiatives towards its implementation of business risk management policy. The organization has introduced several improvements to the business risk management policy.

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

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

## Internal Financial Controls

The Company has in place adequate Internal Financial Control systems with reference to financial statements. During the year under review, no material or serious observation has been received from the Auditors of the Company for inefficiency or inadequacy of such controls.

## Loans, Guarantees and Investments

During the year under review, there were no loans and guarantees given by the Company as well as no investments was made by the Company.

## Related Party Transactions

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

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

## Statutory Auditors

Your Company had appointed M/s P B K & Co., as Statutory Auditors for the term of five years at the Annual General Meeting held on 30th September, 2014. In compliance with the provisions of Section 139 of the Companies Act, 2013, the appointment of the auditors is to be ratified by the members at every Annual General Meeting. M/s P B K & Co, Chartered Accountant (ICAI Firm Registration No. 122384W) have given their consent for re-appointment. The members are requested to ratify the appointment of Auditors and fix their remuneration.

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

There were no qualifications, reservations, adverse remarks or disclaimers in the report of Statutory Auditors of the Company nor any frauds were reported by the Auditor under section 143(12) of the Companies Act, 2013.

## **Particulars of Employees as required under section 197 of the Companies Act, 2013 and rules framed there under**

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

## **Change of Situation of Registered Office of the Company within city limits**

During the financial year 2015-16, your Company has shifted its registered office for operational convenience from Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad-West, Mumbai - 400064 to Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai - 400025 with effect from 15th March, 2016.

## **Directors' Responsibility Statement**

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (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, 2016 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis; and
- (v) they have devised proper systems to ensure compliance with the provisions of all applicable laws and the systems were adequate and operating effectively.

## **Extract of Annual Return**

The Extract of Annual Return in Form MGT-9 under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed herewith to this report as "Annexure 2".

## **Significant and Material Orders**

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

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

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

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

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

There was no foreign exchange inflow during the year under review. The details of foreign outflow are given in note no. 7 to Financial Statement.

## **Mandatory disclosures in the Boards' Report**

Following mandatory disclosures in the Boards' Report pursuant to the provisions of the Companies Act, 2013 are not applicable to the Company:

- Section 134(3)(d) - A statement on declaration given by independent directors under sub-section (7) of Section 149;
- Section 134(3)(e) - As per sub-section (1) of section 178, policies on appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178;
- Section 134(3)(f) - Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the Company secretary in practice in his secretarial audit report;
- Section 134(3)(l) - Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relate and the date of the report;
- Section 135 - Corporate Social Responsibility;
- Section 177 - Audit Committee;
- Section 177(9) - Establishment of Vigil Mechanism;
- Section 178 - Nomination And Remuneration Committee and stakeholders Relationship Committee;
- Section 203 - Appointment of Key Managerial Personnel;
- Section 204 - Secretarial Audit;
- Performance Evaluation of the Board of Directors;

## **Acknowledgments**

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

For and on behalf of the Board of  
**Motilal Oswal Securities International Private Limited**

**Ajay Menon**  
*Chairman*  
DIN: 00024589

Place : Mumbai

Date : 22nd April, 2016.

# ANNEXURE 1 TO THE BOARD'S REPORT

## Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

### 1. Details of contracts or arrangements or transactions not at arm's length basis

Not Applicable

### 2. Details of material\* contracts or arrangement or transactions at arm's length basis

(Amount in ₹)

| Sr. No. | Name of the Related Party        | Nature of the relationship | Nature of Contract             | Duration of Contract | Salient terms of the contracts or arrangements or transactions including the value, if any                             | Amount paid as advances, if any |
|---------|----------------------------------|----------------------------|--------------------------------|----------------------|--|---------------------------------|
| 1       | Motilal Oswal Securities Limited | Holding Company            | Rendering of Advisory Services | On going             | Advisory Fees received by Motilal Oswal Securities International Private Limited from Motilal Oswal Securities Limited | Nil                             |

\* Definition of Materiality has been adopted from Regulation 23 of the Listing Regulations, 2015 which states as follows: Transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statement of the Company. Since the Company does not have any subsidiary Company, materiality is decided based on transactions exceeding 10% of the standalone turnover as per the last audited financial statement of the Company.

For and on behalf of the Board of  
**Motilal Oswal Securities International Private Limited**

Place : Mumbai

Date : 22nd April, 2016.

**Ajay Menon**

Chairman

(DIN : 00024589)

# ANNEXURE 2 TO THE BOARD'S REPORT

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. Registration and Other Details:

|  |  |
|--|--|
| i) CIN   | U65929MH2011PTC219141  |
| ii) Registration Date  | 27th June, 2011  |
| iii) Name of the Company   | Motilal Oswal Securities International Private Limited   |
| iv) Category / Sub Category of the Company                                     | Public Limited Company   |
| v) Address of the Registered Office and contact details                        | Motilal Oswal Tower, Rahimtullah Sayani Road,<br>Opposite Parel ST Depot, Prabhadevi,<br>Mumbai-400025.<br>Tel. No. +91 22 3980 4200 |
| vi) Whether Shares Listed On Recognized Stock Exchange(s)                      | No   |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | N.A.   |

#### II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

| Sr. No. | Name and Description of main products / services | NIC Code of the Product / Service | % to total turnover of the company |
|---------|--|-----------------------------------|------------------------------------|
| 1       | Advisory Fees                                    | 6619                              | 99.87%                             |

#### III. Particulars of Holding, Subsidiary and Associate Companies

| Sr. No | Name and Address of the Company         | CIN / GLN             | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|--------|---|-----------------------|----------------------------------|------------------|--------------------|
| 1.     | Motilal Oswal Securities Limited (MOSL) | U65990MH1994PLC079418 | Holding                          | 100              | 2(46)              |

#### Note:

1. There are no Subsidiary and Associate Companies of the Company as on 31st March, 2016.
2. Passionate Investment Management Private Limited (PIMPL) is the ultimate holding Company and holds 54.01% shares in Motilal Oswal Financial Services Limited (MOFSL).
3. Motilal Oswal Financial Services Limited (MOFSL) holds 100% shares in Motilal Oswal Securities Limited (MOSL).

# ANNEXURE 2 TO THE BOARD'S REPORT

## IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Share Holding

| Category of Shareholders                               | No. of Shares held at the beginning of the year |           |           |                   | No. of Shares held at the end of the year |           |           |                   | % Change during the year |
|--|---|-----------|-----------|-------------------|---|-----------|-----------|-------------------|--------------------------|
|  | Demat   | Physical  | Total     | % of Total Shares | Demat                                     | Physical  | Total     | % of Total Shares |                          |
| <b>A. Promoters</b>                                    |   |           |           |                   |   |           |           |                   |                          |
| (1) Indian   |   |           |           |                   |   |           |           |                   |                          |
| Bodies Corp  | –   | 45,69,200 | 45,69,200 | 100               | –   | 45,69,200 | 45,69,200 | 100               | 0                        |
| Sub-total (A) (1)                                      | –   | 45,69,200 | 45,69,200 | 100               | –   | 45,69,200 | 45,69,200 | 100               | 0                        |
| (2) Foreign  | –   | –         | –         | –                 | –   | –         | –         | –                 | –                        |
| Sub-total (A) (2)                                      | –   | –         | –         | –                 | –   | –         | –         | –                 | –                        |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2)     | –   | 45,69,200 | 45,69,200 | 100               | –   | 45,69,200 | 45,69,200 | 100               | 0                        |
| <b>B. Public Shareholding</b>                          |   |           |           |                   |   |           |           |                   |                          |
| 1. Institutions  | –   | –         | –         | –                 | –   | –         | –         | –                 | –                        |
| Sub-total (B)(1)                                       | –   | –         | –         | –                 | –   | –         | –         | –                 | –                        |
| 2. Non-Institutions                                    | –   | –         | –         | –                 | –   | –         | –         | –                 | –                        |
| Sub-total (B)(2)                                       | –   | –         | –         | –                 | –   | –         | –         | –                 | –                        |
| Total Public Shareholding (B)=(B)(1)+ (B)(2)           | –   | –         | –         | –                 | –   | –         | –         | –                 | –                        |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b> | –   | –         | –         | –                 | –   | –         | –         | –                 | –                        |
| <b>GRAND TOTAL (A+B+C)</b>                             | –   | 45,69,200 | 45,69,200 | 100               | –   | 45,69,200 | 45,69,200 | 100               | 0                        |

### (ii) Shareholding of Promoters

| Sr. No. | Shareholder's Name  | Shareholding at the beginning of the year |                                  |  | Share holding at the end of the year |                                      |   |  |
|---------|---|---|----------------------------------|--|--------------------------------------|--------------------------------------|---|--|
|         |   | No. of shares                             | % of total shares of the company | % of shares Pledged / encumbered to total shares | No. of shares                        | % of the total shares of the company | % of the shares pledged/ encumbered to total shares | % change in shareholding during the year |
| 1       | Motilal Oswal Securities Ltd.                             | 45,69,100                                 | 100                              | –  | 45,69,100                            | 100                                  | –   | 0  |
| 2       | Motilal Oswal Securities Ltd. Jointly with Mr. Ajay Menon | 100                                       | 0                                | –  | 100                                  | 0                                    | –   | 0  |
|         | <b>Total</b>  | <b>45,69,200</b>                          | <b>100</b>                       | <b>–</b>   | <b>45,69,200</b>                     | <b>100</b>                           | <b>–</b>  | <b>0</b>                                 |

### iii) Change in Promoters' Shareholding

| Sr. No. | Shareholder's Name  | Shareholding at the Beginning / end of the year |                                  | Date       | Increase / (Decrease) in Shareholding | Reason                       | Cumulative Shareholding during the year |                                  |
|---------|---|---|----------------------------------|------------|---------------------------------------|------------------------------|---|----------------------------------|
|         |   | No. of Shares                                   | % of total Shares of the company |            |                                       |                              | No. of Shares                           | % of total Shares of the company |
| 1       | Motilal Oswal Securities Ltd.                             | 45,69,100                                       | 100                              | 01-04-2015 | 0                                     | Nil movement during the year | 45,69,100                               | 100                              |
|         |   | 45,69,100                                       | 100                              | 31-03-2016 |                                       |                              |   |                                  |
| 2       | Motilal Oswal Securities Ltd. Jointly with Mr. Ajay Menon | 1   | 0                                | 01-04-2015 | 0                                     | Nil movement during the year | 1                                       | 0                                |
|         |   | 1   | 0                                | 31-03-2016 |                                       |                              |   |                                  |

# ANNEXURE 2 TO THE BOARD'S REPORT

## iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | For each of the Top 10 Shareholders | Shareholding at the Beginning of the year |                                  | Shareholding at the End of the year |                                  | Cumulative Shareholding During the year |                                  |
|---------|-------------------------------------|---|----------------------------------|-------------------------------------|----------------------------------|---|----------------------------------|
|         |                                     | No. of shares                             | % of total Shares of the company | No. of shares                       | % of total Shares of the company | No. of shares                           | % of total Shares of the company |
| NIL     |                                     |   |                                  |                                     |                                  |   |                                  |

## v) Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | Name | Designation | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|------|-------------|---|----------------------------------|---|----------------------------------|
|         |      |             | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| NIL     |      |             |   |                                  |   |                                  |

## V. Indebtedness

### Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Amount in ₹)

| Particulars  | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |          |                    |
| i) Principal Amount  | -                                | -               | -        | -                  |
| ii) Interest due but not paid                              | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                          | -                                | -               | -        | -                  |
| <b>Total (i+ii+iii)</b>                                    | -                                | -               | -        | -                  |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                 |          |                    |
| • Addition   | -                                | -               | -        | -                  |
| • Reduction  | -                                | -               | -        | -                  |
| <b>Net Change</b>  | -                                | -               | -        | -                  |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                 |          |                    |
| i) Principal Amount  | -                                | -               | -        | -                  |
| ii) Interest due but not paid                              | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                          | -                                | -               | -        | -                  |
| <b>Total (i+ii+iii)</b>                                    | -                                | -               | -        | -                  |

# ANNEXURE 2 TO THE BOARD'S REPORT

## VI. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and / or Manager :

(Amount in ₹)

| Sr. No. | Particulars of Remuneration   | Name of MD / WTD / Manager | Total Amount |
|---------|---|----------------------------|--------------|
| 1       | <b>Gross salary</b>   |                            |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | –                          | –            |
|         | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | –                          | –            |
|         | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961       | –                          | –            |
| 2       | Stock Option  | –                          | –            |
| 3       | Sweat Equity  | –                          | –            |
| 4       | Commission as % of profit   | –                          | –            |
| 5       | Others, please specify Variable Incentives  | –                          | –            |
|         | <b>Total (A)</b>  | –                          | –            |
|         | Ceiling as per the Act<br>*5% of the net profit calculated as per Section 198       |                            | –            |

### B. Remuneration to other directors:

(Amount in ₹)

| Sr. No. | Particulars of Remuneration                    | Name of Directors | Total Amount |
|---------|--|-------------------|--------------|
| 1.      | Independent Directors                          |                   |              |
|         | • Fee for attending board / committee meetings | –                 | –            |
|         | • Commission                                   | –                 | –            |
|         | • Others, please specify                       | –                 | –            |
|         | <b>Total (1)</b>                               | –                 | –            |
| 2.      | Other Non-Executive Directors                  |                   |              |
|         | • Fee for attending board / committee meetings | –                 | –            |
|         | • Commission                                   | –                 | –            |
|         | • Others, please specify                       | –                 | –            |
|         | <b>Total</b>                                   | –                 | –            |

### C. Remuneration to key managerial personnel other than MD / Manager / WTD: Nil

(Amount in ₹)

| Sr. No. | Particulars of Remuneration   | Key Managerial Personnel |                   |     |       |
|---------|---|--------------------------|-------------------|-----|-------|
|         |   | CEO                      | Company Secretary | CFO | Total |
| 1       | Gross salary  |                          |                   |     |       |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | –                        | –                 | –   | –     |
|         | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | –                        | –                 | –   | –     |
|         | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961       | –                        | –                 | –   | –     |

# ANNEXURE 2 TO THE BOARD'S REPORT

## VII. Penalties / Punishment / Compounding of Offences:

| Type                                 | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give Details) |
|--------------------------------------|------------------------------|-------------------|---|-------------------------------|------------------------------------|
| <b>A. COMPANY:</b>                   |                              |                   |   |                               |                                    |
| Penalty                              | -                            | -                 | -   | -                             | -                                  |
| Punishment                           | -                            | -                 | -   | -                             | -                                  |
| Compounding                          | -                            | -                 | -   | -                             | -                                  |
| <b>B. DIRECTORS:</b>                 |                              |                   |   |                               |                                    |
| Penalty                              | -                            | -                 | -   | -                             | -                                  |
| Punishment                           | -                            | -                 | -   | -                             | -                                  |
| Compounding                          | -                            | -                 | -   | -                             | -                                  |
| <b>C. OTHER OFFICERS IN DEFAULT:</b> |                              |                   |   |                               |                                    |
| Penalty                              | -                            | -                 | -   | -                             | -                                  |
| Punishment                           | -                            | -                 | -   | -                             | -                                  |
| Compounding                          | -                            | -                 | -   | -                             | -                                  |

For and on behalf of the Board of  
**Motilal Oswal Securities International Private Limited**

**Ajay Menon**  
*Chairman*  
(DIN : 00024589)

Place : Mumbai  
Date : 22nd April, 2016.

# INDEPENDENT AUDITORS' REPORT

To the Members of **MOTILAL OSWAL SECURITIES INTERNATIONAL PRIVATE LIMITED**

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Motilal Oswal Securities International Private Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2016 and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the annexure a statement of the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from the examination of those books;

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. in our opinion the aforesaid standalone financial statements comply with the accounting standards notified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ;
- e. on the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of section 164(2) of the Act.
- f. with respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the companies (Audit and Auditor) Rule 2014, in our opinion to the best of our information and according to the explanations given to us:
  - i) there are no pending litigations on its financials position in the financials statement that need to be disclosed by the Company.
  - ii) the Company has not entered in to any long term contracts including derivatives contract. Hence provision for material foreseeable losses does not arise.
  - iii) there are no amount that need to transferred to Investor Education and Protection Fund by the Company.

For **P B K & Co**  
*Chartered Accountants*  
Firm Registration No.:122384W

**Premal H Gandhi**  
*Partner*  
Membership No. 111592

Place: Mumbai  
Date: 25th April, 2016

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## **Annexure referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.  
(c) The Company did not have any immovable properties at anytime during the year. Hence, the requirements of sub clause (c) to clause (i) of paragraph 3 of the said Order are not applicable to the Company.
2. The Company did not have any inventory at anytime during the year. Hence, the requirements of clause (ii) of paragraph 3 of the said Order are not applicable to the Company.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act. Hence, the requirements of sub clause (a) (b) & (c) to clause (iii) of paragraph 3 of the said Order are not applicable to the Company.
4. According to the information and explanation given to us, in respect of loans, investments, guarantees, and security the company has complied with the provisions of section 185 and 186 of the companies Act, 2013.
5. The Company has not accepted any deposits from the public under the provisions of Sections 73 to 76 or any relevant provisions of the Companies Act and the rules framed there under.
6. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act for any activities of the Company.
7. (a) According to the information and explanation given to us and the records of the Company examined by us in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of investor education and protection fund, income-tax, sales- tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable with the appropriate authorities in India.  
(b) According to the information and explanations given to us, and the records of the Company examined by us, there are no dues in respect of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess as at March 31, 2016 which have not been deposited on account of any dispute.
8. According to the records of Company examined by us and the information and explanation given to us, the Company has not availed of any loans from the financial institutions or banks and has not issued debentures.
9. In our opinion, and according to the information and explanation given to us, no moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were not applied for the purposes for which those are raised.
10. During the course of our examination of books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year, nor have been informed of such case by the management.
11. The Company has not paid any managerial remuneration provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013. Hence, the requirements of paragraph 11 of the said Order are not applicable to the Company.
12. In our opinion, and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us, and the records of the Company examined by us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the Accounting Standard (AS) 18 - Related Party Transaction.
14. According to the information and explanations given to us, and the records of the Company examined by us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

15. According to the information and explanations given to us, and the records of the Company examined by us, the company has not entered into any non-cash transactions with directors or persons connected with him.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **P B K & Co**  
*Chartered Accountants*  
Firm Registration No.:122384W

**Premal H Gandhi**  
*Partner*  
Membership No. 111592

Place: Mumbai  
Date: 25th April, 2016

# BALANCE SHEET

## Balance Sheet as at March 31, 2016

|                                 | Note No. | As at<br>31-Mar-16<br>(In ₹) | As at<br>31-Mar-15<br>(In ₹) |
|---------------------------------|----------|------------------------------|------------------------------|
| <b>EQUITY &amp; LIABILITIES</b> |          |                              |                              |
| <b>Share Holder's Funds:</b>    |          |                              |                              |
| Share Capital                   | 1        | 45,692,000                   | 45,692,000                   |
| Reserves & Surplus              | 2        | (1,752,428)                  | (3,564,061)                  |
|                                 |          | <b>43,939,572</b>            | <b>42,127,939</b>            |
| <b>Non Current Liabilities</b>  |          |                              |                              |
| Long Term Provisions            | 3        | 62,750                       | 251,827                      |
|                                 |          | <b>62,750</b>                | <b>251,827</b>               |
| <b>Current Liabilities</b>      |          |                              |                              |
| Other Current Liabilities       | 4        | 2,575,497                    | 4,171,671                    |
| Short Term Provisions           | 5        | 880,090                      | 99,683                       |
|                                 |          | <b>3,455,587</b>             | <b>4,271,354</b>             |
| <b>TOTAL</b>                    |          | <b>47,457,910</b>            | <b>46,651,120</b>            |
| <b>ASSETS</b>                   |          |                              |                              |
| <b>Non - Current Assets</b>     |          |                              |                              |
| Long Term Loans and Advances    | 6        | 3,305,161                    | 2,450,054                    |
| Deferred Tax Assets (net)       | 7        | 1,235,995                    | 1,751,862                    |
|                                 |          | <b>4,541,156</b>             | <b>4,201,916</b>             |
| <b>Current Assets</b>           |          |                              |                              |
| Cash and Cash Equivalents       | 8        | 38,075,792                   | 38,858,025                   |
| Trade Receivables               | 9        | 2,716,041                    | 2,121,281                    |
| Other Current Assets            | 10       | 2,124,921                    | 1,469,898                    |
|                                 |          | <b>42,916,754</b>            | <b>42,449,204</b>            |
| <b>TOTAL</b>                    |          | <b>47,457,910</b>            | <b>46,651,120</b>            |

Notes to Accounts referred above form a integral part of the financial statements

As per our attached report of even date

**For P B K & Co.**

Chartered Accountants

Firm Registration No. 122384W

**Premal H. Gandhi**

Partner

M.No. : 111592

Place : Mumbai

Date : 22nd April, 2016

For and on behalf of the Board of  
**Motilal Oswal Securities International Private Limited**

**Ajay Menon**

Director

DIN No:

**Rajesh Dharamshi**

Director

DIN No: 2951058

# STATEMENT OF PROFIT AND LOSS

## Statement of Profit and Loss for the period ended 31st March, 2016

|  | Note No. | For the Period ended<br>31-Mar-16<br>(In ₹) | For the Period ended<br>31-Mar-15<br>(In ₹) |
|--|----------|---|---|
| <b>REVENUE :</b>   |          |   |   |
| Revenue from Operations  | 11       | 19,915,687                                  | 19,472,373                                  |
| Other Income   | 12       | 25,169                                      | 33,226                                      |
| <b>Total Revenue</b>   |          | <b>19,940,856</b>                           | <b>19,505,599</b>                           |
| <b>EMPLOYEE BENEFITS</b>   |          |   |   |
| Other Expense  | 13       | 6,892,054                                   | 5,032,893                                   |
|  | 14       | 10,425,935                                  | 11,899,606                                  |
| <b>Total Expenses</b>  |          | <b>17,317,989</b>                           | <b>16,932,499</b>                           |
| <b>Profit/(Loss) Before Tax</b>  |          | <b>2,622,867</b>                            | <b>2,573,100</b>                            |
| <b>Tax Expenses :</b>  |          |   |   |
| Current Tax (MAT)  |          | 499,787                                     | 490,304                                     |
| MAT credit entitlement   |          | (204,421)                                   | (315,901)                                   |
| Deferred Tax   |          | 515,867                                     | 631,272                                     |
| <b>Profit/(Loss) for the year</b>  |          | <b>1,811,634</b>                            | <b>1,767,425</b>                            |
| <b>Earnings Per Share (₹)</b>  |          |   |   |
| Basic and Diluted Earnings/(Loss) per share<br>(Face value of ₹ 10 each) |          | 0.40  | 0.39  |

Notes referred above form part is an integral part of financial statements.

As per our attached report of even date

**For P B K & Co.**

Chartered Accountants

Firm Registration No. 122384W

**Premal H. Gandhi**

Partner

M.No. : 111592

Place : Mumbai

Date : 22nd April, 2016

For and on behalf of the Board of

**Motilal Oswal Securities International Private Limited**

**Ajay Menon**

Director

DIN No:

**Rajesh Dharamshi**

Director

DIN No: 2951058

# CASH FLOW STATEMENT

## Cash flow statement as of 31st March, 2016

| Particulars   | For the Year ended<br>31st March, 2016<br>In (₹) | For the Year ended<br>31st March, 2015<br>In (₹) |
|---|--|--|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>          |  |  |
| <b>PROFIT/(LOSS) BEFORE TAX</b>                     | 2,622,867  | 2,573,100  |
| Add/(Less):   |  |  |
| 1) Interest Received                                | –  | –  |
| 2) Effect of exchange rate changes                  | 4,582  | 40,811   |
| 3) Dividend Received                                | 4,582  | –  |
|   |  | 40,811   |
| <b>OPERATING PROFIT/(LOSS)</b>                      | <b>2,627,449</b>                                 | <b>2,613,911</b>                                 |
| Adjustment For:                                     |  |  |
| (Increase)/Decrease In Sundry Debtors               | (594,760)  | (2,121,281)                                      |
| (Increase)/Decrease In Other Current Assets         | (447,048)  | 40,618   |
| (Increase)/Decrease In Long Term Loans & Advances   | 4,000  | (358,000)  |
| Increase/ (Decrease) In Provision                   | 591,330  | 347,637  |
| Increase/ (Decrease) In Current Liabilities         | (1,596,174)                                      | (437,728)  |
|   | (2,042,652)                                      | (2,528,754)                                      |
| <b>CASH GENERATED FROM OPERATIONS</b>               | <b>584,797</b>                                   | <b>85,157</b>                                    |
| Taxes Paid  | (1,362,448)                                      | (1,483,752)                                      |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>           | <b>(777,651)</b>                                 | <b>(1,398,595)</b>                               |
| CASH FLOW FROM INVESTING ACTIVITIES                 |  |  |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>      | <b>–</b>   | <b>–</b>   |
| CASH FLOW FROM FINANCING ACTIVITIES                 |  |  |
| <b>NET CASH FLOW FOR THE YEAR</b>                   | <b>(777,651)</b>                                 | <b>(1,398,595)</b>                               |
| <b>Cash &amp; Cash Equivalents As At 01.04.2014</b> | <b>38,759,865</b>                                | <b>40,158,461</b>                                |
| Balances with bank                                  | 38,858,025                                       | 40,297,432                                       |
| Effect of Exchange rate Changes                     | (98,160)   | (138,971)  |
| <b>Cash &amp; Cash Equivalents As At 31.03.2015</b> | <b>37,982,214</b>                                | <b>38,759,865</b>                                |
| Cheques in hand                                     | –  | –  |
| Balances with bank                                  | 38,075,792                                       | 38,858,025                                       |
| Effect of Exchange rate Changes                     | (93,578)   | (98,160)   |

As per our attached report of even date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

M.No. : 111592

Place : Mumbai

Date : 22nd April, 2016

For and on behalf of the Board of  
**Motilal Oswal Securities International Private Limited**

**Ajay Menon**

*Director*

DIN No:

**Rajesh Dharamshi**

*Director*

DIN No: 2951058

# NOTES TO FINANCIAL STATEMENT

## Note 1: Share Capital

|   | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|---|---------------------------|---------------------------|
| <b>Authorised:</b>  |                           |                           |
| 1,00,00,000 Equity Shares of ₹10/- each   | 100,000,000               | 100,000,000               |
| <b>TOTAL</b>  | <b>100,000,000</b>        | <b>100,000,000</b>        |
| <b>Issued, Subscribed and Paid Up:</b>  |                           |                           |
| 45,69,200 Equity Shares of ₹10/- each. (All the above, equity shares are held by Motilal Oswal Securities Limited the holding company and it's nominee) | 45,692,000                | 45,692,000                |
| <b>TOTAL</b>  | <b>45,692,000</b>         | <b>45,692,000</b>         |

### 1.1 Reconciliation of number of Equity shares outstanding

|   | As at 31-Mar-16     |                   | As at 31-Mar-15     |                  |
|---|---------------------|-------------------|---------------------|------------------|
|   | Number of<br>Shares | (₹)               | Number of<br>Shares | (₹)              |
| Number of shares at beginning of the year |                     | 45,692,000        | 4,569,200           | 4,569,200        |
| Add: Shares issued during this year       |                     | -                 | -                   | -                |
| Number of shares at the end of the year   |                     | <u>45,692,000</u> | <u>4,569,200</u>    | <u>4,569,200</u> |

### 1.2 Share holder having more than 5% equity holding in the Company

| Name of Shareholder                             | As at 31-Mar-16   |                 | As at 31-Mar-15   |                 |
|---|-------------------|-----------------|-------------------|-----------------|
|   | No of<br>Shares # | % of<br>Holding | No of<br>Shares # | % of<br>Holding |
| Motilal Oswal Securities Ltd. (Holding Company) |                   | 100             | 4,569,200         | 4,569,200       |

## Note 2: Reserves and Surplus

|                                  | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|----------------------------------|---------------------------|---------------------------|
| <b>Profit &amp; Loss Account</b> |                           |                           |
| Opening balance                  | (3,564,062)               | (5,331,486)               |
| Add: Additions during the year   | 1,811,634                 | 1,767,425                 |
| <b>TOTAL</b>                     | <b>(1,752,428)</b>        | <b>(3,564,061)</b>        |

## Note 3: Long Term Provisions

|                        | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|------------------------|---------------------------|---------------------------|
| Provision for Gratuity | 62,750                    | 251,827                   |
| <b>TOTAL</b>           | <b>62,750</b>             | <b>251,827</b>            |

# NOTES TO FINANCIAL STATEMENT

## Note 4: Other Current Liabilities

|                       | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|-----------------------|---------------------------|---------------------------|
| Statutory Liabilities | 176,404                   | 218,105                   |
| Service tax           | –                         | –                         |
| Swach Bharat Cess     | –                         | –                         |
| Salary payable        | 54,863                    | 16,781                    |
| Payable for expenses  | 2,344,230                 | 3,936,785                 |
| <b>TOTAL</b>          | <b>2,575,497</b>          | <b>4,171,671</b>          |

## Note 5: Short Term Provisions

|                        | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|------------------------|---------------------------|---------------------------|
| Ex-gratia Payable      | 600,000                   | –                         |
| Other Provisions       | 280,090                   | 99,414                    |
| Provision for Gratuity | –                         | 269                       |
| <b>TOTAL</b>           | <b>880,090</b>            | <b>99,414</b>             |

## Note 6: Long Term Loans and Advances

|                                 | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|---------------------------------|---------------------------|---------------------------|
| Prepaid Expenses                | –                         | 4,000                     |
| Advance Tax (net of provisions) | 2,945,161                 | 2,086,054                 |
| Rent Deposit                    | 360,000                   | 360,000                   |
| <b>TOTAL</b>                    | <b>3,305,161</b>          | <b>2,090,054</b>          |

## Note 7: Deferred Tax (Liabilities)\Assets

|                        | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|------------------------|---------------------------|---------------------------|
| Provision for Gratuity | 19,390                    | 77,898                    |
| WDV of licence         | 1,216,605                 | 1,622,140                 |
| Preliminary expenses   | –                         | 51,824                    |
| <b>TOTAL</b>           | <b>1,235,995</b>          | <b>1,751,862</b>          |

## Note 8: Cash & Cash Equivalent

|                                     | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|-------------------------------------|---------------------------|---------------------------|
| Cash in Hand                        | –                         | –                         |
| Balance with:                       |                           |                           |
| Scheduled Bank - In Current Account | 38,075,792                | 38,858,025                |
| <b>TOTAL</b>                        | <b>38,075,792</b>         | <b>38,858,025</b>         |

# NOTES TO FINANCIAL STATEMENT

## Note 9: Trade Receivables

|   | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|---|---------------------------|---------------------------|
| Unsecured, considered good, outstanding for a period less than six months | 2,716,041                 | 2,121,281                 |
| <b>TOTAL</b>  | <b>2,716,041</b>          | <b>2,121,281</b>          |

## Note 10: Other Current Assets

|                          | As at 31-Mar-16<br>In (₹) | As at 31-Mar-15<br>In (₹) |
|--------------------------|---------------------------|---------------------------|
| Prepaid Expense          | 310,591                   | 95,698                    |
| Service Tax Credit       | 252,077                   | 20,770                    |
| Mat Credit Entitlement   | 1,416,895                 | 1,208,920                 |
| Advance Against Expenses | 145,358                   | 144,510                   |
| <b>TOTAL</b>             | <b>2,124,921</b>          | <b>1,469,898</b>          |

## Note 11: Revenue from Operations

|               | For the Period Ended<br>31-Mar-16<br>In (₹) | For the Period Ended<br>31-Mar-15<br>In (₹) |
|---------------|---|---|
| Advisory Fees | 19,915,687                                  | 19,472,373                                  |
| Bank Interest | —   | —   |
| <b>TOTAL</b>  | <b>19,915,687</b>                           | <b>19,472,373</b>                           |

## Note 12: Other Income

|                               | For the Period Ended<br>31-Mar-16<br>In (₹) | For the Period Ended<br>31-Mar-15<br>In (₹) |
|-------------------------------|---|---|
| Interest on Bank              | —   | 791   |
| Interest on Income tax Refund | 25,169                                      | 32,435                                      |
| <b>TOTAL</b>                  | <b>25,169</b>                               | <b>33,226</b>                               |

## Note 13: Employee Benefits

|                         | For the Period Ended<br>31-Mar-16<br>In (₹) | For the Period Ended<br>31-Mar-15<br>In (₹) |
|-------------------------|---|---|
| Salaries and Incentives | 7,081,400                                   | 4,780,797                                   |
| Gratuity                | (189,346)                                   | 252,096                                     |
| <b>TOTAL</b>            | <b>6,892,054</b>                            | <b>5,032,893</b>                            |

# NOTES TO FINANCIAL STATEMENT

## Note 14: Other Expenses

|                                  | For the Period Ended<br>31-Mar-16<br>In (₹) | For the Period Ended<br>31-Mar-15<br>In (₹) |
|----------------------------------|---|---|
| Registration Charges             | 160,432                                     | 66,275                                      |
| Remuneration to Auditors         | 2,047,749                                   | 2,587,201                                   |
| Legal & Professional Fees        | 3,348,443                                   | 4,861,546                                   |
| Examination Fees                 | 65,139                                      | 61,733                                      |
| Rent to MOSL                     | 721,200                                     | 720,000                                     |
| Filing Fees                      | –   | 3,150                                       |
| Consultancy Charges              | 888,000                                     | 888,000                                     |
| Membership and Subscription Fees | 309,996                                     | 439,613                                     |
| Client Entertainment Expenses    | 53,444                                      | 4,350                                       |
| Communication Expenses           | 60,730                                      | 16,246                                      |
| Interest on Tds                  | 2,483                                       | 34,263                                      |
| Rent Rates & Taxes               | –   | 2,000                                       |
| Travelling Expenses              | 1,390,666                                   | 1,037,197                                   |
| Back up Charges                  | 265,327                                     | 236,386                                     |
| Bank Charges                     | 47,064                                      | 44,991                                      |
| Business Support Charges         | 180,300                                     | 180,000                                     |
| Foreign Exchange Fluctuation     | 148,645                                     | (49,912)                                    |
| Tds Filing fees                  | 342   | 310   |
| Interest on Service Tax          | 1,095                                       | 88  |
| Insurance Charges                | 734,880                                     | 766,169                                     |
| <b>TOTAL</b>                     | <b>10,425,935</b>                           | <b>11,899,606</b>                           |

## Note 15 : Significant Accounting Policies:

### Basis of Preparation of Financial Statements:

The accompanying financial statements are prepared under the historical cost convention, on the accrual basis of accounting and comply in all material respects with the accounting standards issued by the Institute of Chartered Accountants of India/accounting standards notified under section 133 of the Companies Act, 2013 and in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 issued by Institute of Chartered Accountant of India and the provisions of the Companies Act, 2013.

### Use Of Estimates:

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any differences of actual results to such estimates are recognized in the period in which the results are known/materialized.

### Revenue Recognition:

- Revenue is recognised when there is a reasonable certainty of its ultimate realisation/collection.
- Advisory fees is recognised on a accrual basis in accordance with the terms of the agreement with Motilal Oswal Securities Limited.

# NOTES TO FINANCIAL STATEMENT

## **Taxation:**

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) & deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

## **Current Tax:**

Provision for current tax is made on the basis of estimated taxable income for the accounting period in accordance with the Income Tax Act, 1961.

## **Deferred taxation:**

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

## **Provisions And Contingencies:**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

## **Note 16 : Notes to Accounts:**

Motilal Oswal Securities Limited(MOSL) is a company registered under SEBI with broker license to carry on securities business in India. As part of its broking business, it deals with Foreign Institutional Investors who have been domiciled in the United States(U.S) as regards their investments in Indian Equities. In order to cater to such U.S. based Institutions within the framework provided by SEC, MOSL has set up a 100% subsidiary domiciled in India - Motilal Oswal Securities International Private Limited(MOSIPL) which has received approval for broker dealer registration from FINRA. The Company will only reach out to Major Institutional Investors as defined in Rule 15a-6. The main activity of MOSIPL would be to distribute research published in India and advise institutional clients based in United States(U.S.) on investments in Indian equity markets and serve as a chaperoning broker dealer pursuant to Rule 15 a-6(a)(3) of the U.S. Securities Exchange Act 1934, as amended by the U.S. Securities and Exchange Commission (SEC).

## **For Rajesh Dharamshi:**

- 1) The Company has entered into a Management Services Agreement with Mr. Rajesh Dharamshi for rendering services in capacity of independent contractor for Business Development to perform such functions as mutually decided, agreed by the parties and is stated in the service agreement at a retainership fees of ₹ 74,000 subject to tax deducted at source at the prevailing rates in force on a monthly basis
- 2) Remuneration payable to them would be in capacity of Independent Contractor and not in the capacity of Director of the Company; as a result the remuneration payable to him would be construed purely on grounds of Professional nature.
- 3) The remuneration paid to them would not be included for calculation of remuneration payable to Directors as per the provision of Section 197 of the Companies Act, 2013.
- 4) As per section 197 of the Companies Act, 2013, the Company is in the process of making an appropriate application to the Central Government for seeking its opinion that the services rendered by them are of professional nature and not in the capacity as Director of the Company.

# NOTES TO FINANCIAL STATEMENT

## Note 17 : Auditors' Remuneration:

### Auditor's Remuneration (inclusive of Service Tax):

|                                       | For the Period Ended<br>31-Mar-16<br>In (₹) | For the Period Ended<br>31-Mar-15<br>In (₹) |
|---------------------------------------|---|---|
| <b>As Auditors:</b>                   |   |   |
| Audit fees                            | 2,047,749                                   | 2,587,201                                   |
| In any other capacity, in respect of: |   |   |
| Other Certification                   | —   | —   |
| <b>TOTAL</b>                          | <b>2,047,749</b>                            | <b>#REF!</b>                                |

## Note 18 : Basic & Diluted Earnings per share:

|   | For the Period Ended<br>31-Mar-16<br>In (₹) | For the Period Ended<br>31-Mar-15<br>In (₹) |
|---|---|---|
| Net Profit/(Loss) attributable to equity shareholders [A] (₹) | 1,811,634                                   | 1,767,425                                   |
| Weighted Average Number of equity shares issued [B]           | 4,569,200                                   | 4,569,200                                   |
| Basic & Diluted Earnings per share (EPS)[A/B] (₹)             | 0.40  | 0.39  |

## Note 19 : Deferred Tax Assets / (Liability):

In the presence of virtual certainty of realization of carried forward tax losses, management has created deferred tax assets for the year under review. The same will be reassessed at subsequent balance sheet date and will be accounted for in the year of virtual certainty. The component of Deferred Tax Assets/(Liabilities) are as under.

|                                 | For the Period Ended<br>31-Mar-16<br>In (₹) | For the Period Ended<br>31-Mar-15<br>In (₹) |
|---------------------------------|---|---|
| Preliminary expenses            | —   | 51,824                                      |
| Provision for gratuity          | 19,390                                      | 77,898                                      |
| WDV of assets                   | 1,216,605                                   | 1,622,140                                   |
| Deferred Tax (Liability)/Assets | 1,235,995                                   | 1,751,862                                   |

## Note 20 : Gratuity Plan:

The following table set out the gratuity plan as required under AS 15

### Reconciliation of opening and closing balances of the present value of the defined benefit obligation.

|  | 31-Mar-16           | 31-Mar-15            |
|--|---------------------|----------------------|
| <b>I Assumptions as at</b>             |                     |                      |
| Interest / Discount Rate               | 7.49%p.a.           | 7.77% p.a.           |
| Expected Return On Plan Assets         | —                   |                      |
| Mortality                              | IALM (2006-08) Ult. | IALM(2006-08) Ult.   |
| Rate of increase in compensation       | 3%p.a.              | 15%p.a.              |
| Disability                             | Nil                 | Nil                  |
| Employee Attrition Rate (Past Service) | PS: 0 to 37 : 15.86 | PS: 0 to 37 : 15.87% |
| Expected average remaining service     | 5.17                | 5.17                 |

# NOTES TO FINANCIAL STATEMENT

|   | 31-Mar-16 | 31-Mar-15 |
|---|-----------|-----------|
| <b>II Changes in present value of obligations</b>           |           |           |
| Present value of obligation at beginning of the period      | 252,096   | –         |
| Interest cost   | 19,588    | –         |
| Current service cost  | 126,166   | 124,990   |
| Past service cost - (non vested benefit)                    | –         | –         |
| Past service cost - (vested benefit)                        | –         | –         |
| Benefits paid   | –         | –         |
| Actuarial (gain) loss on obligation                         | (335,100) | 127,106   |
| Present value of obligation at end of the period            | 62,750    | 252,096   |
| <b>III Changes in fair value of plan assets</b>             |           |           |
| Fair value of plan assets at beginning of the period        | –         | –         |
| Expected return on plan assets                              | –         | –         |
| Contributions   | –         | –         |
| Benefits paid   | –         | –         |
| Actuarial gain (Loss) plan assets                           | –         | –         |
| Fair value of plan assets at end of the period              | –         | –         |
| <b>IV Fair Value of Plan Assets</b>                         |           |           |
| Fair value of plan assets at beginning of the period        | –         | –         |
| Actual return on plan assets                                | –         | –         |
| Contributions   | –         | –         |
| Benefit paid  | –         | –         |
| Fair value of plan assets at end of the period              | –         | –         |
| Funded Status (including unrecognized past service cost)    | (62,750)  | (252,096) |
| Excess of actual over estimated return on plan assets       | –         | –         |
| <b>V Experience History</b>                                 |           |           |
| (Gain)/Loss on obligation due to change in Assumption       | (82,068)  | –         |
| Experience (Gain)/Loss on obligation                        | (253,032) | 127,106   |
| Actuarial (Gain)/Loss on plan asset                         | –         | –         |
| <b>VI Actuarial Gain/(Loss) Recognized</b>                  |           |           |
| Actuarial Gain/(Loss) for the period (obligation)           | 335,100   | (127,106) |
| Actuarial Gain/(Loss) for the period (plan assets)          | –         | –         |
| Total Gain/(Loss) for the period                            | 335,100   | (127,106) |
| Actuarial Gain/(Loss) recognized for the period             | 335,100   | (127,106) |
| Unrecognized Actuarial Gain/(Loss) at the end of the period | –         | –         |

# NOTES TO FINANCIAL STATEMENT

|  | 31-Mar-16 | 31-Mar-15 |
|--|-----------|-----------|
| <b>VII Past Service Cost Recognised</b>  |           |           |
| Past service cost - (non vested benefit)   | –         | –         |
| Past service cost - (vested benefit)   | –         | –         |
| Average remaining future service till vesting benefit  | –         | –         |
| Recognized Past service cost - non vested benefits   | –         | –         |
| Recognized Past service cost - vested benefits   | –         | –         |
| Unrecognized Past service cost - non vested benefits   | –         | –         |
| <b>VIII Amounts to be recognized in the balance sheet and statement of profit &amp; loss account</b> |           |           |
| Present value of obligation at end of period   | 62,750    | 252,096   |
| Fair value of plan assets at end of period   | –         | –         |
| Funded status  | (62,750)  | (252,096) |
| Unrecognised Actuarial Gain/(Loss)   | –         | –         |
| Unrecognised past service cost - non vested benefits   | –         | –         |
| Net Liability/ (Asset) recognised in the Balance Sheet   | 62,750    | (252,096) |
| <b>IX Expense recognized in the statement of P &amp; LAIC</b>  |           |           |
| Current service cost   | 126,166   | 124,990   |
| Interest cost  | –         | –         |
| Past service cost - (non vested benefit)   | –         | –         |
| Past service cost - (vested benefit)   | –         | –         |
| Unrecognised past service cost - non vested benefits   | –         | –         |
| Expected return on plan assets   | –         | –         |
| Net actuarial (gain)/ loss recognised for the period   | (335,100) | 127,106   |
| Expenses Recognised in the statement of Profit & Loss Account  | (189,346) | 252,096   |
| <b>X Movements in the Liability recognized in Balance Sheet</b>                                      |           |           |
| Opening net liability  | 252,096   | –         |
| Expenses as above  | (189,346) | 252,096   |
| Contribution paid  | –         | –         |
| Closing net Liability  | 62,750    | 252,096   |
| <b>XI Revised Schedule VI</b>  |           |           |
| Current Liability  | 301       | 269       |
| Non-Current Liability  | 62,449    | 251,827   |

# NOTES TO FINANCIAL STATEMENT

## Note 21 : Related Party Disclosure:

### I. Names of Related Parties:

#### A) Enterprises where control exists:

- Motilal Oswal Securities Limited - Holding Company
- Motilal Oswal Financial Services Limited – Holding Company of Motilal Oswal Securities Limited
- Passionate Investment Management Private Limited - Ultimate Holding Company

#### B) Fellow subsidiaries:

- Motilal Oswal Capital Markets Private Limited
- Motilal Oswal Trustee Company Limited
- Motilal Oswal Insurance Brokers Private Limited
- Motilal Oswal Commodities Broker Private Limited
- Motilal Oswal Investment Advisors Private Limited
- MOPE Investment Advisors Private Limited
- Motilal Oswal Wealth Management Limited
- Motilal Oswal Asset Management Company
- Motilal Oswal Capital Market (Hongkong) Pvt Ltd.
- Motilal Oswal Capital Market (Singapore) Pte Ltd.
- Motilal Oswal Real Estate Investment Advisors Private Limited
- Motilal Oswal Real Estate Investment Advisors II Private Limited
- Aspire Home Finance Corporation Limited
- India Business Excellence Management Company
- Motilal Oswal Asset Management (Mauritius) Private Limited
- Nagori Agro & Cattle Feeds Private Limited
- VISU Associates - Partnership firm
- OSAG Enterprises LLP

### II. Transactions with related parties: 31-03-2016

| Particulars              | Name of the related Party        | 2015-16      | 2014-15      |
|--------------------------|----------------------------------|--------------|--------------|
| Rent                     | Motilal Oswal Securities Limited | 720,000      | 720,000      |
| Rent Deposit             | Motilal Oswal Securities Limited | 360,000      | 360,000      |
| Business Support Service | Motilal Oswal Securities Limited | 180,000      | 180,000      |
| Advisory Fees            | Motilal Oswal Securities Limited | (19,215,758) | (19,472,373) |
| Trade Receivables        | Motilal Oswal Securities Limited | 2,705,665    | –            |
| Consultancy charges      | Rajesh Dharamshi                 | 888,000      | 888,000      |

Note: 'Income/receipts figures are shown in brackets.

## Note 22 : Segment Information

The Company is engaged in single segment as defined in Accounting Standard - 17, hence there are no other reportable segments.

# NOTES TO FINANCIAL STATEMENT

## Note 23 : Expenses incurred in Foreign Currency:

The Company is engaged in single segment as defined in Accounting Standard - 17, hence there are no other reportable segments.

| Particulars                  | 2015-16          | 2014-15          |
|------------------------------|------------------|------------------|
| Audit Fees                   | 2,117,194        | 4,475,420        |
| Filing Fees                  | –                | 3,150            |
| Back up charges              | 265,327          | 236,386          |
| Registration Charges         | 160,432          | 66,275           |
| Examination Fees             | 65,139           | 61,733           |
| Membership Charges           | 309,996          | 439,613          |
| Loding and Boarding Overseas | 66,736           | 67,229           |
| Travelling Overseas          | 1,323,930        | 940,628          |
| <b>TOTAL</b>                 | <b>4,308,754</b> | <b>6,290,434</b> |

## Note 24 :

In the opinion of the Board of Directors, all current assets, loans and advances would be realizable at least of an amount equal to the amount at which they are stated in the Balance sheet. There is no impairment in the Fixed Assets.

### For P B K & Co.

*Chartered Accountants*

Firm Registration No. 122384W

### Premal H. Gandhi

*Partner*

M.No. : 111592

Place : Mumbai

Date : 22nd April, 2016

For and on behalf of the Board of  
**Motilal Oswal Securities International Private Limited**

### Ajay Menon

*Director*

DIN No:

### Rajesh Dharamshi

*Director*

DIN No: 2951058

# **Motilal Oswal Capital Markets (Hongkong) Private Limited**

**Annual Report 2015-2016**

# BOARD'S REPORT

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 March 2016.

## Principal activities

Motilal Oswal Capital Markets (Hong Kong) Private Limited ("Motilal HK") was incorporated in Hong Kong on 30 September 2011 (CR No. 1668413). The Company is a licensed corporation under the Securities and Futures Ordinance, subject to the specific licensing conditions, to conduct Type 4 regulated activity since the date of license, 24 June 2014. The Company distributes research reports on Indian Markets only to Hong Kong based Institutional Investors and receives fees for the same for providing research and advice on Indian Equities. Motilal HK is 100% owned by Motilal Oswal Securities Limited ("MOSL") a subsidiary of Motilal Oswal Financial Services Limited ("MOFSL") which is the ultimate holding company.

## Results and appropriations

The results of the Company for the year ended 31 March 2016 are set out in the statement of profit or loss and other comprehensive income on page 5.

The directors do not recommend the payment of any dividend for the year ended 31 March 2016.

## Share issued in the year

During the year, the Company did not issue any share.

## Directors

Directors of the Company

The directors who held office during the year were: Kamath Sameer Vasudev

Tare Abhijit Anil Marnick Martin Brendan

There being no provision in the Company's Articles of Association for retirement by rotation, all the directors continue in office.

## Directors' material interests in transactions, arrangements and directors' material interests in transactions and contracts that are significant in relation to the Company's business

No transactions, arrangement and contracts of significance in relation to the Company's business to which the Company or its holding company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## Directors' interests and/or shot position in the shares, underlying of the Company or any specified undertaking of the Company and any other associated corporation

At no time during the year was the Company or its holding company a party to any arrangement to enable the Company's director to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

## Business review

The Company is a wholly owned subsidiary of another body corporate. Accordingly, the Company is exempted from preparing a business review.

## Auditors

The financial statements have been audited by HORIZON (HK) CPA Limited who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Director: Tare Abhijit Anil

Hong Kong, 12 May 2016

To the members of Motilal Oswal Capital Markets (Hong Kong) Private Limited (incorporated in Hong Kong with limited liability)

## **Report on the financial statements**

We have audited the financial statements of Motilal Oswal Capital Markets (Hong Kong) Private Limited ("the Company") set out on page 5 to 19, which comprise the statement of financial position as at 31 March 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for year then ended, and a summary of significant accounting policies and other explanatory information.

## **Directors' responsibility for the financial statements**

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In addition, the directors also have a responsibility to ensure that the financial statements are in accordance with the records kept under the Hong Kong Securities and Futures (Keeping of Records) Rules and satisfy the requirements of the Hong Kong Securities and Futures (Accounts and Audit) Rules.

## **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 820 (Revised), The Audit of Licensed Corporations and Associated Entities of Intermediaries, issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, and whether the financial statements are in accordance with the records kept under the Hong Kong Securities and Futures (Keeping of Records) Rules and satisfy the requirements of the Hong Kong Securities and Future (Accounts and Audit) Rules.

## **Independent auditor's report**

To the members of Motilal Oswal Capital Markets (Hong Kong) Private Limited (incorporated in Hong Kong with limited liability)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2016 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Report on matters under the Hong Kong Securities and Futures (Keeping of Records) Rules and Hong Kong Securities and Futures (Accounts and Audit) Rules of the Hong Kong Securities and Futures Ordinance

In our opinion, the financial statement are in accordance with the records kept under the Hong Kong Securities and Futures (Keeping of Records) Rules and satisfy the requirements of the Hong Kong Securities and Future (Accounts and Audit) Rules.

## **HORIZON (HK) CPA Limited**

Certified Public Accountants  
Ho Ka Shun  
Practising Certificate Number P05097  
Hong Kong, 12 May 2016

# INDEPENDENT AUDITORS' REPORT

To the Members of the **Motilal Oswal Capital Markets (Hong Kong) Private Limited**

## Report on the Financial Statements

The financial statements comprising of the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow of Motilal Oswal Capital Markets (Hong Kong) Private Limited (the Company) as on March 31, 2016, being a company registered in Hong Kong, are audited by Horizon (HK) CPA Limited, Certified Public Accountants and we have been furnished with their audit report dated 23rd April 2016, are certified by the management of the company.

We are presented with the financial statements comprising of the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement in Indian Rupees prepared by the Management of the Company on the basis of aforesaid audited financial statements to comply with the requirements of the Companies Act 2013. We have audited the Balance Sheet of Motilal Oswal Capital Markets (Hong Kong) Private Limited (the Company) as on March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended March 31, 2016 annexed thereto.

## Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the Company's management. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have 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.

## Opinion

In our opinion, on the basis of information and explanations given to us and relying upon the above referred audited financial statements and auditor's report thereon, these financial statements read together with the notes thereon and attached thereto give the information required by the Act. In the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of Balance Sheet of the state of affairs of the Company as on March 31, 2016;
- b. In the case of the Statement of Profit and Loss of the profit for the year ended March 31, 2016;and
- c. In the case of Cash Flow Statement, of the cash flows for the year ended March 31, 2016.

For **P B K & CO.**  
*Chartered Accountants*  
Firm Registration No.:122394W

**Premal H Gandhi**  
*Partner*  
Membership No.111592

Place: Mumbai  
Date: 23/04/2016

# BALANCE SHEET

## Balance Sheet as at March 31, 2016

|                                 | Note | As at<br>March 31, 2016<br>in ₹ | As at<br>March 31, 2015<br>in ₹ |
|---------------------------------|------|---------------------------------|---------------------------------|
| <b>I EQUITY AND LIABILITIES</b> |      |                                 |                                 |
| <b>Share holders' Funds:</b>    |      |                                 |                                 |
| Share Capital                   | 1    | 41,202,000                      | 41,202,000                      |
| Reserve and Surplus             | 2    | (24,747,086)                    | (17,368,862)                    |
| <b>Current Liabilities</b>      |      |                                 |                                 |
| Other Current Liabilities       | 3    | 1,369,779                       | 526,206                         |
| Short Term Provisions           | 4    | 41,619                          | 12,110                          |
| <b>Total</b>                    |      | <b>17,866,312</b>               | <b>24,371,454</b>               |
| <b>II ASSETS</b>                |      |                                 |                                 |
| Cash and Cash Equivalents       | 5    | 17,427,753                      | 24,021,314                      |
| Short Term Loans and Advances   | 6    | 438,559                         | 350,140                         |
| <b>Total</b>                    |      | <b>17,866,312</b>               | <b>24,371,454</b>               |

Notes referred to above form an integral part of these financial statements

As per our attached Report of even date

**For P B K & Co.**

*Chartered Accountants*

Firm Reg No. 122384W

**Premal H Gandhi**

*Partner*

M.No.: 111592

Place : Mumbai

Date :

**Motilal Oswal Capital Markets (Hongkong) Private Limited**

**Sameer Vasudev Kamath**

*Director*

**Abhijit Tare**

*Director*

# STATEMENT OF PROFIT AND LOSS

## Statement of Profit and Loss for the period from April 1, 2014 to March 31, 2016

|   | Note | April 1, 2015 to<br>March 31, 2016<br>in ₹ | April 1, 2014 to<br>March 31, 2015<br>in ₹ |
|---|------|--|--|
| <b>INCOME :</b>                         |      |  |  |
| Other Income                            | 7    | 221  | 284  |
| <b>Total Revenue</b>                    |      | <b>221</b>                                 | <b>284</b>                                 |
| <b>EXPENSES:</b>                        |      |  |  |
| Employee Benefits                       | 8    | 4,958,314                                  | 4,595,592                                  |
| Other Expenses                          | 9    | 3,675,992                                  | 3,373,061                                  |
| <b>Total expenses</b>                   |      | <b>8,634,306</b>                           | <b>7,968,653</b>                           |
| <b>Loss Before Tax</b>                  |      | <b>(8,634,085)</b>                         | <b>(7,968,369)</b>                         |
| <b>Loss for the period/year</b>         |      | <b>(8,634,085)</b>                         | <b>(7,968,369)</b>                         |
| <b>Earnings per equity share:</b>       |      |  |  |
| Basic and Diluted                       |      | (1.44)                                     | (1.33)                                     |
| Equity Shares of Par Value HK \$ 1 each |      |  |  |

Notes referred to above form an integral part of these financial statements

As per our attached Report of even date

**For P B K & Co.**

*Chartered Accountants*

Firm Reg No. 122384W

**Motilal Oswal Capital Markets (Hongkong) Private Limited**

**Premal H Gandhi**

*Partner*

M.No.: 111592

Place : Mumbai

Date :

**Sameer Vasudev Kamath**

*Director*

**Abhijit Tare**

*Director*

# CASH FLOW STATEMENT

## Cash Flow Statement for the year ended March 31, 2016

| Particulars  | April 1, 2015 to<br>March 31, 2016<br>in ₹ | April 1, 2014 to<br>March 31, 2015<br>in ₹ |
|--|--|--|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                           |  |  |
| <b>Loss before tax</b>   | (8,634,085)                                | (5,982,920)                                |
| Adjustments for:   |  |  |
| Interest income  | (221)                                      | (312)                                      |
| Translation differences on foreign currency taken to reserves        | 1,255,861                                  | 3,315,531                                  |
| Adjustment for working capital changes                               |  |  |
| Increase/(Decrease) in other current Liabilities                     | 843,574                                    |  |
| Increase/(Decrease) in short term provision                          | 29,509                                     | (41,892)                                   |
| Increase/(Decrease) in short term loans and advances                 | (88,419)                                   | 21,543                                     |
| <b>CASH GENERATED FROM OPERATIONS</b>                                | <b>(6,593,782)</b>                         | <b>(2,688,049)</b>                         |
| Taxes paid   | –  | –  |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                            | <b>(6,593,782)</b>                         | <b>(2,688,049)</b>                         |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                           |  |  |
| Interest received  | 221  | 312  |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>                            | <b>221</b>                                 | <b>312</b>                                 |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                           |  |  |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>                            | <b>–</b>                                   | <b>–</b>                                   |
| <b>NET CASH FLOW FOR THE YEAR</b>                                    | <b>(6,593,561)</b>                         | <b>(2,687,737)</b>                         |
| Balance with bank in current account as at the beginning of the year | 24,021,314                                 | 33,517,777                                 |
| Balance with bank in current account as at the end of the year       | 17,427,753                                 | 30,830,040                                 |

As per our attached Report of even date

**For P B K & Co.**

*Chartered Accountants*

Firm Reg No. 122384W

**Motilal Oswal Capital Markets (Hongkong) Private Limited**

**Premal H Gandhi**

*Partner*

M.No.: 111592

Place : Mumbai

Date :

**Sameer Vasudev Kamath**

*Director*

**Abhijit Tare**

*Director*

# NOTES TO FINANCIAL STATEMENT

## Note 1 : Share capital

|  | As at<br>March 31, 2016<br>in ₹ | As at<br>March 31, 2016<br>in ₹ |
|--|---------------------------------|---------------------------------|
| <b>Authorised :</b>  |                                 |                                 |
| Equity Shares of HK\$ 1 Each   | 70,000,000                      | 70,000,000                      |
| <b>TOTAL</b>   | <b>70,000,000</b>               | <b>70,000,000</b>               |
| <b>Issued, Subscribed and Paid Up :</b>  |                                 |                                 |
| Equity Shares of HK \$ 1 each fully paid up  | 41,202,000                      | 41,202,000                      |
| (All of the above 6,000,000 equity shares are held by Motilal Oswal Securities Limited, the Holding Company) |                                 |                                 |
| <b>TOTAL</b>   | <b>41,202,000</b>               | <b>41,202,000</b>               |

## Note 2 : Reserves and Surplus

|  | As at<br>March 31, 2016<br>in ₹ | As at<br>March 31, 2016<br>in ₹ |
|--|---------------------------------|---------------------------------|
| <b>Deficit in the Statement of Profit and Loss</b> |                                 |                                 |
| Opening balance                                    | (22,635,818)                    | (14,667,448)                    |
| Net loss for the year                              | (8,634,085)                     | (7,968,369)                     |
| Translation reserve for the year                   | 6,522,816                       | 5,266,955                       |
| <b>Closing balance</b>                             | <b>(24,747,086)</b>             | <b>(17,368,862)</b>             |

## Note 3 : Other Current Liabilities

|                        | As at<br>March 31, 2016<br>in ₹ | As at<br>March 31, 2016<br>in ₹ |
|------------------------|---------------------------------|---------------------------------|
| Creditors for expenses | 1,369,779                       | 526,206                         |
| <b>TOTAL</b>           | <b>1,369,779</b>                | <b>526,206</b>                  |

## Note 4 : Short term provisions

|                        | As at<br>March 31, 2016<br>in ₹ | As at<br>March 31, 2016<br>in ₹ |
|------------------------|---------------------------------|---------------------------------|
| Provision for expenses | 41,619                          | 12,110                          |
| <b>TOTAL</b>           | <b>41,619</b>                   | <b>12,110</b>                   |

## Note 5 : Cash and bank balances

|  | As at<br>March 31, 2016<br>in ₹ | As at<br>March 31, 2016<br>in ₹ |
|--|---------------------------------|---------------------------------|
| Balance with banks in current accounts | 17,427,753                      | 24,021,314                      |
| <b>TOTAL</b>                           | <b>17,427,753</b>               | <b>24,021,314</b>               |

# NOTES TO FINANCIAL STATEMENT

## Note 6 : Short term loans and advances

|                                   | As at<br>March 31, 2016<br>in ₹ | As at<br>March 31, 2015<br>in ₹ |
|-----------------------------------|---------------------------------|---------------------------------|
| <b>Others</b>                     |                                 |                                 |
| Others unsecured, considered good |                                 |                                 |
| Rent deposit                      | 276,443                         | 205,869                         |
| Other deposits                    | 4,267                           | 4,037                           |
| Advance for expenses              | 92,148                          | 79,796                          |
| Prepaid expenses                  | 65,702                          | 60,438                          |
| <b>TOTAL</b>                      | <b>438,559</b>                  | <b>350,140</b>                  |

## Note 7 : Other Income

|                 | For the Period ended<br>March 31, 2016<br>in ₹ | April 1, 2013 to<br>March 31, 2015<br>in ₹ |
|-----------------|--|--|
| Interest income | 221  | 284  |
| <b>TOTAL</b>    | <b>221</b>                                     | <b>284</b>                                 |

## Note 8 : Employee benefits

|                                | For the Period ended<br>March 31, 2016<br>in ₹ | April 1, 2013 to<br>March 31, 2015<br>in ₹ |
|--------------------------------|--|--|
| <b>Employee benefits</b>       |  |  |
| Salaries and incentives        | 4,797,181                                      | 4,448,938                                  |
| Contribution to provident fund | 151,789  | 137,921                                    |
| Insurance                      | 9,343  | 8,732                                      |
| <b>TOTAL</b>                   | <b>4,958,314</b>                               | <b>4,595,592</b>                           |

## Note 9 : Other expenses

|                                | For the Period ended<br>March 31, 2016<br>in ₹ | April 1, 2013 to<br>March 31, 2015<br>in ₹ |
|--------------------------------|--|--|
| Rent rates and taxes           | 1,015,603                                      | 825,698                                    |
| Foreign exchange gain / (loss) | (100)  | -  |
| Travelling expenses            | -  | -  |
| Courier charges                | 7,539  | 3,342                                      |
| Legal and professional fees    | 2,097,782                                      | 2,031,821                                  |
| Auditor's remuneration         | 460,427  | 464,126                                    |
| Printing Charges               | -  | -  |
| Insurance                      | -  | -  |
| Communication expenses         | -  | -  |
| Bank charges                   | 40,941   | 38,618                                     |
| Miscellaneous expenses         | 53,801   | 9,457                                      |
| <b>TOTAL</b>                   | <b>3,675,992</b>                               | <b>3,373,061</b>                           |

# NOTES TO FINANCIAL STATEMENT

## Note 10 : Background

Motilal Oswal Capital Markets (Hongkong) Private Limited ('The Company') was incorporated in Hongkong on September 30, 2011 (CR No.1668413). The principal shareholder of the Company as at March 31, 2016 is Motilal Oswal Securities Limited (MOSL).

The Company's principal activity is to distribute research (produced by MOSL) and render financial advice on Indian equities to institutional investors in Hongkong.

The Company is seeking to conduct regulated activities such as dealing in securities and advising on securities as it intends to provide a brokerage service in relation to stocks, unit trusts, mutual funds, debt securities and stock derivatives. The Company is also seeking to distribute institutional research to Hongkong and overseas institutional clients.

The transactions of the Company are in local currency, which have been converted into Indian Rupees for reporting purposes at the rate applied as per paragraph (c) of Note 2 of Significant Accounting Policies.

## Note 11 : Significant accounting policies

### (a) Basis of preparation

The financial statements of the Company are prepared under the historical cost convention on the accrual basis of accounting and comply in all material aspects with accounting principles generally accepted in India.

### (b) Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any differences of actual results to such estimates are recognized prospectively in the current and future periods.

### (c) Conversion to Indian Rupees

For the purpose of these financial statements, all income and expense items are converted at the average rate of exchange applicable for the period. All assets and liabilities are translated at the closing rate as on the balance sheet date. The exchange difference arising out of the year-end translation is debited or credited to Translation Reserve and is disclosed as Reserves and surplus. The share capital is carried forward at the rate of exchange prevailing on the transaction date.

### (d) Operating Leases

Lease rentals in respect of operating lease are charged to the statement of profit and loss as per the terms of the lease arrangement on a straight-line basis over the lease period.

### (e) Taxes on income

Current tax is determined as the amount of tax payable in respect of taxable income for the year using the tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

### (f) Earnings per share

Basic earning per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period as adjusted for the effects of all diluted potential equity shares.

### (g) Contingencies and provisions

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

# NOTES TO FINANCIAL STATEMENT

## Note 12 : SFC Licence

Motilal Oswal Capital Markets (Hong Kong) Private Limited ("Motilal HK") was incorporated in Hong Kong on 30 September 2011 (CR No 1668413).

The Company received SFC license on 24th June 2014 to Advise on Securities & conduct TYPE IV Activity vide its license no AYY301.

The license allows Motilal HK to distribute Research Reports on Indian Markets only to Hong Kong based Professional Investors .

Motilal HK is 100% owned subsidiary of Motilal Oswal Securities Limited a 100% subsidiary of Motilal Oswal Financial Services a subsidiary of Passionate Investment Management Private Limited which is its ultimate holding company.

## Note 13 : Taxation

No provision for the current tax has been made in view of taxable loss for the period.

## Note 14 : Operating Leases

The Company had taken office premises under operating lease or leave and license agreements.

During the year ₹ 10,15,603 (Previous year 8,25,698) being lease rentals for the current year are recognized in the statement of profit and loss under the head " rent ".

As at March 31, 2016 the total future minimum lease payments under non-cancellable operating leases are payable as follows :-

|   | April 1, 2015 to March 31, 2016<br>in ₹ | April 1, 2014 to March 31, 2015<br>in ₹ |
|---|---|---|
| Payable within 1 year                           | 1,027,772                               | 797,965                                 |
| Payable after 1 year but not later than 5 years | —                                       | —                                       |
| <b>TOTAL</b>                                    | <b>1,027,772</b>                        | <b>797,965</b>                          |

## Note 15 : Earnings per share

The numerator and denominator used to calculate basic and diluted earnings per shares are as under:

| Particulars  | April 1, 2015 to<br>March 31, 2016<br>in ₹ | April 1, 2014 to<br>March 31, 2015<br>in ₹ |
|--|--|--|
| Loss attributable to equity shareholders (₹)                         | (8,634,085)                                | (7,968,369)                                |
| Weighted average number of equity shares outstanding during the year | 6,000,000                                  | 6,000,000                                  |
| Nominal value per share (₹)  | 6.87                                       | 6.87                                       |
| Earnings per share (Basic and diluted) (₹)                           | (1.44)                                     | (1.33)                                     |

## Note 16 : Translation differences

The translation differences arising during the period on account of foreign currency have been directly taken to Reserves.

## Note 17 : Related parties transactions

### (i) Relationships during the period

- A) Enterprises where control exists
- Motilal Oswal Securities Limited – Holding Company
  - Motilal Oswal Financial Services Limited – Holding Company of Motilal Oswal Securities Limited
  - Passionate Investment Management Private Limited - Ultimate Holding Company

# NOTES TO FINANCIAL STATEMENT

## B) Fellow subsidiaries

- Motilal Oswal Capital Markets Private Limited
- Motilal Oswal Trustee Company Limited
- Motilal Oswal Insurance Brokers Private Limited
- Motilal Oswal Commodities Broker Private Limited
- Motilal Oswal Investment Advisors Private Limited
- MOPE Investment Advisors Private Limited
- Motilal Oswal Wealth Management Limited
- Motilal Oswal Securities International Private Limited
- Motilal Oswal Asset Management Company
- Motilal Oswal Capital Market (Singapore) Pte Ltd.
- Motilal Oswal Real Estate Investment Advisors Private Limited
- Motilal Oswal Real Estate Investment Advisors II Private Limited
- Aspire Home Finance Corporation Limited
- India Business Excellence Management Company
- Motilal Oswal Asset Management (Mauritius) Private Limited
- Nagori Agro & Cattle Feeds Private Limited
- VISU Associates - Partnership firm
- OSAG Enterprises LLP

## C) Key management personnel

- Abhijeet Tare - Director
- Martin Brendon Marnick - Director

## ii) Transactions with related parties for the period ended March 31, 2016

| Transactions            | Name of the related Party | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|-------------------------|---------------------------|-----------------------------------|-----------------------------------|
| Director's Remuneration | Martin Brendon Marnick    | 4,958,314                         | 4,595,592                         |
| <b>Total</b>            |                           | <b>4,958,314</b>                  | <b>4,595,592</b>                  |

Note: 'Income/receipts figures are shown in brackets.

## Note 18 :

Previous period's figures have regrouped/rearranged where necessary to confirm the current year's classifications.

### For P B K & Co.

Chartered Accountants  
Firm Reg No. 122384W

### Premal H Gandhi

Partner

M.No.: 111592

Place : Mumbai

Date :

### Motilal Oswal Capital Markets (Hongkong) Private Limited

### Sameer Vasudev Kamath

Director

### Abhijit Tare

Director

# **Motilal Oswal Capital Markets (Singapore) Pte. Ltd.**

**Annual Report 2015-2016**

# INDEPENDENT AUDITORS' REPORT

To the Members of the of **Motilal Oswal Capital Markets (Singapore) Private Limited.**

## Report on the Financial Statements

The financial statements comprising of the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow of Motilal Oswal Capital Markets (Singapore) Pte. Ltd. (the Company) as on March 31, 2016, being a company registered in Singapore, are audited by James Chan & Partners LLP, Public Accountants and Chartered Accountants, Singapore and we have been furnished with their audit report dated 23rd April 2016, are certified by the management of the company.

We are presented with the financial statements comprising of the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement in Indian Rupees prepared by the Management of the Company on the basis of aforesaid audited financial statements to comply with the requirements of the Companies Act 2013. We have audited the Balance Sheet of Motilal Oswal Capital Markets (Singapore) Private Limited. (the Company) as on March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended March 31, 2016 annexed thereto.

## Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the Company's management. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have 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.

## Opinion

In our opinion, on the basis of information and explanations given to us and relying upon the above referred audited financial statements and auditor's report thereon, these financial statements read together with the notes thereon and attached thereto give the information required by the Act. In the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of Balance Sheet of the state of affairs of the Company as on March 31, 2016;
- b. In the case of the Statement of Profit and Loss of the profit for the year ended March 31, 2016;and
- c. In the case of Cash Flow Statement, of the cash flows for the year ended March 31, 2016.

For **P B K & CO.**  
*Chartered Accountants*  
Firm Registration No.:122394W

**Premal H Gandhi**  
*Partner*  
Membership No.111592

Place: Mumbai  
Date: 23/04/2016

# BALANCE SHEET

## Balance Sheet as at March 31, 2016

|                               | Note No. | As on 31-Mar-16<br>(₹) | As on 31-Mar-15<br>(₹) |
|-------------------------------|----------|------------------------|------------------------|
| <b>EQUITY AND LIABILITIES</b> |          |                        |                        |
| <b>Share Holders' Funds :</b> |          |                        |                        |
| Share Capital                 | 1        | 9,887,500              | 9,887,500              |
| Reserve and Surplus           | 2        | 3,039,814              | 529,437                |
| <b>Current Liabilities</b>    |          |                        |                        |
| Other Current Liabilities     | 3        | 1,583,950              | 477,422                |
| Short Term Provisions         | 4        | 444,137                | 286,128                |
| <b>Total</b>                  |          | <b>14,955,400</b>      | <b>11,180,487</b>      |
| <b>ASSETS</b>                 |          |                        |                        |
| <b>Current Assets</b>         |          |                        |                        |
| Trade Receivables             | 5        | 3,135,223              | 2,815,490              |
| Cash and Cash Equivalent      | 6        | 10,357,851             | 7,020,056              |
| Short Term Loan and Advances  | 7        | 1,462,326              | 1,344,941              |
| <b>Total</b>                  |          | <b>14,955,400</b>      | <b>11,180,487</b>      |

Notes referred to above form an integral part of the financial statements

As per our report of attached even date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

Membership No. 111592

Place : Mumbai

Dated : 20th April 2016

**Motilal Oswal Capital Market (Singapore) Pte. Ltd.**

**Sameer Vasudev Kamath**

*Director*

**Abhijit Tare**

*Director*

# STATEMENT OF PROFIT AND LOSS

## Statement of Profit and Loss for the period ended March 31, 2016

|  | Note No. | For The Period<br>Ended 31-Mar-16 (₹) | For The Period<br>Ended 31-Mar-15 (₹) |
|--|----------|---------------------------------------|---------------------------------------|
| <b>INCOME :</b>                        |          |                                       |                                       |
| Income from Operations                 | 8        | 13,974,549                            | 13,750,861                            |
| <b>Total revenue</b>                   |          | <b>13,974,549</b>                     | <b>13,750,861</b>                     |
| <b>EXPENSES :</b>                      |          |                                       |                                       |
| Employee Benefits                      | 9        | 4,231,724                             | 7,449,030                             |
| Other Expenses                         | 10       | 7,919,997                             | 4,526,039                             |
| <b>Total Expenses</b>                  |          | <b>12,151,721</b>                     | <b>11,975,069</b>                     |
| <b>Profit Before Tax</b>               |          | <b>1,822,827</b>                      | <b>1,775,792</b>                      |
| <b>Tax Expense:</b>                    |          |                                       |                                       |
| Current Tax                            |          | 183,565                               | 211,317                               |
| Deferred Tax                           |          | –                                     | –                                     |
| <b>Profit for the year /period</b>     |          | <b>1,639,262</b>                      | <b>1,564,475</b>                      |
| <b>Earnings per equity share:</b>      |          |                                       |                                       |
| Basic and Diluted                      |          | 6.56                                  | 6.26                                  |
| Equity shares of Par Value SGD 1/-each |          |                                       |                                       |

Notes referred to above form an integral part of the financial statements

As per our report of attached even date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

Membership No. 111592

Place : Mumbai

Dated : 20th April 2016

**Motilal Oswal Capital Market (Singapore) Pte. Ltd.**

**Sameer Vasudev Kamath**

*Director*

**Abhijit Tare**

*Director*

# CASH FLOW STATEMENT

## Cash Flow Statement for the year ended 31st March, 2016

| Particulars   | For the Year ended<br>31st March 2016<br>In ₹ | For the Year ended<br>31st March 2015<br>In ₹ |
|---|---|---|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                              |   |   |
| Profit / (Loss) before tax  | 1,822,827                                     | 1,775,792                                     |
| Adjustments for:  |   |   |
| Change in translation differences on foreign currency taken to reserves | 871,115                                       | (446,447)                                     |
| Adjustment for working capital changes :                                |   |   |
| Increase/ (Decrease) in current liabilities                             | 820,399                                       | (778,225)                                     |
| (Increase)/Decrease in trade receivable                                 | (319,733)                                     | 213,179                                       |
| (Increase)/Decrease in short term loans and advances                    | (117,387)                                     | (971,650)                                     |
| CASH GENERATED FROM OPERATIONS  | 3,077,222                                     | (207,351)                                     |
| Change in tax balance   | 260,572                                       | 74,811  |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                               | <b>3,337,794</b>                              | <b>(132,539)</b>                              |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>                          | <b>-</b>                                      | <b>-</b>                                      |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>                               | <b>-</b>                                      | <b>-</b>                                      |
| <b>NET CASH FLOW FOR THE YEAR</b>                                       | <b>3,337,794</b>                              | <b>(132,539)</b>                              |
| Balance with bank in current account as at the opening of the year      | 6,990,022                                     | 7,106,830                                     |
| Cash on hand  | 30,034  | 45,764  |
| Balance with bank in current account as at the end of the year          | 10,310,541                                    | 6,990,022                                     |
| Cash on hand  | 47,311  | 30,034  |
| <b>Total cash and bank balance as at the end of the year</b>            | <b>10,357,851</b>                             | <b>7,020,056</b>                              |

As per our report of attached even date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

Membership No. 111592

Place : Mumbai

Dated : 20th April 2016

**Motilal Oswal Capital Market (Singapore) Pte. Ltd.**

**Sameer Vasudev Kamath**

*Director*

**Abhijit Tare**

*Director*

# NOTES TO FINANCIAL STATEMENT

## Note 1 : Share Capital

|   | As at 31-Mar-16 |                  | As at 31-Mar-15  |
|---|-----------------|------------------|------------------|
|   | SGD             | (₹)              | (₹)              |
| <b>Authorized :</b>   |                 |                  |                  |
| 10,00,00,000 Equity Shares of SGD 1 Each  |                 | 3,700,000,000    | 3,700,000,000    |
| <b>Issued, Subscribed and Paid Up:</b>  |                 |                  |                  |
| Equity shares of SGD 1 each fully paid up ( All of the above 2,50,000 shares are held by Motilal Oswal Securities Limited, the Holding company) | 250,000         | 9,887,500        | 9,887,500        |
| <b>Total</b>  | <b>250,000</b>  | <b>9,887,500</b> | <b>9,887,500</b> |

## Note 2: Reserves & Surplus

|  | As at 31-Mar-16 |                  | As at 31-Mar-15 |
|--|-----------------|------------------|-----------------|
|  | SGD             | (₹)              | (₹)             |
| <b>Deficit in the statement of profit and loss</b> |                 |                  |                 |
| Opening Balance                                    | (21,367)        | (572,477)        | (2,136,952)     |
| Net Profit for the year                            | 34,736          | 1,639,262        | 1,564,475       |
| Translation reserve for the year                   |                 | 1,973,029        | 1,101,914       |
| <b>Closing Balance</b>                             | <b>13,369</b>   | <b>3,039,814</b> | <b>529,437</b>  |

## Note 3 : Other current liabilities

|                        | As at 31-Mar-16 |                  | As at 31-Mar-15 |
|------------------------|-----------------|------------------|-----------------|
|                        | SGD             | (₹)              | (₹)             |
| Other Payables         |                 |                  |                 |
| Creditors for expenses | 31,283          | 1,535,504        | 431,951         |
| Outstanding expenses   | 987             | 48,446           | 45,471          |
| <b>Total</b>           | <b>32,270</b>   | <b>1,583,950</b> | <b>477,422</b>  |

## Note 4 : Short term provision

|                     | As at 31-Mar-16 |                | As at 31-Mar-15 |
|---------------------|-----------------|----------------|-----------------|
|                     | SGD             | (₹)            | (₹)             |
| Provision for Taxes | 9,048           | 444,137        | 286,128         |
| <b>Total</b>        | <b>9,048</b>    | <b>444,137</b> | <b>286,128</b>  |

# NOTES TO FINANCIAL STATEMENT

## Note 5 : Trade receivables

|   | As at 31-Mar-16 |                  | As at 31-Mar-15  |
|---|-----------------|------------------|------------------|
|   | SGD             | (₹)              | (₹)              |
| Unsecured, considered good, outstanding for a period less than six months(US) | 63,874          | 3,135,223        | 2,815,490        |
| <b>Total</b>  | <b>63,874</b>   | <b>3,135,223</b> | <b>2,815,490</b> |

## Note 6 : Cash and bank balances

|                     | As at 31-Mar-16 |                   | As at 31-Mar-15  |
|---------------------|-----------------|-------------------|------------------|
|                     | SGD             | (₹)               | (₹)              |
| Cash on hand        | 964             | 47,311            | 30,034           |
| Balance with banks  |                 |                   |                  |
| In current accounts | 210,057         | 10,310,541        | 6,990,022        |
| <b>Total</b>        | <b>211,021</b>  | <b>10,357,851</b> | <b>7,020,056</b> |

## Note 7 : Loans and advances

|                                   | As at 31-Mar-16 |                  | As at 31-Mar-15  |
|-----------------------------------|-----------------|------------------|------------------|
|                                   | SGD             | (₹)              | (₹)              |
| Advance rent                      | 2,542           | 124,774          | 76,044           |
| Others unsecured, considered good |                 |                  |                  |
| - Deposits                        | 27,250          | 1,337,554        | 1,268,896        |
| <b>Total</b>                      | <b>29,792</b>   | <b>1,462,326</b> | <b>1,344,940</b> |

## Note 8 : Income from operations

|               | For the Period Ended | For the Period Ended |
|---------------|----------------------|----------------------|
|               | 31-Mar-16            | As at 31-Mar-15      |
|               | (₹)                  | (₹)                  |
| Advisory fees | 13,974,549           | 13,750,861           |
| <b>Total</b>  | <b>13,974,549</b>    | <b>13,750,861</b>    |

## Note 9 : Employee benefits

|                                | For the Period Ended | For the Period Ended |
|--------------------------------|----------------------|----------------------|
|                                | 31-Mar-16            | As at 31-Mar-15      |
|                                | (₹)                  | (₹)                  |
| Salaries and incentives        | 3,821,527            | 7,037,312            |
| Contribution to provident fund | 410,197              | 411,717              |
| <b>Total</b>                   | <b>4,231,724</b>     | <b>7,449,030</b>     |

# NOTES TO FINANCIAL STATEMENT

## Note 10 : Other expenses

|                                     | For the Period Ended<br>31-Mar-16<br>(₹) | For the Period Ended<br>As at 31-Mar-15<br>(₹) |
|-------------------------------------|--|--|
| Rent                                | 2,706,490                                | 2,905,937                                      |
| Legal and professional fees         | 4,310,770                                | 434,032  |
| Travelling                          | 237,673                                  | 353,411  |
| Auditor's remuneration              | 165,174                                  | 219,900  |
| Repairs and maintenance             | 123,776                                  | 227,175  |
| Communication charges               | 133,990                                  | 142,306  |
| Printing and stationery             | 73,219                                   | 74,587   |
| Client entertainment expenses       | 50,099                                   | 79,210   |
| Training expenses                   | —  | 12,400   |
| Foreign exchange gain/(loss)        | 10,535                                   | 21,474   |
| Membership and Subscription Charges | 51,912                                   |  |
| Bank charges                        | 50,944                                   | 55,606   |
| Staff Welfare                       | 5,418                                    |  |
| <b>Total</b>                        | <b>7,919,997</b>                         | <b>4,526,039</b>                               |

## Note 11 : Background

Motilal Oswal Capital Markets (Singapore) Pte Ltd. ('The Company') was incorporated in Singapore on September 28, 2011. The principal shareholder of the Company as at March 31, 2016 is Motilal Oswal Securities Limited (MOSL).

The Company's principal activity is to distribute research (produced by MOSL) and render financial advice on Indian equities to institutional investors in Singapore.

The transactions of the Company are in local currency, which have been converted into Indian Rupees for reporting purposes at the rate applied as per paragraph (c) of Note 2 of Significant Accounting Policies.

Motilal Oswal Capital Markets Singapore Pte Limited (MOCMSPL) is an exempt financial advisor under the Singapore Financial Advisers Act and a subsidiary of Motilal Oswal Securities Limited a SEBI registered Broker Dealer in India. As an Exempt Financial Advisor notified with MAS enables MOCMSPL to distribute in Singapore research and render financial advice on Indian Equities to accredited investors/Institutional Investors as defined in the Financial Advisers Regulations and the Securities and Futures Act (Chapter 289), as amended from time to time.

## Note 12 : Significant accounting policies

### (a) Basis of preparation

The financial statements of the Company are prepared under the historical cost convention on the accrual basis of accounting and comply in all material aspects with accounting principles generally accepted in India.

### (b) Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any differences of actual results to such estimates are recognized prospectively in the current and future periods.

### (c) Conversion to Indian Rupees

For the purpose of these financial statements, all income and expense items are converted at the average rate of exchange applicable for the period. All assets and liabilities are translated at the closing rate as on the balance sheet date. The exchange difference arising out of the year-end translation is debited or credited to Translation Reserve and is disclosed as Reserves and Surplus. The share capital is carried forward at the rate of exchange prevailing on the transaction date.

# NOTES TO FINANCIAL STATEMENT

## (d) Revenue recognition

Revenue is recognized when there is a reasonable certainty of its ultimate realization/collection

Investment advisory fees is recognized on a accrual basis in accordance with the terms of the agreement with MOSL.

## (e) Operating Leases

Lease rentals in respect of operating lease are charged to the statement of profit and loss as per the terms of the lease arrangement on a straight-line basis over the lease period.

## (f) Taxes on income

Current tax is determined as the amount of tax payable in respect of taxable income for the year using the tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

## (g) Earnings per share

Basic earning per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period as adjusted for the effects of all diluted potential equity shares.

## (h) Contingencies and provisions

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

## Note 13 : Taxation

Provision for the current tax has been made for ₹ 1,83,565/- (Previous year ₹ 2,11,317/-)

## Note 14 : Operating Leases

The Company had taken office premises under operating lease or leave and license agreements.

During the year ₹ 27,06,490/- (Previous year 29,05,937/-) being lease rentals for the current year are recognized in the statement of profit and loss under the head " rent ".

As at March 31, 2016 the total future minimum lease payments under non-cancellable operating leases are payable as follows :-

### Operating Lease Commitments

| Particulars                                     | April 1, 2015 to<br>March 31, 2016<br>(₹) | April 1, 2014 to<br>March 31, 2015<br>(₹) |
|---|---|---|
| Payable within 1 year                           | 2,814,996                                 | 2,083,744                                 |
| Payable after 1 year but not later than 5 years |   | 204,435                                   |
| <b>Total</b>                                    | <b>2,814,996</b>                          | <b>2,288,179</b>                          |

The above operating lease commitments are based on known rental rates as at the date of this report and do not include any revision in rates which may be determined by the relevant authorities.

## Note 15 : Earnings per share

The numerator and denominator used to calculate basic and diluted earnings per shares are as under:

| Particulars  | April 1, 2015 to<br>March 31, 2016 | April 1, 2014 to<br>March 31, 2015 |
|--|------------------------------------|------------------------------------|
| Profit attributable to equity shareholders (₹)                       | 1,639,262                          | 1,564,475                          |
| Weighted average number of equity shares outstanding during the year | 250,000                            | 250,000                            |
| Nominal value per share (₹)  | 39.55                              | 39.55                              |
| Earnings per share (Basic and diluted) (₹)                           | 6.56                               | 6.26                               |

# NOTES TO FINANCIAL STATEMENT

## Note 16 : Translation differences

The translation differences arising during the period on account of foreign currency have been directly taken to Reserves.

## Note 17 : Related party transactions

### (i) Relationships during the year

- A) Enterprises where control exists
- Motilal Oswal Securities Limited – Holding Company
  - Motilal Oswal Financial Services Limited – Holding company of Motilal Oswal Securities Limited
  - Passionate Investment Management Private Limited - Ultimate Holding company
- B) Fellow subsidiaries
- Motilal Oswal Capital Markets Private Limited
  - Motilal Oswal Trustee Company Limited
  - Motilal Oswal Insurance Brokers Private Limited
  - Motilal Oswal Commodities Broker Private Limited
  - Motilal Oswal Investment Advisors Private Limited
  - MOPE Investment Advisors Private Limited (earlier known as Motilal Oswal Ventures Capital Advisors Private Limited)
  - Motilal Oswal Wealth Management Private Limited (earlier known as Antop Traders Private Limited)
  - Motilal Oswal Securities International Private Limited
  - Motilal Oswal Asset Management Company
  - Motilal Oswal Capital Market (Honkong) Pvt Ltd.
  - Motilal Oswal Real Estate Investment Advisors Private Limited
  - Motilal Oswal Real Estate Investment Advisors II Private Limited
  - Aspire Home Finance Corporation Limited
  - India Business Excellence Management Company
  - Motilal Oswal Asset Management (Mauritius) Private Limited
  - Nagori Agro & Cattle Feeds Private Limited
  - VISU Associates - Partnership firm
  - OSAG Enterprises LLP
- C) Key management personnel
- Abhijeet Tare - Director
  - Kadambari Balachandaran - Director

### ii) Transactions with related parties for the year ended March 31, 2016

| Transactions                              | Name of the related Party        | 2015-16      | 2014-15      |
|---|----------------------------------|--------------|--------------|
| Advisory Fees (charged) / paid            | Motilal Oswal Securities Limited | (13,939,302) | (13,750,861) |
| Director's remuneration                   | Kadambari Balachandaran          | 2,862,131    | 2,866,643    |
| Advisory fees outstanding at the year end | Motilal Oswal Securities Limited | 3,014,395    | 2,815,490    |

Note: 'Income/receipts figures are shown in brackets.

## Note 18 :

Previous year figures have regrouped/ rearranged where necessary to confirm to current year's classifications.

### For P B K & Co.

Chartered Accountants

Firm Registration No. 122384W

**Premal H. Gandhi**

Partner

Membership No. 111592

Place : Mumbai

Dated : 20th April 2016

### Motilal Oswal Capital Market (Singapore) Pte. Ltd.

**Sameer Vasudev Kamath**

Director

**Abhijit Tare**

Director

# **Motilal Oswal Real Estate Investment Advisors Private Limited**

**Annual Report 2015-2016**

# INDEPENDENT AUDITORS' REPORT

To the Members of **MOTILAL OSWAL REAL ESTATE INVESTMENT ADVISORS PRIVATE LIMITED**

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Motilal Oswal Real Estate Investment Advisors Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, its loss and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company does not have any pending litigations which would impact its financial position;
  - (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise.
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Haribhakti & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration No.103523W

**Amit A. Hundia**

*Partner*

Membership No.120761

Place: Mumbai

Date: April 23, 2016

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Motilal Oswal Real Estate Investment Advisors Private Limited on the standalone financial statements for the year ended March 31, 2016.]

- (i) As informed, the Company does not have fixed assets. Accordingly, the provisions stated in paragraphs 3 (i)(a), 3(i) (b) and 3(i) (c) of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central Government of India in terms of Section 143 of the Companies Act, 2013 ("the Act") are not applicable.
- (ii) As informed, the Company does not have inventories. Accordingly, the provisions stated in paragraphs 3 (ii)(a), 3 (ii)(b) and 3 (ii)(c) of the Order are not applicable.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) As informed, the Company has not given any loans or given guarantees and securities. Further, in respect of investments, the Company has complied with the provisions of Section 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of Section 148 of the Act and the rules framed there under.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other statutory dues applicable to it. However there have been slight delays in payment of profession tax and Tax Deducted at source (TDS).

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues with respect to income tax, sales tax, service tax, value added tax, customs duty, excise duty, which have not been deposited on account of any dispute.
- (viii) The Company does not have any loan or borrowing from bank(s) / government(s) or dues to debenture holder(s). Further, according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(s).
- (ix) The Company has neither raised money by way of public issue offer nor has obtained any term loans. Therefore, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) As informed, the Company has not provided for any managerial remuneration. Accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

(xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

**For Haribhakti & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration No.103523W

**Amit A. Hundia**

*Partner*

Membership No.120761

Place: Mumbai

Date: April 23, 2016

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Motilal Oswal Real Estate Investment Advisors Private Limited on the standalone financial statements for the year ended March 31, 2016]

### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Motilal Oswal Real Estate Investment Advisors Private Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

## **For Haribhakti & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration No.103523W

## **Amit A. Hundia**

*Partner*

Membership No.120761

Place: Mumbai

Date: April 23, 2016

# BALANCE SHEET

## Balance Sheet as at March 31, 2016

|                                    | Note No.       | As on 31-Mar-16<br>In (₹) | As on 31-Mar-15<br>In (₹) |
|------------------------------------|----------------|---------------------------|---------------------------|
| <b>I. EQUITY &amp; LIABILITIES</b> |                |                           |                           |
| <b>Share Holder's Funds :</b>      |                |                           |                           |
| Share Capital                      | 1              | 1,000,000                 | 1,000,000                 |
| Reserve & Surplus                  | 2              | (5,022,801)               | (2,221,659)               |
| <b>TOTAL</b>                       | <b>(A)</b>     | <b>(4,022,801)</b>        | <b>(1,221,659)</b>        |
| <b>Non Current Liabilities</b>     |                |                           |                           |
| Long term provisions               | 3              | 139,380                   | 85,208                    |
| <b>TOTAL</b>                       | <b>(B)</b>     | <b>139,380</b>            | <b>85,208</b>             |
| <b>Current Liabilities</b>         |                |                           |                           |
| Short term borrowings              | 4              | 3,617,298                 | 881,177                   |
| Other current liabilities          | 5              | 216,256                   | 80,062                    |
| Short term provisions              | 6              | 326,659                   | 457,238                   |
| <b>TOTAL</b>                       | <b>(C)</b>     | <b>4,160,213</b>          | <b>1,418,477</b>          |
| <b>TOTAL</b>                       | <b>(A+B+C)</b> | <b>276,792</b>            | <b>282,026</b>            |
| <b>II. ASSETS</b>                  |                |                           |                           |
| <b>Non - Current Assets</b>        |                |                           |                           |
| Non Current Investment             | 7              | 188,307                   | 192,620                   |
| Long Term Loans And Advances       | 8              | 49,187                    | 22,199                    |
| <b>TOTAL</b>                       | <b>(D)</b>     | <b>237,494</b>            | <b>214,819</b>            |
| <b>Current Assets</b>              |                |                           |                           |
| Cash and Bank Balance              | 9              | 36,163                    | 61,620                    |
| Short Term Loans And Advances      | 10             | 3,135                     | 5,587                     |
| <b>TOTAL</b>                       | <b>(E)</b>     | <b>39,298</b>             | <b>67,207</b>             |
| <b>TOTAL</b>                       | <b>(D+E)</b>   | <b>276,792</b>            | <b>282,026</b>            |
| Significant accounting policies    | 16             |                           |                           |
| Notes forming part of accounts     | 17 -26         |                           |                           |

As per our attached report of even date

**For Haribhakti & Co LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W

**Amit A. Hundia**

Partner

Membership No. 120761

Place : Mumbai

Dated : 23rd April 2016

For and on behalf of the Board of  
**Motilal Oswal Real Estate Investment Advisors Private Limited**

**Motilal Oswal**

Director

DIN No. 00024503

**Raamdeo Agarawal**

Director

DIN No. 00024533

# STATEMENT OF PROFIT AND LOSS

## Statement of Profit and Loss for the year ended 31st March, 2016

|   | Note No.           | For The Year Ended<br>31-Mar-16<br>In (₹) | For The Year Ended<br>31-Mar-15<br>In (₹) |
|---|--------------------|---|---|
| <b>REVENUE:</b>                           |                    |   |   |
| Other Income                              | 11                 | 13,752                                    | 5,116                                     |
| <b>Total Revenue</b>                      | <b>(A)</b>         | <b>13,752</b>                             | <b>5,116</b>                              |
| <b>EXPENSES :</b>                         |                    |   |   |
| Employee benefits expense                 | 12                 | 2,078,118                                 | 1,944,228                                 |
| Finance costs                             | 13                 | 378,366                                   | 34,087                                    |
| Other expenses                            | 14                 | 358,410                                   | 132,629                                   |
| <b>Total expenses</b>                     | <b>(B)</b>         | <b>2,814,894</b>                          | <b>2,110,944</b>                          |
| Extraordinary Items                       |                    |   |   |
| <b>Profit/ (Loss) before tax ( C)</b>     | <b>(C = A - B)</b> | <b>(2,801,142)</b>                        | <b>(2,105,828)</b>                        |
| <b>Tax expense:</b>                       |                    |   |   |
| Current tax                               |                    | –   | –   |
| Deferred tax                              |                    | –   | –   |
| <b>Profit/ (Loss) for the period</b>      |                    | <b>(2,801,142)</b>                        | <b>(2,105,828)</b>                        |
| <b>Earnings per equity share:</b>         |                    |   |   |
| Equity share of face value of ₹ 10/- each |                    |   |   |
| Basic                                     |                    | (28.01)                                   | (21.06)                                   |
| Diluted                                   |                    | (28.01)                                   | (21.06)                                   |
| Significant accounting policies           | 16                 |   |   |
| Notes forming part of accounts            | 17 -26             |   |   |

As per our attached report of even date

**For Haribhakti & Co LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W

**Amit A. Hundia**

Partner

Membership No. 120761

Place : Mumbai

Dated : 23rd April 2016

For and on behalf of the Board of  
**Motilal Oswal Real Estate Investment Advisors Private Limited**

**Motilal Oswal**

Director

DIN No. 00024503

**Raamdeo Agarawal**

Director

DIN No. 00024533

# CASH FLOW STATEMENT

## Cash flow statement for the year ended 31st March 2016

| Particulars  | For the Year ended<br>31st March 2016<br>(₹) | For the Year ended<br>31st March 2015<br>(₹) |
|--|--|--|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                           |  |  |
| Profit before taxation   | (2,801,142)                                  | (2,105,828)                                  |
| Adjustment for   |  |  |
| Interest paid  | 378,366                                      | 34,087                                       |
| Partnership gain from IREF II LLP                                    | (13,752)                                     | (5,116)                                      |
| Gratuity Expenses  | 88,588                                       | 40,622                                       |
| Adjustment for working capital changes                               |  |  |
| Increase/(Decrease) other long term provision                        | –  | 59,829                                       |
| Increase/(Decrease) Other Current Liabilities                        | 136,194                                      | (35,903)                                     |
| Increase/(Decrease) Short-term Provision                             | (164,995)                                    | 441,995                                      |
| (Increase)/Decrease In Short-term Loans & Advances                   | 2,452  | (5,587)                                      |
| (Increase)/Decrease In Other Current Assets                          | (26,988)                                     | (15,648)                                     |
| (Increase)/Decrease in Long Term Loans & Advances                    | –  | –  |
| <b>CASH USED IN OPERATIONS</b>                                       | <b>(2,401,277)</b>                           | <b>(1,591,549)</b>                           |
| Taxes Paid (Net of Refunds )   | –  | (2,368)                                      |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                            | <b>(2,401,277)</b>                           | <b>(1,589,181)</b>                           |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                           |  |  |
| Refund from IREF II LLP  | 18,065                                       | 2,486  |
| Proceed from sale of investment in subsidiary                        | –  | 10,000                                       |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>                       | <b>18,065</b>                                | <b>12,486</b>                                |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                           |  |  |
| Loan taken   | 2,736,121                                    | 1,050,000                                    |
| Interest paid  | (378,366)                                    | (211,695)                                    |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>                       | <b>2,357,755</b>                             | <b>838,305</b>                               |
| <b>NET CASH FLOW FOR THE YEAR ENDED</b>                              | <b>(25,457)</b>                              | <b>(738,390)</b>                             |
| Scheduled Bank - In Current Account                                  | 61,620                                       | 800,010                                      |
| <b>Total Cash &amp; Cash Equivalents as at beginning of the year</b> | <b>61,620</b>                                | <b>800,010</b>                               |
| Cash & Cash Equivalents as at end of the year                        |  |  |
| Scheduled Bank - In Current Account                                  | 36,163                                       | 61,620                                       |
| <b>Total Cash &amp; Cash Equivalents as at end of the year</b>       | <b>36,163</b>                                | <b>61,620</b>                                |

Note : The above cash flow statement has been prepared under the Indirect method as set out in Accounting Standard - 3 on cash flow statements issued by the Institute of Chartered Accountants of India.

As per our attached report of even date

### For Haribhakti & Co LLP

Chartered Accountants

ICAI Firm Registration No. 103523W

**Amit A. Hundia**

Partner

Membership No. 120761

Place : Mumbai

Dated : 23rd April 2016

For and on behalf of the Board of

**Motilal Oswal Real Estate Investment Advisors Private Limited**

**Motilal Oswal**

Director

DIN No. 00024503

**Raamdeo Agarawal**

Director

DIN No. 00024533

# NOTES TO FINANCIAL STATEMENT

## Note 1 : Share Capital

|   | As at 31-Mar-16  |                  | As at 31-Mar-15  |                  |
|---|------------------|------------------|------------------|------------------|
|   | Number of Shares | (₹)              | Number of Shares | (₹)              |
| <b>Authorised :</b>   |                  |                  |                  |                  |
| Equity Shares of ₹10/- Each ( P.Y. ₹ 10/- each )  | 100,000          | 1,000,000        | 100,000          | 1,000,000        |
| <b>Issued, Subscribed and Paid Up :</b>   |                  |                  |                  |                  |
| Equity Shares of ₹10/- Each ( P.Y. ₹ 10/- each )  | 100,000          | 1,000,000        | 100,000          | 1,000,000        |
| Of the above 89,999 shares (previous year 89,999 shares) held by holding company MOPE Investment Advisors Private Limited |                  |                  |                  |                  |
| <b>Total</b>  | <b>100,000</b>   | <b>1,000,000</b> | <b>100,000</b>   | <b>1,000,000</b> |

The Company has one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holder of the equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all the preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders. The Company declares and pays dividend in Indian rupees. Each equity share has the same rate of dividend

### Reconciliation of the number of shares outstanding

|  | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|--|------------------------|------------------------|
| <b>Number of shares at the beginning</b> | 100,000                | 100,000                |
| Add: Shares issued during the year       | —                      | —                      |
| <b>Number of shares at the end</b>       | <b>100,000</b>         | <b>100,000</b>         |

### Share holder having more than 5% equity holding in the Company

| Name of Shareholder                      | As at 31-Mar-16    |              | As at 31-Mar-15    |              |
|--|--------------------|--------------|--------------------|--------------|
|  | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Like Minded Wealth Creation Trust        | 10,000             | 10.00        | 10,000             | 10.00        |
| MOPE Investment Advisors Private Limited | 89,999             | 89.99        | 89,999             | 89.99        |

## Note 2: Reserves and Surplus

|                                  | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|----------------------------------|------------------------|------------------------|
| <b>Surplus</b>                   |                        |                        |
| Opening balance                  | (2,221,659)            | (115,831)              |
| Net Profit / (Loss) For the year | (2,801,142)            | (2,105,828)            |
| <b>Closing Balance</b>           | <b>(5,022,801)</b>     | <b>(2,221,659)</b>     |

## Note 3 : Long Term Provisions

|  | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|--|------------------------|------------------------|
| Provision for Employee Benefits - Gratuity | 139,380                | 85,208                 |
| <b>Total</b>                               | <b>139,380</b>         | <b>85,208</b>          |

# NOTES TO FINANCIAL STATEMENT

## Note 4 : Short Term Borrowings

|  | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|--|------------------------|------------------------|
| Loan from Related Party (unsecured) repayable on demand<br>- from intermediate holding company (MOFSL) | 3,617,298              | 881,177                |
| <b>Total</b>   | <b>3,617,298</b>       | <b>881,177</b>         |

## Note 5 : Other Current Liabilities

|                | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|----------------|------------------------|------------------------|
| Other Payables |                        |                        |
| Taxes payable  | 26,924                 | 7,368                  |
| For Expenses   | 189,332                | 72,694                 |
| <b>Total</b>   | <b>216,256</b>         | <b>80,062</b>          |

Notes to financial statements

## Note 6 : Short Term Provisions

|  | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|--|------------------------|------------------------|
| <b>Provision for Employee Benefits</b> |                        |                        |
| Provision for Ex Gratia                | 275,000                | 400,000                |
| Provision for Gratuity                 | 49,659                 | 15,243                 |
| <b>Other Provisions</b>                |                        |                        |
| Provision For Expenses                 | 2,000                  | 41,995                 |
| <b>Total</b>                           | <b>326,659</b>         | <b>457,238</b>         |

## Note 7 : Non Current Investment

|  | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|--|------------------------|------------------------|
| Other Investment (Unsecured and Unquoted)          |                        |                        |
| <b>Investment in Equity Instruments - Unquoted</b> |                        |                        |
| Investment in MORE II (Subsidiary)                 | 89,990                 | 89,990                 |
| <b>Investment in Partnership firms</b>             |                        |                        |
| Investment In IREF II LLP                          |                        |                        |
| Opening Balance                                    | 102,630                | 100,000                |
| Add : Contribution during the year                 |                        |                        |
| Less : Refund during the year                      | (18,065)               | (2,486)                |
| Add : Partnership Gain                             | 13,752                 | 5,116                  |
| Closing Balance                                    | 98,317                 | 102,630                |
| <b>Total</b>                                       | <b>188,307</b>         | <b>192,620</b>         |

# NOTES TO FINANCIAL STATEMENT

| Particulars  | 2016 In (₹) |              | 2015 In (₹) |              |
|--|-------------|--------------|-------------|--------------|
|  | Cost        | Market Value | Cost        | Market Value |
| Aggregate value of quoted investments and market value     | NA          | NA           | NA          | NA           |
| Aggregate value of unquoted investments and market value   | 188,307     | NA           | 192,620     | –            |
| Aggregate provision for diminution in value of investments | –           | –            | –           | –            |

| Sr. No.  | Particulars  | Subsidiary/ Others | No. of Shares / Units |           | Quoted / Unquoted | Partly Paid / Fully paid | Extend of Holding % |           | Amount (In ₹)  |                |
|----------|--|--------------------|-----------------------|-----------|-------------------|--------------------------|---------------------|-----------|----------------|----------------|
|          |  |                    | 31-Mar-16             | 31-Mar-15 |                   |                          | 31-Mar-16           | 31-Mar-15 | 31-Mar-16      | 31-Mar-15      |
| <b>1</b> | <b>Investment in Equity Instruments</b>                    |                    |                       |           |                   |                          |                     |           |                |                |
|          | Motilal Real Estate Investment Advisors II Private Limited | Subsidiary         | 8,999                 | 8,999     | Unquoted          | Fully Paid-up            | 89.00%              | 89.00%    | 89,990         | 89,990         |
| <b>2</b> | <b>Invest in Partnership Firm</b>                          |                    |                       |           |                   |                          |                     |           |                |                |
|          | Investment In IREF II LLP                                  | Others             | 1                     | 1         | Unquoted          | Fully Paid-up            | 100%                | 100%      | 98,317         | 102,630        |
|          | <b>Total</b>   |                    |                       |           |                   |                          |                     |           | <b>188,307</b> | <b>192,620</b> |

## Note 8 : Long Term Loans And Advances

|  | As at 31-Mar-16 (₹) | As at 31-Mar-15 (₹) |
|--|---------------------|---------------------|
| <b>Others (Unsecured, Considered Good)</b>                   |                     |                     |
| Prepaid expenses   | 1,999               | 3,064               |
| <b>Other Loans and Advances (Unsecured, Considered good)</b> |                     |                     |
| Balances With Government Authorities                         | 47,188              | 19,135              |
| <b>Total</b>   | <b>49,187</b>       | <b>22,199</b>       |

## Note 9 : Cash and Bank Balances

|  | As at 31-Mar-16 (₹) | As at 31-Mar-15 (₹) |
|--|---------------------|---------------------|
| <b>Cash &amp; Cash Equivalents</b>       |                     |                     |
| Balances with Bank - In Current Accounts | 36,163              | 61,620              |
| <b>Total</b>                             | <b>36,163</b>       | <b>61,620</b>       |

## Note 10 : Short Term Loans And Advances

|  | As at 31-Mar-16 (₹) | As at 31-Mar-15 (₹) |
|--|---------------------|---------------------|
| <b>Others (Unsecured, Considered good)</b> |                     |                     |
| Prepaid expenses                           | 3,135               | 5,587               |
| <b>Total</b>                               | <b>3,135</b>        | <b>5,587</b>        |

## Note 11 : Other Income

|                                  | For the Year Ended 31-Mar-16 (₹) | For the Year Ended 31-Mar-15 (₹) |
|----------------------------------|----------------------------------|----------------------------------|
| <b>Other Income</b>              |                                  |                                  |
| Share of Profit from IREF II LLP | 13,752                           | 5,116                            |
| <b>TOTAL</b>                     | <b>13,752</b>                    | <b>5,116</b>                     |

# NOTES TO FINANCIAL STATEMENT

## Note 12 : Employee Benefits Expense

|                                     | For the Year Ended<br>31-Mar-16<br>(₹) | For the Year Ended<br>31-Mar-15<br>(₹) |
|-------------------------------------|--|--|
| Salaries and incentives             | 1,989,530                              | 1,903,606                              |
| Gratuity Expenses ( Refer Note 24 ) | 88,588                                 | 40,622                                 |
| <b>TOTAL</b>                        | <b>2,078,118</b>                       | <b>1,944,228</b>                       |

## Note 13 : Finance cost

|                  | For the Year Ended<br>31-Mar-16<br>(₹) | For the Year Ended<br>31-Mar-15<br>(₹) |
|------------------|--|--|
| Interest expense | 378,366                                | 34,087                                 |
| <b>TOTAL</b>     | <b>378,366</b>                         | <b>34,087</b>                          |

## Note 14 : Other Expenses

|                                 | For the Year Ended<br>31-Mar-16<br>(₹) | For the Year Ended<br>31-Mar-15<br>(₹) |
|---------------------------------|--|--|
| Audit Fees ( Refer Note 18 )    | 165,000                                | 50,000                                 |
| Legal and Professional expenses | 146,751                                | 50,262                                 |
| Rent                            | 12,000                                 | 12,000                                 |
| Rates and taxes                 | 3,527                                  | 5,869                                  |
| Miscellaneous Expenses          | 31,132                                 | 14,498                                 |
| <b>TOTAL</b>                    | <b>358,410</b>                         | <b>132,629</b>                         |

## Note 15 : Nature of Business

Motilal Oswal Real Estate Investment Advisors Private Limited (the Company) was incorporated on September 13, 2013. The principal shareholder of the Company as at March 31, 2016 is MOPE Investment Advisors Private Limited.

The Company is Managing Partner of India Realty Excellence Fund II LLP (Fund), where it has the exclusive powers to manage and cause the Fund Activities to be managed for and on behalf of the Fund, in accordance with the LLP Agreement dated 29th January, 2014 entered between Fund, the Company & Motilal Oswal Securities Limited. It shall also recommend the Portfolio Investments and Divestments to the Investment Committee, which will be responsible for the investment and divestment decisions of the Fund. All the powers and authority conferred upon the Company under the LLP Agreement shall be exercised at its discretion without requiring any further consent or approval of the other partners.

## Note 16 : Significant accounting policies

### (a) Basis of preparation of financial statements

The financial statements of the Company are prepared under the historical cost convention, on the accrual basis of accounting and comply in all material respects with the generally accepted accounting principles in India, the applicable accounting standards notified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 issued by Institute of Chartered Accountant of India and the provisions of the Companies Act, 2013.

The accounting policies have been consistently applied by the Company and except for the changes, if any, in accounting policy discussed below, are consistent with those used in the previous year.

All assets and liabilities have been classified as current or noncurrent as per the company's normal operating cycle and other criteria set out in the schedule III to the Companies Act 2013.

# NOTES TO FINANCIAL STATEMENT

## (b) Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any differences of actual results to such estimates are recognised in the period in which the results are known or materialised.

## (c) Borrowing Cost

Interest and other costs in connection with the borrowing of the funds to the extent related/ attributed to the acquisition/ construction of qualifying fixed assets are capitalized up to the date when such assets are ready for its intended use and other borrowing costs are charged to Statement of Profit & Loss.

## (d) Investments

Investments are classified into Long term investments and current investments. Investments that are intended to be held for one year or more are classified as Long term investments and investments that are intended to be held for less than one year are classified as current investments.

Long term investments are valued at cost and the cost is determined on the basis of the average carrying amount of the total holding of the investment. Provision for diminution in value of long term investments is made if in the opinion of management such a decline is other than temporary.

Current investments are valued at cost or market/fair value, whichever is lower. Carrying amount of individual investment is determined on the basis of average of carrying amount of total holding of investments.

## (e) Revenue Recognition

Revenue is recognized when there is reasonable certainty of its ultimate realization/collection.

### – Share of profit/loss of LLP

Profit and Loss from Partnership firm are accounted on accrual basis and as per terms of Partnership LLP agreement dated 29th January 2014, entered between IREF II LLP, the Company & Motilal Oswal Securities Limited.

## (f) Taxation

Tax expenses comprises of current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

### – Current tax

Provision for current tax is made on the basis of estimated taxable income for the accounting year in accordance with Income Tax Act, 1961.

### – Deferred tax

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realized.

### – Minimum Alternate Tax

In case the company is liable to pay income tax u/s 115 JB of the Income Tax Act, 1961, the amount of tax paid in excess of normal income tax is recognized as asset (MAT credit Entitlement) only if there is convincing evidence for realization of such asset during the specified period. MAT credit entitlement is reviewed at each Balance Sheet date.

## (g) Contingencies and provisions

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is

# NOTES TO FINANCIAL STATEMENT

a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurs.

## (h) Employee Benefits :

### – Provident Fund

Contribution payable to the recognised provident fund, which is a defined contribution scheme, is charged to the Statement of Profit and Loss account in the period in which it occurs.

### – Gratuity

Gratuity is post employment benefit and is in the nature of Defined Benefit Plan. The Liability recognised in the balance sheet in respect of gratuity is the present value of defined benefit obligation at the balance sheet date and less the fair value of plan assets, together with the adjustments for unrecognized actuarial gain or losses and the past service costs. The defined benefit obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses comprise experience adjustment and the effects of changes in actuarial assumptions are recognized immediately in the statement of profit and loss.

### – Compensated Absences

As per the policy of the company, an employee can carry forward maximum 10 days of leave to next financial year. No leave is allowed to be encashed. An obligation arises as employees render service that increases their entitlement to future compensated absences. Provision is made for expected cost of accumulating compensated absences as a result of unused leave entitlement which has accumulated as at the balance sheet date.

### – Bonus / Ex-gratia Plans

The company recognizes the costs of bonus payments when it has a present obligation to make such payments as a result of past events and the reliable estimate of the obligation can be made.

## (i) Leases:

### Where the Company is Lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

## Note 17 : Earnings per share :

|   | As at 31-Mar-16 | As at 31-Mar-15 |
|---|-----------------|-----------------|
| Net Profit/(Loss) attributable to equity shareholders [A] (₹)           | (2,801,142)     | (2,105,828)     |
| Number of Weighted Average equity shares issued [B]                     | 100,000         | 100,000         |
| Basic/Diluted Earnings per share (EPS)[A/B] (₹) Face Value of ₹ 10 Each | (28.01)         | (21.06)         |

## Note 18 : Auditor's Remuneration:

|   | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|---|------------------------|------------------------|
| <b>As Auditors:</b>                           |                        |                        |
| Audit Fees                                    | 165,000                | 50,000                 |
| <b>In any other capacity, In respect of :</b> |                        |                        |
| Other certifications                          | 50,000                 | –                      |
| <b>Total</b>                                  | <b>215,000</b>         | <b>50,000</b>          |

# NOTES TO FINANCIAL STATEMENT

## Note 19 : Provisions made for the Year ended 31st March, 2016 comprises of:

In ₹

|                   | Opening balance as on 01-Apr-2015 | Provided For the year ended 31st March, 2016 | Provision Paid /reversed For the year ended 31st March, 2016 | Closing balance as of 31st March, 2016 |
|-------------------|-----------------------------------|--|--|--|
| Ex Gratia (Bonus) | 400,000                           | 275,000                                      | 400,000  | 275,000                                |
| Gratuity          | 100,451                           | 88,588                                       | –  | 189,039                                |

Provisions made for the Year ended 31st March, 2015 comprises of:

|                   | Opening balance as on 01-Apr-2014 | Provided For the year ended 31st March, 2015 | Provision Paid /reversed For the year ended 31st March, 2015 | Closing balance as of 31st March, 2015 |
|-------------------|-----------------------------------|--|--|--|
| Ex Gratia (Bonus) | –                                 | 892,176                                      | 492,176  | 400,000                                |
| Gratuity          | –                                 | 100,451                                      | –  | 100,451                                |

## Note 20 : Dues to micro, small and medium enterprises

To the extent information is available with the Company; there are no dues payable to any parties identified as Micro and Small Enterprises as per The Micro, Small and Medium Enterprises Development Act, 2006.

## Note 21 :

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 and provision for all known and determined liabilities have been made.

## Note 22 : Segment Information

Since the Company is engaged in single segment i.e. business of managing and advising real estate funds , there are no separate reportable segment as required under Accounting Standard – 17.

## Note 23 :

During the year, ₹ 12,000/- (Previous year ₹ 12,000) has been recognised as Lease Payments in the statement of Profit and Loss under the head "Rent"

### General description of lease terms: -

- Lease rentals are charged on the basis of agreed terms.
- Assets are taken on lease for a period of 3 years.
- Lease agreements are cancellable and there is no escalation clause

## Note 24 : Gratuity

The following table set out the gratuity plan as required under AS 15.

### Reconciliation of opening and closing balances of the present value of the defined benefit obligation.

|  | 31-Mar-16            | 31-Mar-15            |
|--|----------------------|----------------------|
| <b>I) Assumptions as at</b>                |                      |                      |
| Mortality                                  | IALM (2006-08) Ult.  | IALM (2006-08) Ult.  |
| Interest / Discount Rate                   | 7.49%                | 7.77%                |
| Rate of increase in compensation           | 10.00%               | 9.00%                |
| Rate of return (expected) on plan assets   |                      |                      |
| Employee Attrition Rate(Past Service (PS)) | PS: 0 to 37 : 15.87% | PS: 0 to 37 : 15.87% |
| Expected average remaining service         | 5.01                 | 5.05                 |

# NOTES TO FINANCIAL STATEMENT

|  | 31-Mar-16        | 31-Mar-15        |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>II Changes in present value of obligations</b>            |                  |                  |                  |                  |                  |
| PVO at beginning of period                                   | 100,451          | –                |                  |                  |                  |
| Interest cost  | 7,805            | –                |                  |                  |                  |
| Current Service Cost   | 47,147           | 41,639           |                  |                  |                  |
| Past Service Cost- (non vested benefits)                     | –                | –                |                  |                  |                  |
| Past Service Cost -(vested benefits)                         | –                | –                |                  |                  |                  |
| Benefits Paid  | –                | –                |                  |                  |                  |
| Actuarial (Gain)/Loss on obligation                          | 33,636           | 58,812           |                  |                  |                  |
| PVO at end of period   | 189,039          | 100,451          |                  |                  |                  |
| <b>III Changes in fair value of plan assets</b>              |                  |                  |                  |                  |                  |
| Fair Value of Plan Assets at beginning of period             | –                | –                |                  |                  |                  |
| Expected Return ori Plan Assets                              | –                | –                |                  |                  |                  |
| Contributions  | –                | –                |                  |                  |                  |
| Benefit Paid   | –                | –                |                  |                  |                  |
| Actuarial Gain/(Loss) on plan assets                         | –                | –                |                  |                  |                  |
| Fair Value of Plan Assets at end of period                   | –                | –                |                  |                  |                  |
| <b>IV Fair Value of Plan Assets</b>                          |                  |                  |                  |                  |                  |
| Fair Value of Plan Assets at beginning of period             | –                | –                |                  |                  |                  |
| Actual Return on Plan Assets                                 | –                | –                |                  |                  |                  |
| Contributions  | –                | –                |                  |                  |                  |
| Benefit Paid   | –                | –                |                  |                  |                  |
| Fair Value of Plan Assets at end of period                   | –                | –                |                  |                  |                  |
| Funded Status (including unrecognised past service cost)     | (189,039)        | (100,451)        |                  |                  |                  |
| Excess of actual over estimated return on Plan Assets        | –                | –                |                  |                  |                  |
| <b>V Experience History</b>                                  | <b>31-Mar-16</b> | <b>31-Mar-15</b> | <b>31-Mar-14</b> | <b>31-Mar-13</b> | <b>31-Mar-12</b> |
| PVO at end of period   | 189,039          | 100,451          | –                | –                | –                |
| Fair Value of Plan Assets at end of period                   | –                | –                | –                | –                | –                |
| Surplus / (Deficit)  | (189,039)        | (100,451)        | –                | –                | –                |
| (Gain)/Loss on obligation due to change in Assumption        | 11,965           | –                | –                | –                | –                |
| Experience (Gain)/ Loss on obligation                        | 21,671           | 58,812           | –                | –                | –                |
| Actuarial Gain/(Loss) on plan assets                         | –                | –                | –                | –                | –                |
| <b>VI Actuarial Gain/(Loss) Recognized</b>                   |                  |                  |                  |                  |                  |
| Actuarial Gain/(Loss) for the period (Obligation)            |                  |                  |                  | (33,636)         | (58,812)         |
| Actuarial Gain/(Loss) for the period (Plan Assets)           |                  |                  |                  | –                | –                |
| Total Gain/(Loss) for the period                             |                  |                  |                  | (33,636)         | (58,812)         |
| Actuarial Gain/(Loss) recognized for the period              |                  |                  |                  | (33,636)         | (58,812)         |
| Unrecognized Actuarial Gain/(Loss) at end of period          |                  |                  |                  | –                | –                |
| <b>VII Past Service Cost Recognised</b>                      |                  |                  |                  |                  |                  |
| Past Service Cost- (non vested benefits)                     |                  |                  |                  | –                | –                |
| Past Service Cost -(vested benefits)                         |                  |                  |                  | –                | –                |
| Average remaining future service till vesting of the benefit |                  |                  |                  | –                | –                |
| Recognised Past service Cost- non vested benefits            |                  |                  |                  | –                | –                |
| Recognised Past service Cost- vested benefits                |                  |                  |                  | –                | –                |
| Unrecognised Past Service Cost- non vested benefits          |                  |                  |                  | –                | –                |

# NOTES TO FINANCIAL STATEMENT

|  | 31-Mar-16 | 31-Mar-15 |
|--|-----------|-----------|
| <b>VIII Amounts to be recognized in the balance sheet and statement of profit &amp; loss account</b> |           |           |
| PVO at end of period   | 189,039   | 100,451   |
| Fair Value of Plan Assets at end of period   | –         | –         |
| Funded Status  | (189,039) | (100,451) |
| Unrecognized Actuarial Gain/(Loss)   | –         | –         |
| Unrecognised Past Service Cost- non vested benefits  | –         | –         |
| Net Asset/(Liability) recognized in the balance sheet  | (189,039) | (100,451) |
| <b>IX Expense recognized in the statement of P&amp;L A/C</b>   |           |           |
| Current Service Cost   | 47,147    | 41,639    |
| Interest cost  | 7,805     | –         |
| Past Service Cost- (non vested benefits)   | –         | –         |
| past Service Cost "(vested benefits)   | –         | –         |
| Unrecognised Past Service Cost- non vested benefits  | –         | –         |
| Expected Return on Plan Assets   | –         | –         |
| Net Actuarial (Gain)/Loss recognized for the period  | 33,636    | 58,812    |
| Expense recognized in the statement of P & L A/C   | 88,588    | 100,451   |
| <b>X Movements in the Liability recognized in Balance Sheet</b>                                      |           |           |
| Opening Net Liability  | 100,451   | –         |
| Expenses as above  | 88,588    | 100,451   |
| Contribution paid  | –         | –         |
| Closing Net Liability  | 189,039   | 100,451   |
| <b>XI Schedule III of Companies Act, 2013</b>  |           |           |
| Current Liability  | 49,659    | 15,243    |
| Non-Current Liability  | 139,380   | 85,208    |

## Note 25 : Related Party Disclosure

### (i) Relationships during the year

#### Ultimate Holding Company

- Passionate Investment Management Private Limited

#### Intermediate Holding Company

- Motilal Oswal Financial Services Limited

#### Holding Company

- MOPE Investment Advisors Private Limited

#### Fellow subsidiaries

- Motilal Oswal Capital Markets Private Limited
- Motilal Oswal Trustee Company Limited
- Motilal Oswal Insurance Brokers Private Limited
- Motilal Oswal Commodities Broker Private Limited
- Motilal Oswal Asset Management Company Limited
- Motilal Oswal Investment Advisors Private Limited
- Motilal Oswal Securities Limited
- Motilal Oswal Wealth Management Limited
- Motilal Oswal Securities International Private Limited
- Motilal Oswal Capital Market (Hongkong) Private Limited
- Motilal Oswal Capital Markets (Singapore) Pte. Limited
- Aspire Home Finance Corporation Limited

# NOTES TO FINANCIAL STATEMENT

- Motilal Oswal Asset Management (Mauritius) Company Private Limited
- India Business Excellence Management Company
- Nagori Agro & Cattle Feeds Private Limited
- VISU Associates - Partnership firm
- OSAG Enterprises LLP

## Subsidiaries

- Motilal Oswal Real Estate Investment Advisors II Private Limited

## Key management personnel

- Motilal Oswal - Director
- Raamdeo Agarawal – Director

## (ii) Transactions with related parties: 31-03-2016

(in ₹)

| Transaction                                  | Name of the related Party  | Holding / Intermediate Holding / Subsidiary Company |                    |
|--|--|---|--------------------|
|  |  | 2015-16   | 2014-15            |
| Interest Expense                             | Motilal Oswal Financial Services Limited                         | 378,366   | 34,087             |
| <b>Total Interest Expense</b>                |  | <b>378,366</b>                                      | <b>34,087</b>      |
| Rent Expense                                 | Motilal Oswal Financial Services Limited                         | 12,000  | 12,000             |
| <b>Total Rent Expense</b>                    |  | <b>12,000</b>                                       | <b>12,000</b>      |
| Reimbursement of exp (Received)              | MOPE Investment Advisors Private Ltd                             | –   | (59,829)           |
|  | Motilal Oswal Real Estate Investment Advisors II Private Limited | –   | (1,167)            |
| <b>Total Reimbursement of exp (Received)</b> |  | <b>–</b>  | <b>(60,996)</b>    |
| Loans (Taken)                                | Motilal Oswal Financial Services Limited                         | (2,736,121)   | (1,050,000)        |
| <b>Total Loan (Taken)</b>                    |  | <b>(2,736,121)</b>                                  | <b>(1,050,000)</b> |
| Loans Repaid                                 | Motilal Oswal Financial Services Limited                         | –   | 211,695            |
| <b>Total Loan Repaid</b>                     |  | <b>–</b>  | <b>211,695</b>     |
| Loan Taken (Maximum Balance)                 | Motilal Oswal Financial Services Limited                         | (3,617,298)   | (881,179)          |
| <b>Total Loan Taken (Maximum Balance)</b>    |  | <b>(3,617,298)</b>                                  | <b>(881,179)</b>   |
| Investments (Maximum Balance)                | Motilal Oswal Real Estate Investment Advisors II Private Limited | 89,990  | 89,990             |
| <b>Total Investments (Maximum Balance)</b>   |  | <b>89,990</b>                                       | <b>89,990</b>      |
| <b>Outstanding Balances:</b>                 |  |   |                    |
| Unsecured Loan (Taken)                       | Motilal Oswal Financial Services Limited                         | (3,617,298)   | (881,177)          |
| <b>Total Unsecured Loan (Taken)</b>          |  | <b>(3,617,298)</b>                                  | <b>(881,177)</b>   |
| Investments                                  | Motilal Oswal Real Estate Investment Advisors II Private Limited | 89,990  | 89,990             |
| <b>Total Investments</b>                     |  | <b>89,990</b>                                       | <b>89,990</b>      |

Note : All Loans referred above are repayable on demand

## Note 26 :

Previous year figures have been regrouped/reclassified wherever necessary to make them comparable.

### For Haribhakti & Co LLP

Chartered Accountants

ICAI Firm Registration No. 103523W

**Amit A. Hundia**

Partner

Membership No. 120761

Place : Mumbai

Dated : 23rd April 2016

For and on behalf of the Board of

**Motilal Oswal Real Estate Investment Advisors Private Limited**

**Motilal Oswal**

Director

DIN No. 00024503

**Raamdeo Agarawal**

Director

DIN No. 00024533

**Motilal Oswal Real Estate Investment Advisors II  
Private Limited**

**Annual Report 2015-2016**

# BOARD'S REPORT

To the Members,

Your Directors have pleasure in presenting their 3rd Annual Report together with the audited Financial Statement of your Company for the year ended 31st March, 2016.

## Financial Highlights

A summary of the financial performance of the Company for the financial year ended on 31st March, 2016 is given below:

| Particulars   | Amount (₹)                            |                                       |
|---|---------------------------------------|---------------------------------------|
|   | Financial Year Ended 31st March, 2016 | Financial Year Ended 31st March, 2015 |
| Revenue   | 156,386,902                           | 109,963,655                           |
| Profit before Interest, Depreciation & Taxes                | (491,894)                             | (28,325,218)                          |
| Interest Paid   | 2,833,562                             | 131,428                               |
| Depreciation  | 15,122                                | 19,755                                |
| <b>Profit / (Loss) before Taxation and exceptional item</b> | <b>(3,340,578)</b>                    | <b>(28,476,401)</b>                   |
| Less: Provision for Taxation                                |                                       |                                       |
| Current Tax   | —                                     | —                                     |
| Deferred Tax  | (744,602)                             | (8,672,385)                           |
| Tax for earlier year(s)                                     | —                                     | —                                     |
| Profit / (Loss) for the year                                | (2,595,976)                           | (19,804,016)                          |
| Balance Profit / (Loss) brought Forward                     | (34,810,364)                          | (15,006,348)                          |
| Less: Transfer to General Reserve                           | —                                     | —                                     |
| Less: Transitional Depreciation                             | —                                     | —                                     |
| Balance Profit / (Loss) carried Forward                     | (37,406,340)                          | (34,810,364)                          |

## Review of Operations and Future Outlook

Motilal Oswal Real Estate Investment Advisors II Private Limited is Investment Manager for India Realty Excellence Fund III (IREF III) and undertakes the business of Managing Funds in the Real Estate Space. It is also an Advisor to India Realty Excellence Fund II LLP (Fund).

India Realty Excellence Fund II LLP raised ₹ 4.90 billion assets, of which it has committed 93% across established developers in 8 deals following stringent due diligence process.

During the year in 3rd quarter, IREF III was launched with an AUM target of ₹ 12.50 billion, it announced its 1st close within four months in February 2016, raising commitments of ₹ 6.00 billion. It has made 1 investment so far.

The inauguration of "Motilal Oswal Real Estate Conclave", was hosted on the back of the launch of IREF III.

During the year under review, the company earned revenues of ₹ 156,386,902/- as compared to ₹ 109,963,655/- representing an increase of 42.27% from previous year. Loss after Tax was ₹ 2,595,976/- as compared to ₹ 19,804,016 representing a decrease in loss by 13 % from previous year.

## Dividend and Reserves

Your Directors have not recommended payment of dividend for the Financial Year 2015-16 with a view to conserve the resources of the Company for the expansion of the operations of the Company.

During the year under review, the Company did not transfer any amount to Reserves.

## Share Capital

The issued and paid-up share capital of the Company as on 31st March, 2016 is ₹ 49,600,000/- divided into 10,000 Equity Shares of ₹ 10/- each and 49,50,000 Preference Shares of ₹ 10/- each.

## Deposits and Loans / Advances

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013 during the year under review.

During the year under review, the Company has accepted loans / advances from its Holding Company and the same is disclosed in the note no. 4 of annual accounts of the Company pursuant to Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## Subsidiaries / Joint Ventures / Associate Companies

The Company does not have any Subsidiary Companies, Joint Ventures and Associate Companies as on 31st March, 2016.

## Directors

During the year, there was no appointment or resignation of Directors(s).

Mr. Motilal Oswal, Director of the Company, retires by rotation at the forthcoming Annual General Meeting and being eligible has offered himself for re-appointment.

## Number of Board Meetings

The Board meets at regular intervals to discuss and decide on the Company / business policy and strategy apart from other Board business. During the year under review, four Board Meetings were held and the interval between any two meetings was not more than 120 days. The status of attendance of Directors at these Board Meetings are as follows:

| Name of the Director                | Designation | Director Identification Number (DIN) | Meetings attended in Financial Year |
|-------------------------------------|-------------|--------------------------------------|-------------------------------------|
| Mr. Motilal Oswal                   | Director    | 00024503                             | 4                                   |
| Mr. Vishal Tulsyan                  | Director    | 00139754                             | 4                                   |
| Total meetings held during the year |             |                                      | 4                                   |

## Business Risk Management

The organization realizes the importance of Enterprise Risk Management (ERM) framework and had taken early initiatives towards its implementation of business risk management policy. The organization has introduced several improvements to the business risk management policy.

A systematic approach has been adopted that originates with the identification of risk, categorization and assessment of identified risk, evaluating effectiveness of existing controls and building additional controls to mitigate risk and monitoring the residual risk through effective Key Risk Indicators (KRI). The implementation is being carried out in phased manner with the objective to encompass the entire line of businesses.

ERM involves a robust implementation of three lines of defense - first line of defense is the front-line employees, the second line of defense is the risk and compliance function and the third line of defense is external and internal auditors. To build an effective risk culture significant effort has been made towards robustness of these lines of defense.

## Internal Financial Controls

The Company has in place adequate Internal Financial Control systems with reference to financial statements. During the year under review, no material or serious observation has been received from the Auditors of the Company for inefficiency or inadequacy of such controls.

## Loans, Guarantees and Investments

The details of investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in note no. 9 to financial statement. During the year under review, there were no loans and guarantees given by the Company.

## Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

# BOARD'S REPORT *(Contd.)*

Details of particulars of contracts and arrangements or transactions entered into by the Company under section 188(1) of the Companies Act, 2013, with the related parties in Form AOC-2 are provided in "Annexure 1" as required under section 134(3)(h) of the Companies Act, 2013 and rules made there under.

## **Statutory Auditors**

Your Company had appointed M/s Haribhakti & Co. LLP, as Statutory Auditors for the term of five years at the Annual General Meeting held on September 30, 2014. In compliance with the provisions of Section 139 of the Companies Act, 2013, the appointment of the auditors is to be ratified by the members at every Annual General Meeting. M/s Haribhakti & Co. LLP, Chartered Accountant (ICAI Firm Registration No. 103523W) have given their consent for re-appointment. The members are requested to ratify the appointment of Auditors and fix their remuneration.

There were no qualifications, reservations, adverse remarks or disclaimers in the report of Statutory Auditors of the Company nor any frauds were reported by the Auditor under Section 143(12) of the Companies Act, 2013.

## **Particulars of Employees as required under section 197 of the Companies Act, 2013 and rules framed there under**

In accordance with the provisions of Section 197 of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the annexure pertaining to the names and other particulars of employees is available for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the said Annexure may write to the Company for the same.

## **Directors' Responsibility Statement**

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (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, 2016 and of the Profit & Loss 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis; and
- (v) they have devised proper systems to ensure compliance with the provisions of all applicable laws and the systems were adequate and operating effectively.

## **Extract of Annual Return**

The Extract of Annual Return in Form MGT-9 under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed herewith to this report as "Annexure 2".

## **Significant and Material Orders**

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

## **Policy on Prevention of Sexual Harassment of Women at Workplace**

The Company values the dignity of individuals and strives to provide a safe and respectable work environment to all its employees. The Company is committed to provide an environment, which is free of discrimination, intimidation and abuse. The Company believes that it is the responsibility of the organisation to protect the integrity and dignity of its women employees and also to avoid conflicts and disruptions in the work environment due to such cases. The Company has put in place a 'Policy against Sexual Harassment' as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act"). As per the policy, any women employee may report her complaint to the Redressal Committee formed for this purpose. We affirm that adequate access was provided to any complainant who wish to register a complaint under the policy. There were no complaints received by the Company, during the FY 2015-16.

## Conservation of Energy and Technology Absorption and Foreign Exchange Earnings and Outgo

In view of the nature of activities which are being carried on by the Company, Rule 8(3) of the Companies (Accounts) Rules, 2014 concerning conservation of energy and technology absorption respectively are not applicable to the Company.

There was no foreign exchange inflow or outflow during the year under review.

## Mandatory Disclosures in the Boards' Report

Following mandatory disclosures in the Boards' Report pursuant to the provisions of the Companies Act, 2013 are not applicable to the Company:

- Section 134(3)(d) - A statement on declaration given by independent directors under sub-section (7) of section 149;
- Section 134(3)(e) - As per sub-section (1) of section 178, policies on appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178;
- Section 134(3)(f) - Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the Company secretary in practice in his secretarial audit report;
- Section 134(3)(l) - Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relate and the date of the report;
- Section 135 - Corporate Social Responsibility;
- Section 177 - Audit Committee;
- Section 177(9) - Establishment of Vigil Mechanism;
- Section 178 - Nomination And Remuneration Committee and stakeholders Relationship Committee;
- Section 203 - Appointment of Key Managerial Personnel;
- Section 204 - Secretarial Audit;
- Performance Evaluation of the Board of Directors;

## Acknowledgments

Your Directors take this opportunity to thank the Authorities, Bankers, Shareholders and the Customers of the Company for their continued support to the Company. The Directors also place on record their sincere appreciation of the contributions made by every member of the Motilal Oswal Real Estate Investment Advisors II Private Limited family for their dedicated efforts that made these results achievable.

For and on behalf of the Board of  
**Motilal Oswal Real Estate Investment Advisors II Private Limited**

**Motilal Oswal**  
*Chairman*  
DIN: 00024503

Place : Mumbai

Date : 23rd April, 2016.

# ANNEXURE 1 TO THE BOARD'S REPORT

## Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

### 1. Details of contracts or arrangements or transactions not at arm's length basis

NOT APPLICABLE

### 2. Details of material\* contracts or arrangement or transactions at arm's length basis

(Amount in ₹)

| Sr. No. | Name of the Related Party                | Nature of the relationship | Nature of Contract                        | Duration of Contract | Salient terms of the contracts or arrangements or transactions including the value, if any  | Amount paid as advances, if any |
|---------|--|----------------------------|---|----------------------|---|---------------------------------|
| 1       | MOPE Investment Advisors Private Limited | Holding Company            | Availing of Services                      | On-going             | Rent paid by Motilal Oswal Real Estate Advisors II Pvt Limited to MOPE Investment Advisors Private Limited                                      | Nil                             |
| 2       | Motilal Oswal Securities Limited         | Fellow Subsidiary          | Rendering of Referral Services            | On-going             | Referral Fees received by by Motilal Oswal Real Estate Advisors II Pvt Limited from Motilal Oswal Securities Limited                            | Nil                             |
| 3       | Motilal Oswal Financial Services Limited | Holding Company            | Rendering of Referral Services            | On-going             | Referral Fees received by by Motilal Oswal Real Estate Investment Advisors II Pvt Limited from Motilal Oswal Financial Services Limited         | Nil                             |
| 4       | Motilal Oswal Securities Limited         | Fellow Subsidiary          | Availing of Placement & Referral Services | On-going             | Placement Fees & Referral Fees Paid by Motilal Oswal Real Estate Investment Advisors II Pvt Limited to Motilal Oswal Securities Limited         | Nil                             |
| 5       | Motilal Oswal Wealth Management Ltd      | Fellow Subsidiaries        | Availing of Placement & Referral Services | On-going             | Placement Fees & Referral Fees Paid by Motilal Oswal Real Estate Investment Advisors II Pvt Limited to Motilal Oswal Wealth Management Limited  | Nil                             |
| 6       | Motilal Oswal Financial Services Limited | Holding Company            | Availing of Placement & Referral Services | On-going             | Placement Fees & Referral Fees Paid by Motilal Oswal Real Estate Investment Advisors II Pvt Limited to Motilal Oswal Financial Services Limited | Nil                             |
| 7       | Motilal Oswal Financial Services Limited | Holding Company            | Availing of Services                      | On-going             | Interest paid on Loan taken by Motilal Oswal Real Estate Investment Advisors II Pvt Limited to Motilal Oswal Financial Services Limited         | Nil                             |
| 8       | MOPE Investment Advisors Private Limited | Holding Company            | Availing of Services                      | On-going             | Interest paid on Loan taken by Motilal Oswal Real Estate Investment Advisors II Pvt Limited to MOPE Investment Advisors Private Limited         | Nil                             |

\* Definition of Materiality has been adopted from Regulation 23 of the Listing Regulations, 2015 which states as follows: Transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statement of the Company. Since the Company does not have any subsidiary Company, materiality is decided based on transactions exceeding 10% of the standalone turnover as per the last audited financial statement of the Company.

For and on behalf of the Board of  
**Motilal Oswal Real Estate Investment Advisors II Private Limited**

**Motilal Oswal**  
Chairman

(DIN : 00024503)

Place : Mumbai  
Date : 23rd April, 2016.

# ANNEXURE 2 TO THE BOARD'S REPORT

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. Registration and Other Details:

|  |  |
|--|--|
| i) CIN   | U67190MH2014PTC253958  |
| ii) Registration Date  | 07th March, 2014   |
| iii) Name of the Company   | Motilal Oswal Real Estate Investment Advisors II Private Limited   |
| iv) Category / Sub Category of the Company                                     | Public Limited Company   |
| v) Address of the Registered Office and contact details                        | Motilal Oswal Tower, Rahimtullah Sayani Road,<br>Opposite Parel ST Depot, Prabhadevi,<br>Mumbai-400025.<br>Tel. No. +91 22 3980 4200 |
| vi) Whether Shares Listed On Recognized Stock Exchange(s)                      | No   |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | –  |

#### II. Principal Business Activities of the Company (MOA)

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

| Sr. No. | Name and Description of main products / services | NIC Code of the Product / Service | % to total turnover of the company |
|---------|--|-----------------------------------|------------------------------------|
| 1       | Advisory Fees                                    | 6619                              | 51.13%                             |
| 2       | Setup Fees                                       | 6619                              | 43.13%                             |

#### III. Particulars of Holding, Subsidiary and Associate Companies

[No. of Companies for which information is being filled]

| Sr. No | Name and Address of the Company                                      | CIN / GLN             | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|--------|--|-----------------------|----------------------------------|------------------|--------------------|
| 1.     | Motilal Oswal Real Estate Investment Advisors Private Limited (MORE) | U74999MH2013PTC248200 | Holding                          | 90%              | 2(46)              |

#### Note:

1. There are no Subsidiary and Associate Companies of the Company as on 31st March, 2016.
2. Passionate Investment Management Private Limited (PIMPL) is the ultimate holding Company and holds 54.01% shares in Motilal Oswal Financial Services Limited (MOFSL).
3. Motilal Oswal Financial Services Limited (MOFSL) holds 100% shares in MOPE Investment advisors Private Limited.
4. MOPE Investment Advisors Private Limited holds 90% shares in Motilal Oswal Real Estate Investment Advisors Private Limited (MORE).

# ANNEXURE 2 TO THE BOARD'S REPORT

## IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Share Holding

| Category of Shareholders  | No. of Shares held at the beginning of the year |               |               |                   | No. of Shares held at the end of the year |               |               |                   | % Change during the year |
|---|---|---------------|---------------|-------------------|---|---------------|---------------|-------------------|--------------------------|
|   | Demat   | Physical      | Total         | % of Total Shares | Demat                                     | Physical      | Total         | % of Total Shares |                          |
| <b>A. Promoters</b>   |   |               |               |                   |   |               |               |                   |                          |
| <b>(1) Indian</b>   |   |               |               |                   |   |               |               |                   |                          |
| Bodies Corp   | –   | 9,000         | 9,000         | 90                | –   | 9,000         | 9,000         | 90                | 0                        |
| <b>Sub-total (A) (1)</b>  | –   | <b>9,000</b>  | <b>9,000</b>  | <b>90</b>         | –   | <b>9,000</b>  | <b>9,000</b>  | <b>90</b>         | <b>0</b>                 |
| <b>(2) Foreign</b>  | –   | –             | –             | –                 | –   | –             | –             | –                 | –                        |
| <b>Sub-total (A) (2)</b>  | –   | –             | –             | –                 | –   | –             | –             | –                 | –                        |
| <b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>                       | –   | <b>9,000</b>  | <b>9,000</b>  | <b>90</b>         | –   | <b>9,000</b>  | <b>9,000</b>  | <b>90</b>         | <b>0</b>                 |
| <b>B. Public Shareholding</b>   |   |               |               |                   |   |               |               |                   |                          |
| <b>1. Institutions</b>  | –   | –             | –             | –                 | –   | –             | –             | –                 | –                        |
| <b>Sub-total (B)(1)</b>   | –   | –             | –             | –                 | –   | –             | –             | –                 | –                        |
| <b>2. Non-Institutions</b>  | –   | –             | –             | –                 | –   | –             | –             | –                 | –                        |
| Individual shareholders holding nominal share capital upto ₹ 1 lakh             | –   | –             | –             | –                 | –   | 225           | 225           | 2.25              | 2.25                     |
| Others Mr. Navin Agarwal holding on behalf of Like Minded Wealth Creation Trust | –   | 1,000         | 1,000         | 10                | –   | 775           | 775           | 7.75              | 2.25                     |
| <b>Sub-total (B)(2)</b>   | –   | <b>1,000</b>  | <b>1,000</b>  | <b>10</b>         | –   | <b>1,000</b>  | <b>1,000</b>  | <b>10</b>         | –                        |
| <b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>                             | –   | –             | –             | –                 | –   | –             | –             | –                 | –                        |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                          | –   | –             | –             | –                 | –   | –             | –             | –                 | –                        |
| <b>GRAND TOTAL (A+B+C)</b>  | –   | <b>10,000</b> | <b>10,000</b> | <b>100</b>        | –   | <b>10,000</b> | <b>10,000</b> | <b>100</b>        | <b>0</b>                 |

### (ii) Shareholding of Promoters

| Sr. No. | Shareholder's Name   | Shareholding at the beginning of the year |                                  |  | Share holding at the end of the year |                                      |   |  |
|---------|--|---|----------------------------------|--|--------------------------------------|--------------------------------------|---|--|
|         |  | No. of shares                             | % of total shares of the company | % of shares Pledged / encumbered to total shares | No. of shares                        | % of the total shares of the company | % of the shares pledged/ encumbered to total shares | % change in shareholding during the year |
| 1       | Motilal Oswal Real Estate Investment Advisors Private Limited                                | 8,999                                     | 89.99                            | –  | 8,999                                | 89.99                                | –   | 0  |
| 2       | Motilal Oswal Real Estate Investment Advisors Private Limited Jointly with Mr. Motilal Oswal | 1   | 0.01                             | –  | 1                                    | 0.01                                 | –   | 0  |
|         | <b>Total</b>   | <b>9,000</b>                              | <b>90.00</b>                     | <b>–</b>   | <b>9,000</b>                         | <b>90.00</b>                         | <b>–</b>  | <b>–</b>                                 |

# ANNEXURE 2 TO THE BOARD'S REPORT

## iii) Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. No. | Shareholder's Name   | Shareholding   |                                  | Date       | Increase / Decrease in Shareholding | Reason                       | Cumulative Shareholding during the year(01-04-2015 to 31-03-2016) |                                  |
|---------|--|--|----------------------------------|------------|-------------------------------------|------------------------------|---|----------------------------------|
|         |  | No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016) | % of total Shares of the company |            |                                     |                              | No. of Shares   | % of total Shares of the company |
| 1       | Motilal Oswal Real Estate Investment Advisors Private Limited                                | 8,999  | 89.99                            | 01-04-2015 | 0                                   | Nil movement during the year | 8,999   | 89.99                            |
|         |  | 8,999  | 89.99                            | 31-03-2016 |                                     |                              |   |                                  |
| 2       | Motilal Oswal Real Estate Investment Advisors Private Limited jointly with Mr. Motilal Oswal | 1  | 0.01                             | 01-04-2015 | 0                                   | Nil movement during the year | 1   | 0.01                             |
|         |  | 1  | 0.01                             | 31-03-2016 |                                     |                              |   |                                  |

## iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | For Each of the Top 10 Shareholders                                      | Shareholding   |                                  | Date       | Increase/ (Decrease) in shareholding | Reason   | Cumulative Shareholding During the year |                                  |
|---------|--|--|----------------------------------|------------|--------------------------------------|----------|---|----------------------------------|
|         |  | No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016) | % of total Shares of the company |            |                                      |          | No. of Shares                           | % of total Shares of the company |
| 1.      | Mr. Navin Agarwal holding on behalf of Like Minded Wealth Creation Trust | 1,000  | 10                               | 01-04-2015 | -                                    | -        | -                                       | -                                |
|         |  |  |                                  | 02-02-2016 | (225)                                | Transfer | 775                                     | 7.75                             |
|         |  | 775  | 7.75                             | 31-03-2016 | -                                    | -        | -                                       | -                                |
| 2       | Mr. Sharad Mittal  | 0  | 0                                | 01-04-2015 | -                                    | -        | -                                       | -                                |
|         |  | -  | -                                | 02-02-2016 | 225                                  | Transfer | 225                                     | 2.25                             |
|         |  | 225  | 2.25                             | 31-03-2016 | -                                    | -        | -                                       | -                                |

## v) Shareholding of Directors and Key Managerial Personnel:

| Sr. No | Name | Designation | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|--------|------|-------------|---|----------------------------------|---|----------------------------------|
|        |      |             | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| NIL    |      |             |   |                                  |   |                                  |

## V. Indebtedness

### Indebtedness of the Company including interest outstanding / accrued but not due for payment

Amount (₹)

|  | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |          |                    |
| i) Principal Amount  | -                                | 2,364           | -        | 2,364              |
| ii) Interest due but not paid                              | -                                | 5,140           | -        | 5,140              |
| iii) Interest accrued but not due                          | -                                | -               | -        | -                  |
| <b>Total (i+ii+iii)</b>                                    | -                                | 7,504           | -        | 7,504              |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                 |          |                    |
| • Addition   | -                                | 164,071,104     | -        | 164,071,104        |
| • Reduction  | -                                | 80,002,364      | -        | 80,002,364         |

# ANNEXURE 2 TO THE BOARD'S REPORT

|  | Secured Loans<br>excluding deposits | Unsecured Loans   | Deposits | Amount (₹)<br>Total<br>Indebtedness |
|--|-------------------------------------|-------------------|----------|-------------------------------------|
| <b>Net Change</b>                                    | –                                   | <b>84,068,740</b> | –        | <b>84,068,740</b>                   |
| <b>Indebtedness at the end of the financial year</b> |                                     |                   |          |                                     |
| i) Principal Amount                                  | –                                   | 84,071,104        | –        | 84,071,104                          |
| ii) Interest due but not paid                        | –                                   | 2,550,208         | –        | 2,550,208                           |
| iii) Interest accrued but not due                    | –                                   | –                 | –        | –                                   |
| <b>Total (i+ii+iii)</b>                              | –                                   | <b>86,621,312</b> | –        | <b>86,621,312</b>                   |

## VI. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and / or Manager :

| Sr. No.  | Particulars of Remuneration   | Name of MD / WTD / Manager | Total Amount |
|----------|---|----------------------------|--------------|
| <b>1</b> | <b>Gross salary</b>   |                            |              |
|          | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | –                          | –            |
|          | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | –                          | –            |
|          | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961       | –                          | –            |
| 2        | Stock Option  | –                          | –            |
| 3        | Sweat Equity  | –                          | –            |
| 4        | Commission as % of profit   | –                          | –            |
| 5        | Others, please specify Variable Incentives  | –                          | –            |
|          | <b>Total (A)</b>  | –                          | –            |
|          | Ceiling as per the Act  |                            | –            |
|          | *5% of the net profit calculated as per Section 198                                 |                            |              |

### B. Remuneration to other directors:

| Sr. No. | Particulars of Remuneration                    | Name of Directors | Total Amount |
|---------|--|-------------------|--------------|
| 1.      | Independent Directors                          |                   |              |
|         | • Fee for attending board / committee meetings | –                 | –            |
|         | • Commission                                   | –                 | –            |
|         | • Others, please specify                       | –                 | –            |
|         | <b>Total (1)</b>                               | –                 | –            |
| 2.      | Other Non-Executive Directors                  |                   |              |
|         | • Fee for attending board / committee meetings | –                 | –            |
|         | • Commission                                   | –                 | –            |
|         | • Others, please specify                       | –                 | –            |
|         | <b>Total</b>                                   | –                 | –            |

# ANNEXURE 2 TO THE BOARD'S REPORT

## C. Remuneration to key managerial personnel other than MD / Manager / WTD: Nil

Amount (₹)

| Sr. No. | Particulars of Remuneration   | Key Managerial Personnel |                   |     |       |
|---------|---|--------------------------|-------------------|-----|-------|
|         |   | CEO                      | Company Secretary | CFO | Total |
| 1       | Gross salary  |                          |                   |     |       |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | -                        | -                 | -   | -     |
|         | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | -                        | -                 | -   | -     |
|         | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961       | -                        | -                 | -   | -     |

## VII. Penalties / Punishment / Compounding of Offences:

| Type                                 | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give Details) |
|--------------------------------------|------------------------------|-------------------|--|-------------------------------|------------------------------------|
| <b>A. COMPANY:</b>                   |                              |                   |  |                               |                                    |
| Penalty                              | -                            | -                 | -  | -                             | -                                  |
| Punishment                           | -                            | -                 | -  | -                             | -                                  |
| Compounding                          | -                            | -                 | -  | -                             | -                                  |
| <b>B. DIRECTORS:</b>                 |                              |                   |  |                               |                                    |
| Penalty                              | -                            | -                 | -  | -                             | -                                  |
| Punishment                           | -                            | -                 | -  | -                             | -                                  |
| Compounding                          | -                            | -                 | -  | -                             | -                                  |
| <b>C. OTHER OFFICERS IN DEFAULT:</b> |                              |                   |  |                               |                                    |
| Penalty                              | -                            | -                 | -  | -                             | -                                  |
| Punishment                           | -                            | -                 | -  | -                             | -                                  |
| Compounding                          | -                            | -                 | -  | -                             | -                                  |

For and on behalf of the Board of  
Motilal Oswal Real Estate Investment Advisors II Private Limited

Place : Mumbai  
Date : 23rd April, 2016.

**Motilal Oswal**  
Chairman  
(DIN : 00024503)

# INDEPENDENT AUDITORS' REPORT

To the Members of **MOTILAL OSWAL REAL ESTATE INVESTMENT ADVISORS II PRIVATE LIMITED**

## Report on the Financial Statements

We have audited the accompanying financial statements of Motilal Oswal Real Estate Investment Advisors II Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, its loss and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company does not have any pending litigations which would impact its financial position;
  - (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise.
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Haribhakti & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration No.103523W

**Amit A. Hundia**

*Partner*

Membership No.120761

Place: Mumbai

Date: April 23, 2016

# INDEPENDENT AUDITORS' REPORT (Contd..)

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Motilal Oswal Real Estate Investment Advisors II Private Limited on the financial statements for the year ended March 31, 2016.]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) During the year, the fixed assets of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) As informed, the company does not have any immovable property. Accordingly, the provisions stated in paragraph 3(i) (c) of the Order are not applicable to the Company.
- (ii) As informed, the Company does not have inventories. Accordingly, the provisions stated in paragraphs 3 (ii)(a), 3 (ii)(b) and 3 (ii)(c) of the Order are not applicable.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) As informed, the Company has not given any loans or given guarantees and securities. Further, in respect of investments, the Company has complied with the provisions of Section 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of Section 148 of the Act and the rules framed there under.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other statutory dues applicable to it. However there have been slight delays in payment of profession tax and provident fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

  - (b) According to the information and explanation given to us, there are no dues with respect to income tax, sales tax, service tax, value added tax, customs duty, excise duty, which have not been deposited on account of any dispute.
- (viii) The Company does not have any loan or borrowing from bank(s) / government(s) or dues to debenture holder(s). Further, according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(s).
- (ix) The Company has neither raised money by way of public issue offer nor has obtained any term loans. Therefore, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) As informed, the Company has not provided for any managerial remuneration. Accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

**For Haribhakti & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration No.103523W

**Amit A. Hundia**

*Partner*

Membership No.120761

Place: Mumbai

Date: April 23, 2016

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Motilal Oswal Real Estate Investment Advisors II Private Limited on the financial statements for the year ended March 31, 2016]

### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Motilal Oswal Real Estate Investment Advisors II Private Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

# INDEPENDENT AUDITORS' REPORT *(Contd..)*

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

## **For Haribhakti & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration No.103523W

## **Amit A. Hundia**

*Partner*

Membership No.120761

Place: Mumbai

Date: April 23, 2016

# BALANCE SHEET

## Balance Sheet as at March 31, 2016

|                                 | Note No.       | As on 31-Mar-16<br>(₹) | As on 31-Mar-15<br>(₹) |
|---------------------------------|----------------|------------------------|------------------------|
| <b>I EQUITY AND LIABILITIES</b> |                |                        |                        |
| <b>Share Holder's Funds :</b>   |                |                        |                        |
| Share Capital                   | 1              | 49,600,000             | 49,600,000             |
| Reserve & Surplus               | 2              | (37,406,340)           | (34,810,364)           |
| <b>TOTAL</b>                    | <b>(A)</b>     | <b>12,193,660</b>      | <b>14,789,636</b>      |
| <b>Non Current Liabilities</b>  |                |                        |                        |
| Long term provisions            | 3              | 985,399                | 810,876                |
| <b>TOTAL</b>                    | <b>(B)</b>     | <b>985,399</b>         | <b>810,876</b>         |
| <b>Current Liabilities</b>      |                |                        |                        |
| Short term borrowings           | 4              | 86,621,312             | 7,504                  |
| Trade Payables                  | 5              | 96,305,545             | 10,623,448             |
| Other current liabilities       | 6              | 12,929,632             | 4,064,380              |
| Short term provisions           | 7              | 13,824,863             | 12,157,472             |
| <b>TOTAL</b>                    | <b>(C)</b>     | <b>209,681,352</b>     | <b>26,852,804</b>      |
| <b>TOTAL</b>                    | <b>(A+B+C)</b> | <b>222,860,411</b>     | <b>42,453,316</b>      |
| <b>II. ASSETS</b>               |                |                        |                        |
| <b>Non - Current Assets</b>     |                |                        |                        |
| Fixed assets                    | 8              |                        |                        |
| Tangible Assets                 |                | 7,302                  | 22,424                 |
| Non-Current Investment          | 9              | 10                     | -                      |
| Deferred tax assets (net)       | 10             | 16,291,448             | 15,546,847             |
| Long Term Loans and Advances    | 11             | 50,835,894             | 13,326,166             |
| <b>TOTAL</b>                    | <b>(D)</b>     | <b>67,134,654</b>      | <b>28,895,437</b>      |
| <b>Current Assets</b>           |                |                        |                        |
| Trade Receivable                | 12             | 94,252,733             | 2,209,835              |
| Cash and Bank Balance           | 13             | 47,114,946             | 6,877,423              |
| Short term loans & advances     | 14             | 14,358,078             | 4,470,621              |
| <b>TOTAL</b>                    | <b>(E)</b>     | <b>155,725,757</b>     | <b>13,557,879</b>      |
| <b>TOTAL</b>                    | <b>(D+E)</b>   | <b>222,860,411</b>     | <b>42,453,316</b>      |
| Significant Accounting Policies | 21             |                        |                        |
| Notes forming part of accounts  | 22 -32         |                        |                        |

As per our attached report of even date

**For Haribhakti & Co LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W

**Amit A. Hundia**

Partner

Membership No. 120761

Place : Mumbai

Dated : 23rd April 2016

For and on behalf of the Board of

**Motilal Oswal Real Estate Investment Advisors II Private Limited**

**Motilal Oswal**

Director

DIN No. 00024503

**Vishal Tulsyan**

Director

DIN No. 00139754

# STATEMENT OF PROFIT AND LOSS

## Statement of Profit and Loss for the year ended 31st March, 2016

|  | Note No.       | For The Period<br>Ended 31-Mar-16 (₹) | For The Period<br>Ended 31-Mar-15 (₹) |
|--|----------------|---------------------------------------|---------------------------------------|
| <b>INCOME :</b>                        |                |                                       |                                       |
| Revenue from Operations                | 15             | 153,186,902                           | 108,787,145                           |
| Other Income                           | 16             | 3,200,000                             | 1,176,510                             |
| <b>Total Revenue</b>                   | <b>(A)</b>     | <b>156,386,902</b>                    | <b>109,963,655</b>                    |
| <b>EXPENSES :</b>                      |                |                                       |                                       |
| Employee benefits expense              | 17             | 37,995,564                            | 34,498,095                            |
| Finance Cost                           | 18             | 2,846,862                             | 131,428                               |
| Other expenses                         | 19             | 118,869,932                           | 103,790,778                           |
| Depreciation                           | 8              | 15,122                                | 19,755                                |
| <b>Total expenses</b>                  | <b>(B)</b>     | <b>159,727,480</b>                    | <b>138,440,056</b>                    |
| <b>Profit/ (Loss) before tax ( C )</b> | <b>(A - B)</b> | <b>(3,340,578)</b>                    | <b>(28,476,401)</b>                   |
| <b>Tax expense:</b>                    |                |                                       |                                       |
| Current tax                            |                | –                                     | –                                     |
| Deferred tax                           |                | 744,602                               | 8,672,385                             |
| <b>Total Tax expense</b>               | <b>(D)</b>     | <b>744,602</b>                        | <b>8,672,385</b>                      |
| <b>Profit / (Loss) after tax ( E )</b> | <b>(C - D)</b> | <b>(2,595,976)</b>                    | <b>(19,804,016)</b>                   |
| <b>Profit (Loss) for the year</b>      |                | <b>(2,595,976)</b>                    | <b>(19,804,016)</b>                   |
| Earnings per equity share:             |                |                                       |                                       |
| Basic (F.V. of ₹ 10/- per share)       |                | (259.60)                              | (1,980.40)                            |
| Diluted (F.V. of ₹ 10/- per share)     |                | (259.60)                              | (1,980.40)                            |
| Significant Accounting Policies        | 21             |                                       |                                       |
| Notes forming part of accounts         | 22 -32         |                                       |                                       |

As per our attached report of even date

**For Haribhakti & Co LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W

**Amit A. Hundia**

Partner

Membership No. 120761

Place : Mumbai

Dated : 23rd April 2016

For and on behalf of the Board of

**Motilal Oswal Real Estate Investment Advisors II Private Limited**

**Motilal Oswal**

Director

DIN No. 00024503

**Vishal Tulsyan**

Director

DIN No. 00139754

# CASH FLOW STATEMENT

## Cash flow statement as of 31st March, 2016

| Particulars   | For the Year ended<br>31st March, 2016<br>(₹) | For the Year ended<br>31st March, 2015<br>(₹) |
|---|---|---|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>          |   |   |
| Profit before taxation                              | (3,340,578)                                   | (28,476,401)                                  |
| Adjustment for                                      |   |   |
| Interest Expenses                                   | 2,846,862                                     | 131,428                                       |
| Depreciation  | 15,122  | 19,755  |
| Profit on sale of investment                        | –   | (552,611)                                     |
| Dividend Income                                     | –   | (123,899)                                     |
| Gratuity Expenses                                   | 245,654                                       | 424,688                                       |
| Adjustment for working capital changes              |   |   |
| Increase/(Decrease) other short term provision      | 1,596,260                                     | 12,089,992                                    |
| Increase/(Decrease) Other Current Liabilities       | 8,865,252                                     | (3,397,602)                                   |
| Increase/(Decrease) Trade Receivable                | (92,042,899)                                  | 21,666,326                                    |
| Increase/(Decrease) Trade Payables                  | 85,682,096                                    | (31,977,711)                                  |
| (Increase)/Decrease In Short-term Loans & Advances  | (9,085,727)                                   | 873,378                                       |
| (Increase)/Decrease In Long term loans and advances | (22,553,820)                                  | (2,994)                                       |
| Increase/(Decrease) In Long term Provision          | –   | 536,619                                       |
| CASH USED IN OPERATIONS                             | (27,771,778)                                  | (28,789,032)                                  |
| Taxes Paid (Net of Refunds )                        | (15,757,637)                                  | (10,990,604)                                  |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>           | <b>(43,529,415)</b>                           | <b>(39,779,636)</b>                           |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>          |   |   |
| Purchase of fixed assets                            | –   | (42,179)                                      |
| Investment in Mutual Fund                           | –   | (76,000,000)                                  |
| Proceeds from sale of Mutual Fund                   | –   | 76,552,611                                    |
| Dividend Income                                     | –   | 123,898                                       |
| Investment In shares                                | (10)  | –   |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>      | <b>(10)</b>                                   | <b>634,330</b>                                |

# CASH FLOW STATEMENT (Contd..)

| Particulars  | For the Year ended<br>31st March, 2016<br>(₹) | For the Year ended<br>31st March, 2015<br>(₹) |
|--|---|---|
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                           |   |   |
| Proceeds from issue of Share Capital ( Preference Shares)            | –   | 49,500,000                                    |
| Receipts from Short term Borrowings                                  | 166,613,808                                   | 19,872,877                                    |
| Repayment of Short term Borrowings                                   | (80,000,000)                                  | (24,488,485)                                  |
| Interest Expenses  | (2,846,862)                                   | (131,428)                                     |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>                       | <b>83,766,946</b>                             | <b>44,752,964</b>                             |
| <b>NET CASH FLOW FOR THE YEAR ENDED</b>                              | <b>40,237,521</b>                             | <b>5,607,658</b>                              |
| Cash & Cash Equivalents comprise of                                  |   |   |
| Scheduled Bank - In Current Account                                  | 6,877,423                                     | 1,269,764                                     |
| Fixed Deposit with Banks   | –   | –   |
| <b>Total Cash &amp; Cash Equivalents as at beginning of the year</b> | <b>6,877,423</b>                              | <b>1,269,764</b>                              |
| <b>Cash &amp; Cash Equivalents as at end of the year</b>             |   |   |
| Cash on hand   | 112,553                                       | –   |
| Scheduled Bank - In Current Account                                  | 47,002,393                                    | 6,877,423                                     |
| Fixed Deposit with Banks   | –   | –   |
| <b>Total Cash &amp; Cash Equivalents as at end of the year</b>       | <b>47,114,946</b>                             | <b>6,877,423</b>                              |

Note : The above cash flow statement has been prepared under the Indirect method” as set out in Accounting Standard - 3 on cash flow statements issued by the Institute of Chartered Accountants of India.

As per our attached report of even date

**For Haribhakti & Co LLP**

*Chartered Accountants*

ICAI Firm Registration No. 103523W

**Amit A. Hundia**

*Partner*

Membership No. 120761

Place : Mumbai

Dated : 23rd April 2016

For and on behalf of the Board of

**Motilal Oswal Real Estate Investment Advisors II Private Limited**

**Motilal Oswal**

*Director*

DIN No. 00024503

**Vishal Tulsyan**

*Director*

DIN No. 00139754

# NOTES TO FINANCIAL STATEMENT

## Note 1 : Share Capital

|  | As at 31-Mar-16  |                   | As at 31-Mar-15  |                   |
|--|------------------|-------------------|------------------|-------------------|
|  | Number of Shares | (₹)               | Number of Shares | (₹)               |
| <b>Authorized :</b>  |                  |                   |                  |                   |
| Equity Shares of ₹.10/- Each (P.Y. ₹ 10/- each)  | 50,000           | 500,000           | 10,000           | 100,000           |
| 8% Non Cumulative Preference Shares of ₹ 10/- Each (P.Y. ₹ 10/- each)  | 4,950,000        | 49,500,000        | 4,950,000        | 49,500,000        |
| <b>Issued, Subscribed and Paid Up :</b>  |                  |                   |                  |                   |
| Equity Shares of ₹.10/- Each (P.Y. ₹ 10/- each)  |                  |                   |                  |                   |
| Of the above 9,000 shares (previous year 9,000 shares) held by holding company Motilal Oswal Real Estate Investment Advisors Private Limited | 10,000           | 100,000           | 10,000           | 100,000           |
| 8% Non Cumulative Preference Shares of ₹ 10/- each (P.Y. ₹ 10/- each)  | 4,950,000        | 49,500,000        | 4,950,000        | 49,500,000        |
| Of the above 49,50,000 shares (Previous year 49,50,000) held by MOPE Investment Advisors Private Limited                                     |                  |                   |                  |                   |
| <b>Total</b>   | <b>4,960,000</b> | <b>49,600,000</b> | <b>4,960,000</b> | <b>49,600,000</b> |

### 1.1 Rights, preferences and restrictions attached to shares

#### Equity Shares :

The Company has issued one class of shares referred to as equity shares having a par value of ₹ 10/. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividend in Indian rupees. Each Equity Share has the same right of dividend

#### Preference Shares :

The Company has one class of preference shares having a par value of ₹ 10/- and there are 49,50,000 preference shares issued & subscribed as on 31.03.2016, redeemable on or before end of 10 years from the date of allotment at the option of company. The shares will carry preferential right vis a vis equity share of the company with respect to payment of dividend and repayment in case of winding up or repayment of capital

- 1.2** In the event of liquidation of Company, the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 1.3 Reconciliation of the number of shares outstanding

#### A) Equity Shares :

|                                    | As at 31-Mar-16<br>Number of<br>Shares | As at 31-Mar-15<br>Number of<br>Shares |
|------------------------------------|--|--|
| Number of shares at the beginning  | 10,000                                 | 10,000                                 |
| Add: Shares issued during the year | —                                      | —                                      |
| <b>Number of shares at the end</b> | <b>10,000</b>                          | <b>10,000</b>                          |

#### B) Preference Shares :

|                                    | As at 31-Mar-16<br>Number of<br>Shares | As at 31-Mar-15<br>Number of<br>Shares |
|------------------------------------|--|--|
| Number of shares at the beginning  | 4,950,000                              | —                                      |
| Add: Shares issued during the year | —                                      | 4,950,000                              |
| <b>Number of shares at the end</b> | <b>4,950,000</b>                       | <b>4,950,000</b>                       |

# NOTES TO FINANCIAL STATEMENT

## 1.4 Shares in the Company held by each shareholder holding more than 5% shares specifying the number of shares held :

### A) Equity Shares :

| Name of Shareholder                                   | As at 31-Mar-16    |              | As at 31-Mar-15    |              |
|---|--------------------|--------------|--------------------|--------------|
|   | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Like Minded Wealth Creation Trust                     | 775                | 7.75         | 1,000              | 10.00        |
| Motilal Oswal Real Estate Investment Advisory Pvt Ltd | 9,000              | 90.00        | 9,000              | 90.00        |

### B) Preference Shares :

| Name of Shareholder                      | As at 31-Mar-16    |              | As at 31-Mar-15    |              |
|--|--------------------|--------------|--------------------|--------------|
|  | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| MOPE Investment Advisors Private Limited | 4,950,000          | 100.00       | 4,950,000          | 100.00       |

## Note 2: Reserves and Surplus

|  | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|--|------------------------|------------------------|
| <b>Surplus balance in statement of profit and loss</b> |                        |                        |
| Opening balance  | (34,810,364)           | (15,006,348)           |
| (+) Net Loss For the current year                      | (2,595,976)            | (19,804,016)           |
| <b>Closing Balance</b>                                 | <b>(37,406,340)</b>    | <b>(34,810,364)</b>    |

## Note 3 : Long Term Provisions

|   | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|---|------------------------|------------------------|
| Provision for Employee Benefit For Gratuity | 985,399                | 810,876                |
| <b>Total</b>                                | <b>985,399</b>         | <b>810,876</b>         |

## Note 4 : Short Term Borrowings

|  | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|--|------------------------|------------------------|
| <b>Loan and advance from Related Party, Repayable on demand (Unsecured, Considered Good)</b> |                        |                        |
| Motilal Oswal Financial services Ltd (Intermediate Holding Company)                          | 36,605,451             | 7,504                  |
| MOPE Investment Advisors Private Limited (Intermediate Holding Company)                      | 50,015,861             | —                      |
| <b>Total</b>   | <b>86,621,312</b>      | <b>7,504</b>           |

# NOTES TO FINANCIAL STATEMENT

## Note 5: Trade Payables

|              | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|--------------|------------------------|------------------------|
| Due to:      |                        |                        |
| MSME         | –                      | –                      |
| Others       | 96,305,545             | 10,623,448             |
| <b>Total</b> | <b>96,305,545</b>      | <b>10,623,448</b>      |

## Note 6 : Other Current Liabilities

|                | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|----------------|------------------------|------------------------|
| Other Payables |                        |                        |
| Taxes Payables | 10,471,646             | 3,179,245              |
| For Expenses   | 1,023,401              | 653,091                |
| Others         | 1,434,584              | 232,044                |
| <b>Total</b>   | <b>12,929,632</b>      | <b>4,064,380</b>       |

## Note 7 : Short Term Provisions

|                                | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|--------------------------------|------------------------|------------------------|
| Provision for Employee Benefit |                        |                        |
| For Exgratia                   | 13,555,000             | 11,600,000             |
| For Gratuity                   | 90,164                 | 19,033                 |
| Others                         |                        |                        |
| Provision for Expenses (ST)    | 179,699                | 538,439                |
| <b>Total</b>                   | <b>13,824,863</b>      | <b>12,157,472</b>      |

## Note 8 : Fixed Assets

(in ₹)

| PARTICULARS  | GROSS BLOCK       |           |           |                   | DEPRICIATION      |               |           |                   | NET BLOCK         |                   |
|--------------|-------------------|-----------|-----------|-------------------|-------------------|---------------|-----------|-------------------|-------------------|-------------------|
|              | As At<br>1-Apr-15 | Additions | Deduction | As At<br>1-Apr-16 | As At<br>1-Apr-15 | Additions     | Deduction | As At<br>1-Apr-16 | As At<br>1-Apr-16 | As At<br>1-Apr-15 |
| COMPUTER     | 42,179            | –         | –         | 42,179            | 19,755            | 15,122        | –         | 34,877            | 7,302             | 22,424            |
| <b>TOTAL</b> | <b>42,179</b>     | <b>–</b>  | <b>–</b>  | <b>42,179</b>     | <b>19,755</b>     | <b>15,122</b> | <b>–</b>  | <b>34,877</b>     | <b>7,302</b>      | <b>22,424</b>     |

### Previous Year

(in ₹)

| PARTICULARS  | GROSS BLOCK       |               |           |                   | DEPRICIATION      |               |           |                   | NET BLOCK         |                   |
|--------------|-------------------|---------------|-----------|-------------------|-------------------|---------------|-----------|-------------------|-------------------|-------------------|
|              | As At<br>1-Apr-14 | Additions     | Deduction | As At<br>1-Apr-15 | As At<br>1-Apr-14 | Additions     | Deduction | As At<br>1-Apr-15 | As At<br>1-Apr-15 | As At<br>1-Apr-14 |
| COMPUTER     | –                 | 42,179        | –         | 42,179            | –                 | 19,755        | –         | 19,755            | 22,424            | –                 |
| <b>TOTAL</b> | <b>–</b>          | <b>42,179</b> | <b>–</b>  | <b>42,179</b>     | <b>–</b>          | <b>19,755</b> | <b>–</b>  | <b>19,755</b>     | <b>22,424</b>     | <b>–</b>          |

# NOTES TO FINANCIAL STATEMENT

## Note 9 : Non Current Investments (At Cost)

| Name of the Body Corporate  | JV/ Controlled Entity / Others | No. of Shares / Units |           | Quoted / Unquoted | Partly Paid / Fully paid | Extent of Holding (%) |            | Amount (in ₹) |           |
|---|--------------------------------|-----------------------|-----------|-------------------|--------------------------|-----------------------|------------|---------------|-----------|
|   |                                | 31-Mar-16             | 31-Mar-15 |                   |                          | Face Value            | Face Value | 31-Mar-16     | 31-Mar-15 |
| <b>Other Investments</b>  |                                |                       |           |                   |                          |                       |            |               |           |
| <b>Investment in equity instruments</b>   |                                |                       |           |                   |                          |                       |            |               |           |
| Investment in Equity Shares of Aspire Home Finance Corporation Ltd. (F.V. of ₹ 10/- each) | Fellow Subsidiary              | 1                     | –         | Unquoted          | Fully paid-up            | 0.00%                 | 0.00%      | 10            | –         |
| <b>Total</b>  |                                |                       |           |                   |                          |                       |            | <b>10</b>     | <b>–</b>  |

## Note 10: Deferred Taxes (Net)

|  | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|--|------------------------|------------------------|
| <b>Deferred tax assets</b>               |                        |                        |
| Carry forward losses                     | 15,958,078             | 15,289,478             |
| Timing difference u/s 40 A(7) and 35 (D) | 333,370                | 257,369                |
| <b>Total</b>                             | <b>16,291,448</b>      | <b>15,546,847</b>      |

## Note 11: Long Term Loans and Advances

|  | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|--|------------------------|------------------------|
| <b>Other Loans and Advances (Unsecured, considered good)</b> |                        |                        |
| TDS Receivable   | 29,080,809             | 13,323,172             |
| Prepaid Expenses   | 21,755,085             | 2,994                  |
| <b>Total</b>   | <b>50,835,894</b>      | <b>13,326,166</b>      |

## Note 12: Trade Receivable

|   | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|---|------------------------|------------------------|
| <b>Unsecured, Considered good</b>             |                        |                        |
| Outstanding for a period more than six months | –                      | –                      |
| Others  | 94,252,733             | 2,209,835              |
| <b>Total</b>                                  | <b>94,252,733</b>      | <b>2,209,835</b>       |

## Note 13: Cash and Bank Balance

|                                  | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|----------------------------------|------------------------|------------------------|
| <b>Cash and Cash Equivalents</b> |                        |                        |
| <b>Balances with banks</b>       |                        |                        |
| In Current Account               | 47,002,393             | 6,877,423              |
| Cash on hand                     | 112,553                | –                      |
| <b>Total</b>                     | <b>47,114,946</b>      | <b>6,877,423</b>       |

# NOTES TO FINANCIAL STATEMENT

## Note 14: Short Term Loans and Advances

|  | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|--|------------------------|------------------------|
| <b>Secured, Considered Good</b>            |                        |                        |
| Loan to employees                          | 3,533,524              | –                      |
| <b>Others (Unsecured, considered good)</b> |                        |                        |
| Service Tax Credit Receivable              | 5,197,632              | 4,311,067              |
| Prepaid Expenses                           | 5,626,922              | 159,554                |
| <b>TOTAL</b>                               | <b>14,358,078</b>      | <b>4,470,621</b>       |

## Note 15: Revenue from operations

|  | For the Year Ended<br>31-Mar-16<br>(₹) | For the Year Ended<br>31-Mar-15<br>(₹) |
|--|--|--|
| Sale of Services Referral Fee Received | 5,778,664                              | 19,189,972                             |
| Advisory Fees - Fund                   | 71,048,238                             | 23,722,184                             |
| Advisory Fees - Others                 | 8,910,000                              | 38,844,989                             |
| Setup Fees                             | 67,450,000                             | 27,030,000                             |
| <b>TOTAL</b>                           | <b>153,186,902</b>                     | <b>108,787,145</b>                     |

## Note 16: Other Income

|                                    | For the Year Ended<br>31-Mar-16<br>(₹) | For the Year Ended<br>31-Mar-15<br>(₹) |
|------------------------------------|--|--|
| Profit on sale of Investment       | –                                      | 552,611                                |
| Dividend Income                    | –                                      | 123,899                                |
| Recovery of Out of pocket expenses | 3,200,000                              | 500,000                                |
| <b>TOTAL</b>                       | <b>3,200,000</b>                       | <b>1,176,510</b>                       |

## Note 17: Employee Benefit Expenses

|                                   | For the Year Ended<br>31-Mar-16<br>(₹) | For the Year Ended<br>31-Mar-15<br>(₹) |
|-----------------------------------|--|--|
| Salary Bonus and Employee Benefit | 37,576,199                             | 33,971,681                             |
| Employers P. F Administrative Exp | 28,027                                 | 10,092                                 |
| Staff Welfare                     | 145,684                                | 91,634                                 |
| Gratuity Expenses (Refer Note 28) | 245,654                                | 424,688                                |
| <b>Total</b>                      | <b>37,995,564</b>                      | <b>34,498,095</b>                      |

# NOTES TO FINANCIAL STATEMENT

## Note 18: Finance Cost

|                      | For the Year Ended<br>31-Mar-16<br>(₹) | For the Year Ended<br>31-Mar-15<br>(₹) |
|----------------------|--|--|
| Interest Cost        | 2,833,562                              | 131,428                                |
| Other Borrowing Cost | 13,300                                 |  |
| <b>TOTAL</b>         | <b>2,846,862</b>                       | <b>131,428</b>                         |

## Note 19: Other Expenses

|  | For the Year Ended<br>31-Mar-16<br>(₹) | For the Year Ended<br>31-Mar-15<br>(₹) |
|--|--|--|
| Placement Fees                           | 95,900,807                             | 72,017,539                             |
| Referral Fees                            | 6,863,813                              | 19,909,406                             |
| Remuneration to Auditors (Refer Note 23) | 225,000                                | 150,000                                |
| Legal and Professional                   | 3,585,198                              | 4,168,938                              |
| Rent                                     | 2,933,300                              | 2,928,420                              |
| Market and Brand Promotion expenses      | 42,228                                 | 595,596                                |
| Misc Exp.                                | 884,719                                | 136,481                                |
| Meeting and Seminar Expenses             | 2,328,759                              | 623,685                                |
| Memership and Subscription Charges       | 947,131                                | 1,059,789                              |
| Printing and Stationery                  | 1,031,024                              | 151,107                                |
| Bank Charges                             | 8,881                                  | 2,486                                  |
| Travelling expenses                      | 2,441,084                              | 1,917,866                              |
| Rates and Taxes                          | 364,391                                | 5,933                                  |
| Client Entertainment expenses            | 197,346                                | 123,532                                |
| SEBI Registration Fees                   | 1,000,000                              | –                                      |
| Depository charges                       | 66,000                                 | –                                      |
| Computer Maintenance & Software Charges  | 50,250                                 | –                                      |
| <b>TOTAL</b>                             | <b>118,869,932</b>                     | <b>103,790,778</b>                     |

## Note 20 : Nature of Business

Motilal Oswal Real Estate Investment Advisors II Private Limited (the Company) was incorporated on March 07, 2014. The principal shareholder of the Company as at March 31, 2016 is Motilal Oswal Real Estate Investment Advisors Pvt. Ltd.

The Company is an Investment Manager and Venture Capital Advisor managing fund like Realty Excellence Fund II a fund launched by India Realty Excellence Fund II LLP and Realty Excellence Fund III a fund launched by India Realty Excellence Fund III. The Company is also engaged in providing financial, investment advisory services, management & facilitation services and identifying investment opportunities etc.

# NOTES TO FINANCIAL STATEMENT

## Note 21 : Significant Accounting Policies

### (a) Basis of preparation of financial statements

The financial statements of the Company are prepared under the historical cost convention, on the accrual basis of accounting and comply in all material respects with the generally accepted accounting principles in India, the applicable accounting standards notified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 issued by Institute of Chartered Accountant of India and the provisions of the Companies Act, 2013.

The accounting policies have been consistently applied by the Company and except for the changes, if any, in accounting policy discussed below, are consistent with those used in the previous year.

All assets and liabilities have been classified as current or noncurrent as per the company's normal operating cycle and other criteria set out in the schedule III to the Companies Act 2013.

### (b) Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any differences of actual results to such estimates are recognised in the period in which the results are known or materialised.

### (c) Fixed Assets & depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment thereon. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. The Company provides pro-rata depreciation from the date on which asset is acquired/put to use. In respect of assets sold, pro-rata depreciation is provided upto the date on which the asset is sold. Depreciation is based on the cost of an asset less its residual value as notified in Schedule II to the Companies Act, 2013. In pursuant of Schedule II of the Companies Act 2013, the fixed assets of the significant value are componentized with separate useful life. In case of addition, depreciation is provided pro-rata for entire month in which addition is made and in case of deletions, depreciation is provided till month preceding month of disposal of such assets. On all assets, except as mentioned below, depreciation has been provided based on Written Down Value method using the useful life as specified in Schedule II to the Companies Act, 2013.

### (d) Borrowing Cost

Interest and other costs in connection with the borrowing of the funds to the extent related/ attributed to the acquisition/ construction of qualifying fixed assets are capitalized up to the date when such assets are ready for its intended use and other borrowing costs are charged to Statement of Profit & Loss.

### (e) Investments

Investments are classified into Long term investments and current investments. Investments that are intended to be held for one year or more are classified as Long term investments and investments that are intended to be held for less than one year are classified as current investments.

Long term investments are valued at cost and the cost is determined on the basis of the average carrying amount of the total holding of the investment. Provision for diminution in value of long term investments is made if in the opinion of management such a decline is other than temporary.

Current investments are valued at cost or market/fair value, whichever is lower. Carrying amount of individual investment is determined on the basis of average of carrying amount of total holding of investments.

### (f) Revenue Recognition

#### – Advisory and Setup fees/Referral Fees

Advisory and setup Fees/Referral fees are accounted on accrual basis in accordance with the terms of contracts entered into between the Company and the counter party.

#### – Interest and dividend income

Interest income is accounted on an accrual basis. Dividend income is recognized when the right to receive dividend is established.

– In respect of other heads of income, the Company accounts the same on accrual basis.

# NOTES TO FINANCIAL STATEMENT

## (g) Taxation

Tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

### – Current tax

Provision for current tax is made on the basis of estimated taxable income for the accounting year in accordance with Income Tax Act, 1961.

### – Deferred tax

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realized.

### – Minimum Alternate Tax

In case the company is liable to pay income tax u/s 115 JB of the Income Tax Act, 1961, the amount of tax paid in excess of normal income tax is recognized as asset (MAT credit Entitlement) only if there is convincing evidence for realization of such asset during the specified period. MAT credit entitlement is reviewed at each Balance Sheet date.

## (h) Contingencies and provisions

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurs.

## (i) Employee benefits:

### – Provident Fund

Contribution payable to the recognized provident fund, which is a defined contribution scheme, is charged to the statement of profit and loss in the period in which they occur.

### – Gratuity

Gratuity is post employment benefit and is in the nature of Defined Benefit Plan. The Liability recognized in the balance sheet in respect of gratuity is the present value of defined benefit obligation at the balance sheet date and less than fair value of plan assets, together with the adjustments for unrecognized actuarial gain or losses and the past service costs. The defined benefit obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses comprise experience adjustment and the effects of changes in actuarial assumptions are recognized immediately in the statement of profit and loss.

### – Compensated Absences:

As per the policy of the company, an employee can carry forward maximum 10 days of leave to next financial year. No leave is allowed to be encashed. An obligation arises as employees render service that increases their entitlement to future compensated absences. Provision is made for expected cost of accumulating compensated absences as a result of unused leave entitlement which has accumulated as at the balance sheet date.

### – Bonus / Ex-gratia Plans

The company recognizes the costs of bonus payments when it has a present obligation to make such payments as a result of past events and the reliable estimate of the obligation can be made.

# NOTES TO FINANCIAL STATEMENT

## (j) Leases:

### Where the Company is Lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

## (k) Foreign Currency Transactions:

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognized in the Statement of Profit and Loss Account. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognized in the Statement of Profit and Loss and related assets and liabilities are accordingly restated in the balance.

## Note 22 : Earnings per share :

|  | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|--|------------------------|------------------------|
| Net Profit attributable to equity shareholders [A] (₹)                   | (2,595,976)            | (19,804,016)           |
| Weighted Average number of equity shares issued [B]                      | 10,000                 | 10,000                 |
| Basic/Diluted Earnings per share (EPS) (face value ₹ 10/- each)[A/B] (₹) | (259.60)               | (1,980.40)             |

## Note 23 : Auditor's Remuneration:

|                     | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|---------------------|------------------------|------------------------|
| <b>As Auditors:</b> |                        |                        |
| Audit Fees          | 165,000                | 100,000                |
| Tax Audit Fees      | 60,000                 | 50,000                 |
| <b>Total</b>        | <b>225,000</b>         | <b>150,000</b>         |

## Note 24 : Provisions made for the period ended 31st March, 2016 comprises of:

In ₹

|                      | Opening balance as on<br>01.04.2015 | Provided during the<br>year | Provision reversed/<br>paid during the year | Closing balance as on<br>31.03.2016 |
|----------------------|-------------------------------------|-----------------------------|---|-------------------------------------|
| Ex-gratia            | 11,600,000                          | 13,555,000                  | 11,600,000                                  | 13,555,000                          |
| Gratuity             | 829,909                             | 245,654                     | –   | 1,075,563                           |
| Compensated Absences | 104,164                             | 100,822                     | 104,164                                     | 100,822                             |

Provisions made for the period ended 31st March, 2015 comprises of:

|                      | Opening balance as on<br>01.04.2014 | Provided during the<br>year | Provision reversed/<br>paid during the year | Closing balance as on<br>31.03.2015 |
|----------------------|-------------------------------------|-----------------------------|---|-------------------------------------|
| Ex-gratia            | –                                   | 12,446,480                  | 846,480                                     | 11,600,000                          |
| Gratuity             | –                                   | 902,367                     | 72,458                                      | 829,909                             |
| Compensated Absences | –                                   | 104,164                     | –   | 104,164                             |

# NOTES TO FINANCIAL STATEMENT

## Note 25 : Dues to micro and small enterprises

To the extent information is available with the Company; there are no dues payable to any parties identified as Micro and Small Enterprises as per The Micro, Small and Medium Enterprises Development Act, 2006.

## Note 26 :

In the opinion of the Board of Directors, all fixed assets, 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 and provision for all known and determined liabilities have been made.

## Note 27 : Segment Information:

Since the Company is engaged in single segment i.e. Advising and managing real estate funds, there are no separate reportable segment as required under Accounting Standard – 17.

## Note 28 : Employee Benefit Disclosure

The following table set out the gratuity plan as required under AS 15.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation.

### (a) Defined Contribution Plan

| Particulars                               | 31-Mar-16<br>₹ in Million | 31-Mar-15<br>₹ in Million |
|---|---------------------------|---------------------------|
| Employer's Contribution to Provident Fund | 351,107                   | 115,692                   |

### (b) Defined Benefit Plan

|  | 31-Mar-16               | 31-Mar-15                 |
|--|-------------------------|---------------------------|
| <b>I) Assumptions as at</b>                        |                         |                           |
| Mortality  | IALM (2006-08) Ult.     | IALM (2006-08) Ult.       |
| Interest / Discount Rate                           | 7.49%                   | 7.77%                     |
| Rate of increase in compensation                   | 10.00%                  | 10.00%                    |
| Rate of return (expected) on plan assets           |                         |                           |
| Employee Attrition Rate(Past Service (PS))         | PS: 0 to 37 :<br>15.87% | PS: 0 to 37 :<br>0.15.87% |
| Expected average remaining service                 | 5.12                    | 5.12                      |
| <b>II) Changes in present value of obligations</b> |                         |                           |
| PVO at beginning of period                         | 829,909                 | –                         |
| Interest cost                                      | 64,484                  | –                         |
| Current Service Cost                               | 489,295                 | 430,658                   |
| Past Service Cost- (non vested benefits)           | –                       | –                         |
| Past Service Cost -(vested benefits)               | –                       | –                         |
| Benefits Paid                                      | –                       | –                         |
| Actuarial (Gain)/Loss on obligation                | (308,125)               | 399,251                   |
| PVO at end of period                               | 1,075,563               | 829,909                   |

# NOTES TO FINANCIAL STATEMENT

|  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|
|  |                  |                  |                  | <b>31-Mar-16</b> | <b>31-Mar-15</b> |
| <b>III Changes in fair value of plan assets</b>              |                  |                  |                  |                  |                  |
| Fair Value of Plan Assets at beginning of period             |                  |                  |                  | –                | –                |
| Expected Return on Plan Assets                               |                  |                  |                  | –                | –                |
| Contributions  |                  |                  |                  | –                | –                |
| Benefit Paid   |                  |                  |                  | –                | –                |
| Actuarial Gain/(Loss) on plan assets                         |                  |                  |                  | –                | –                |
| Fair Value of Plan Assets at end of period                   |                  |                  |                  | –                | –                |
| <b>IV Fair Value of Plan Assets</b>                          |                  |                  |                  |                  |                  |
| Fair Value of Plan Assets at beginning of period             |                  |                  |                  | –                | –                |
| Actual Return on Plan Assets                                 |                  |                  |                  | –                | –                |
| Contributions  |                  |                  |                  | –                | –                |
| Benefit Paid   |                  |                  |                  | –                | –                |
| Fair Value of Plan Assets at end of period                   |                  |                  |                  | –                | –                |
| Funded Status (including unrecognised past service cost)     |                  |                  |                  | (1,075,563)      | (829,909)        |
| Excess of actual over estimated return on Plan Assets        |                  |                  |                  | –                | –                |
| <b>V Experience History</b>                                  | <b>31-Mar-16</b> | <b>31-Mar-15</b> | <b>31-Mar-14</b> | <b>31-Mar-13</b> | <b>31-Mar-12</b> |
| PVO at end of period   | 1,075,563        | 829,909          | –                | –                | –                |
| Fair Value of Plan Assets at end of period                   | –                | –                | –                | –                | –                |
| Surplus / (Deficit)  | (1,075,563)      | (829,909)        | –                | –                | –                |
| (Gain)/Loss on obligation due to change in Assumption        | 20,022           | –                | –                | –                | –                |
| Experience (Gain)/ Loss on obligation                        | (328,147)        | 399,251          | –                | –                | –                |
| Actuarial Gain/(Loss) on plan assets                         | –                | –                | –                | –                | –                |
| <b>VI Actuarial Gain/(Loss) recognized</b>                   |                  |                  |                  | <b>31-Mar-16</b> | <b>31-Mar-15</b> |
| Actuarial Gain/(Loss) for the period (Obligation)            |                  |                  |                  | 308,125          | (399,251)        |
| Actuarial Gain/(Loss) for the period (Plan Assets)           |                  |                  |                  | –                | –                |
| Total Gain/(Loss) for the period                             |                  |                  |                  | 308,125          | (399,251)        |
| Actuarial Gain/(Loss) recognized for the period              |                  |                  |                  | 308,125          | (399,251)        |
| Unrecognized Actuarial Gain/(Loss) at end of period          |                  |                  |                  | –                | –                |
| <b>VII Past Service Cost recognized</b>                      |                  |                  |                  |                  |                  |
| Past Service Cost- (non vested benefits)                     |                  |                  |                  | –                | –                |
| Past Service Cost -(vested benefits)                         |                  |                  |                  | –                | –                |
| Average remaining future service till vesting of the benefit |                  |                  |                  | –                | –                |
| Recognised Past service Cost- non vested benefits            |                  |                  |                  | –                | –                |
| Recognised Past service Cost- vested benefits                |                  |                  |                  | –                | –                |
| Unrecognised Past Service Cost- non vested benefits          |                  |                  |                  | –                | –                |

# NOTES TO FINANCIAL STATEMENT

|  | 31-Mar-16   | 31-Mar-15 |
|--|-------------|-----------|
| <b>VIII Amounts to be recognized in the balance sheet and statement of profit &amp; loss account</b> |             |           |
| PVO at end of period   | 1,075,563   | 829,909   |
| Fair Value of Plan Assets at end of period   | –           | –         |
| Funded Status  | (1,075,563) | (829,909) |
| Unrecognized Actuarial Gain/(Loss)   | –           | –         |
| Unrecognised Past Service Cost- non vested benefits  | –           | –         |
| Net Asset/(Liability) recognized in the balance sheet  | (1,075,563) | (829,909) |
| <b>IX Expense recognized in the statement of P&amp;L A/C</b>   |             |           |
| Current Service Cost   | 489,295     | 430,658   |
| Interest cost  | 64,484      | –         |
| Past Service Cost- (non vested benefits)   | –           | –         |
| past Service Cost "(vested benefits)   | –           | –         |
| Unrecognised Past Service Cost- non vested benefits  | –           | –         |
| Expected Return on Plan Assets   | –           | –         |
| Net Actuarial (Gain)/Loss recognized for the period  | (308,125)   | 399,251   |
| Expense recognized in the statement of P&L A/C   | 245,654     | 829,909   |
| <b>X Movements in the Liability recognized in Balance Sheet</b>                                      |             |           |
| Opening Net Liability  | 829,909     | –         |
| Expenses as above  | 245,654     | 829,909   |
| Contribution paid  | –           | –         |
| Closing Net Liability  | 1,075,563   | 829,909   |
| <b>XI Schedule III of Companies Act 2013</b>   |             |           |
| Current Liability  | 90,164      | 19,033    |
| Non-Current Liability  | 985,399     | 810,876   |

## Note 29 : Related Party Disclosure

### (i) Relationships during the year

#### Ultimate Holding Company

- Passionate Investment Management Private Limited

#### Intermediate Holding Company

- Motilal Oswal Financial Services Limited
- MOPE Investment Advisors Private Limited

#### Holding Company

- Motilal Oswal Real Estate Investment Advisors Private Limited

#### Fellow subsidiaries

- Motilal Oswal Capital Markets Private Limited
- Motilal Oswal Trustee Company Limited
- Motilal Oswal Insurance Brokers Private Limited
- Motilal Oswal Commodities Broker Private Limited
- Motilal Oswal Investment Advisors Private Limited

# NOTES TO FINANCIAL STATEMENT

- Motilal Oswal Securities Limited
- Motilal Oswal Wealth Management Limited
- Motilal Oswal Securities International Private Limited
- Motilal Oswal Capital Market (Hongkong) Private Limited
- Motilal Oswal Capital Markets (Singapore) Pte. Limited
- Aspire Home Finance Corporation Limited
- India Business Excellence Management Company
- Motilal Oswal Asset Management Company Limited
- Motilal Oswal Asset Management (Mauritius) Company Private Limited
- VISU Associates - Partnership firm
- OSAG Enterprises LLP
- Nagori Agro & Cattle Feeds Private Limited

## Key management personnel

- Motilal Oswal - Director
- Vishal Tulsyan - Director

## (ii) Transactions with related parties

(in ₹)

| Transaction  | Name of the related Party                             | Holding / Intermediate / Ultimate Holding Company |                     | Fellow Subsidiaries |                    | Total              |                     |
|--|---|---|---------------------|---------------------|--------------------|--------------------|---------------------|
|  |   | 2015-16   | 2014-15             | 2015-16             | 2014-15            | 2015-16            | 2014-15             |
| Rent Paid  | MOPE Investment Advisors Private Limited              | 2,928,420   | 2,928,420           | –                   | –                  | 2,928,420          | 2,928,420           |
| <b>Total Rent Paid</b>                             |   | <b>2,928,420</b>                                  | <b>2,928,420</b>    | <b>–</b>            | <b>–</b>           | <b>2,928,420</b>   | <b>2,928,420</b>    |
| Referral fees (Received)                           | Motilal Oswal Securities Limited                      | –   | –                   | (4,012,587)         | (7,281,913)        | (4,012,587)        | (7,281,913)         |
|  | Motilal Oswal Financial Services Limited              | (1,766,077)                                       | (11,908,059)        | –                   | –                  | (1,766,077)        | (11,908,059)        |
| <b>Total Referral Fees (Received)</b>              |   | <b>(1,766,077)</b>                                | <b>(11,908,059)</b> | <b>(4,012,587)</b>  | <b>(7,281,913)</b> | <b>(5,778,664)</b> | <b>(19,189,972)</b> |
| Placement Fee & Referral fee Paid                  | Motilal Oswal Securities Limited                      | –   | –                   | 12,002,835          | 14,285,000         | 12,002,835         | 14,285,000          |
|  | Motilal Oswal Wealth Management Pvt Ltd               | –   | –                   | 66,204,561          | 33,415,827         | 66,204,561         | 33,415,827          |
|  | Motilal Oswal Financial Services Limited              | 4,862,779   | 4,869,456           | –                   | –                  | 4,862,779          | 4,869,456           |
| <b>Total Placement Fee &amp; Referral fee Paid</b> |   | <b>4,862,779</b>                                  | <b>4,869,456</b>    | <b>78,207,396</b>   | <b>47,700,827</b>  | <b>83,070,175</b>  | <b>52,570,283</b>   |
| Interest Paid                                      | Motilal Oswal Financial Services Limited              | 2,815,940   | 131,428             | –                   | –                  | 2,815,940          | 131,428             |
|  | MOPE Investment Advisors Private Limited              | 17,623  | –                   | –                   | –                  | –                  | –                   |
| <b>Total Interest Paid</b>                         |   | <b>2,833,563</b>                                  | <b>131,428</b>      | <b>–</b>            | <b>–</b>           | <b>2,815,940</b>   | <b>131,428</b>      |
| Reimbursement of expense (Received)/Paid           | MOPE Investment Advisors Private Limited              | –   | (262,127)           | –                   | –                  | –                  | (262,127)           |
|  | Motilal Oswal Real Estate Investment Advisors Pvt Ltd | –   | 1,167               | –                   | –                  | –                  | 1,167               |
|  | Motilal Oswal Financial Services Limited              | –   | 4,172,058           | –                   | –                  | –                  | 4,172,058           |
| <b>Total Reimbursement of expense (Received)</b>   |   | <b>–</b>  | <b>(262,127)</b>    | <b>–</b>            | <b>–</b>           | <b>–</b>           | <b>(262,127)</b>    |
| <b>Total Reimbursement of expense Paid</b>         |   | <b>–</b>  | <b>4,173,225</b>    | <b>–</b>            | <b>–</b>           | <b>–</b>           | <b>4,173,225</b>    |
| Loans Taken  | Motilal Oswal Financial Services Limited              | 116,597,947                                       | 19,872,877          | –                   | –                  | 116,597,947        | 19,872,877          |
|  | MOPE Investment Advisors Private Limited              | 50,015,861  | –                   | –                   | –                  | 50,015,861         | –                   |
| <b>Total Loans Taken</b>                           |   | <b>166,613,808</b>                                | <b>19,872,877</b>   | <b>–</b>            | <b>–</b>           | <b>166,613,808</b> | <b>19,872,877</b>   |
| Loans Repaid                                       | Motilal Oswal Financial Services Limited              | 80,000,000  | 24,488,485          | –                   | –                  | 80,000,000         | 24,488,485          |
| <b>Total Loans Repaid</b>                          |   | <b>80,000,000</b>                                 | <b>24,488,485</b>   | <b>–</b>            | <b>–</b>           | <b>80,000,000</b>  | <b>24,488,485</b>   |

# NOTES TO FINANCIAL STATEMENT

(in ₹)

| Transaction                                 | Name of the related Party                | Holding / Intermediate / Ultimate Holding Company |                     | Fellow Subsidiaries |                    | Total               |                     |
|---|--|---|---------------------|---------------------|--------------------|---------------------|---------------------|
|   |  | 2015-16   | 2014-15             | 2015-16             | 2014-15            | 2015-16             | 2014-15             |
| Loan Taken Maximum Balance                  | Motilal Oswal Financial Services Limited | (71,130,515)                                      | (13,911,061)        |                     |                    | (71,130,515)        | (13,911,061)        |
| <b>Total Loan Taken Maximum Balance</b>     |  | <b>(71,130,515)</b>                               | <b>(13,911,061)</b> |                     |                    | <b>(71,130,515)</b> | <b>(13,911,061)</b> |
| Investment Maximum Balance                  | Aspire Home Finance Corporation Limited  | -   | -                   | 10                  |                    | 10                  | -                   |
| <b>Total Investment Maximum Balance</b>     |  | <b>-</b>  | <b>-</b>            | <b>10</b>           | <b>-</b>           | <b>10</b>           | <b>-</b>            |
| <b>Outstanding Balances:</b>                |  |   |                     |                     |                    |                     |                     |
| a) Other Receivable                         | Motilal Oswal Financial Services Limited | 341,275   | -                   | -                   | -                  | 341,275             | -                   |
| <b>Total Other Receivables</b>              |  | <b>341,275</b>                                    | <b>-</b>            | <b>-</b>            | <b>-</b>           | <b>341,275</b>      | <b>-</b>            |
| b) Unsecured Loan Given / (Taken)           | Motilal Oswal Financial Services Limited | (36,605,451)                                      | (7,504)             | -                   | -                  | (36,605,451)        | (7,504)             |
|   | MOPE Investment Advisors Private Limited | (50,015,861)                                      | -                   | -                   | -                  | (50,015,861)        | -                   |
| <b>Total Unsecured Loan Given / (Taken)</b> |  | <b>(86,621,312)</b>                               | <b>(7,504)</b>      | <b>-</b>            | <b>-</b>           | <b>(86,621,312)</b> | <b>(7,504)</b>      |
| c) Other (Payables)/Receivable              | Motilal Oswal Financial Services Limited | (1,979,989)                                       | (2,945,013)         | -                   | -                  | (1,979,989)         | (2,945,013)         |
|   | Motilal Oswal Securities Limited         | -   | -                   | 1,008,513           | 1,648,038          | 1,008,513           | 1,648,038           |
|   | Motilal Oswal Securities Limited         | -   | -                   | (9,784,163)         | -                  | (9,784,163)         | -                   |
|   | Motilal Oswal Wealth Management Ltd      | -   | -                   | (44,571,982)        | (5,497,322)        | (44,571,982)        | (5,497,322)         |
| <b>Total Other Receivables</b>              |  | <b>-</b>  | <b>-</b>            | <b>1,008,513</b>    | <b>1,648,038</b>   | <b>1,008,513</b>    | <b>1,648,038</b>    |
| <b>Total Other (Payables)</b>               |  | <b>(1,979,989)</b>                                | <b>(2,945,013)</b>  | <b>(54,356,145)</b> | <b>(5,497,322)</b> | <b>(56,336,134)</b> | <b>(8,442,335)</b>  |
| Investment                                  | Aspire Home Finance Corporation Limited  | -   | -                   | 10                  |                    | 10                  |                     |
| <b>Total Investments</b>                    |  | <b>-</b>  | <b>-</b>            | <b>10</b>           | <b>-</b>           | <b>10</b>           | <b>-</b>            |

Note : All Loans referred above are repayable on demand

## Note 30 :

During the year, ₹ 29,33,300 (Previous year ₹ 29,28,420) has been recognised as Lease payment in the statement of Profit and Loss under the head "Rent"

"General description of lease terms: -" i) Lease rentals are charged on the basis of agreed terms." ii) Assets are taken on lease for a period of 1 year." iii) Lease agreements are cancellable and there is no escalation clause"

## Note 31 :

The Company has unabsorbed business loss of ₹ 5,16,44,266/- (P.Y. ₹ 4,94,80,510/-) on which it has recognized Deferred Tax Assets (DTA) of ₹ 1,59,58,078/- (P.Y. ₹ 15,289,478/-). Such recognition of DTA is created on the basis of profits / revenue which is going to be generated in future on the basis of present agreement signed between the Company, India Reality Excellence Fund II LLP, India Reality Excellence Fund III and Motilal Oswal Real Estate Investment Advisors Private Limited. Profit generated from such agreement will be able to recoup the entire amount of existing unabsorbed losses.

# NOTES TO FINANCIAL STATEMENT

## Note 32 : Activities in Foreign Currency

Since the Company is engaged in single segment i.e. Advising and managing real estate funds, there are no separate reportable segment as required under Accounting Standard – 17.

|  | For the year ending<br>31-Mar-16<br>(₹) | For the year ending<br>31-Mar-15<br>(₹) |
|--|---|---|
| Expenditure in foreign currency (on accrual basis) |   |   |
| Travelling Expense                                 | 124,832                                 | 221,318                                 |
| Lodging and Boarding Expenses                      | 38,160                                  | 56,782                                  |
| <b>Total</b>                                       | <b>162,992</b>                          | <b>278,100</b>                          |

## Note 33 :

Previous year figures have been regrouped/reclassified wherever necessary to make them comparable.

### For Haribhakti & Co LLP

*Chartered Accountants*

ICAI Firm Registration No. 103523W

**Amit A. Hundia**

*Partner*

Membership No. 120761

Place : Mumbai

Dated : 23rd April 2016

For and on behalf of the Board of

**Motilal Oswal Real Estate Investment Advisors II Private Limited**

**Motilal Oswal**

*Director*

DIN No. 00024503

**Vishal Tulsyan**

*Director*

DIN No. 00139754

# **India Business Excellence Management Co.**

**Annual Report 2015-2016**

# INDEPENDENT AUDITORS' REPORT

To

The Members of the **INDIA BUSINESS EXCELLENCE MANAGEMENT COMPANY**

## **Report on the Financial Statements:**

The financial statements comprising of the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow of India Business Excellence Management Co. (the Company) as on March 31, 2016, being a company registered in Mauritius, are audited by Ernst & Young, Certified Public Accountants and we have been furnished with their audit report dated 23rd April 2016, are certified by the management of the company.

We are presented with the financial statements comprising of the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement in Indian Rupees prepared by the Management of the Company on the basis of aforesaid audited financial statements to comply with the requirements of the Companies Act 2013. We have audited the Balance Sheet of India Business Excellence Management Co. (the Company) as on March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended March 31, 2016 annexed thereto.

## **Management's Responsibility for the Financial Statements:**

These financial statements are the responsibility of the Company's management. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility:**

Our responsibility is to express an opinion on these financial statements based on our audit. We have 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.

## **Opinion:**

In our opinion, on the basis of information and explanations given to us and relying upon the above referred audited financial statements and auditor's report thereon, these financial statements read together with the notes thereon and attached thereto give the information required by the Act. In the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of Balance Sheet of the state of affairs of the Company as on March 31, 2016;
- b. In the case of the Statement of Profit and Loss of the profit for the year ended March 31, 2016;and
- c. In the case of Cash Flow Statement, of the cash flows for the year ended March 31, 2016.

For **P B K & CO.**  
*Chartered Accountants*  
Firm Registration No.:122394W

**Premal H Gandhi**  
*Partner*  
Membership No.111592

Place: Mumbai  
Date: 23rd April, 2016

# BALANCE SHEET

## Balance Sheet as at March 31, 2016

|                                 | Note No. | As on 31-Mar-16<br>(₹) | As on 31-Mar-15<br>(₹) |
|---------------------------------|----------|------------------------|------------------------|
| <b>I EQUITY AND LIABILITIES</b> |          |                        |                        |
| <b>Share Holders' Funds :</b>   |          |                        |                        |
| Share Capital                   | 1        | 1,832,005              | 1,832,005              |
| Reserve and Surplus             | 2        | 124,432,097            | 69,831,320             |
| <b>Current Liabilities</b>      |          |                        |                        |
| Trade Payable                   | 3        | 2,001,403              | 15,930,575             |
| Other Current Liabilities       | 5        | 366,424                | 2,278,249              |
| Short Term Provisions           | 4        | (41,824)               | 218,489                |
| <b>TOTAL</b>                    |          | <b>128,590,105</b>     | <b>90,090,638</b>      |
| <b>II ASSETS</b>                |          |                        |                        |
| <b>Current Assets</b>           |          |                        |                        |
| Current Investment              | 6        | 6,750                  | 6,386                  |
| Trade Receivables               | 7        | 5,249,461              | 85,268,650             |
| Cash and Cash Equivalent        | 8        | 341,343                | 4,240,706              |
| Short Term Loan and Advances    | 9        | 122,992,551            | 574,896                |
| <b>TOTAL</b>                    |          | <b>128,590,105</b>     | <b>90,090,638</b>      |

Notes referred to above form an integral part of these financial statements  
As per our report of even date.

As per our attached report of even date

**For P B K & Co.**  
*Chartered Accountants*  
Firm Registration No. 122384W

**Premal H. Gandhi**  
*Partner*  
Membership No. 111592  
Place : Mumbai  
Dated : 23rd April 2016

**For India Business Excellence Management Co**

*Director*

Place : Mauritius  
Dated :

*Director*

Place : Mauritius  
Dated :

# STATEMENT OF PROFIT AND LOSS

## Profit and Loss for the Period ended March 31, 2016

|   | Note No. | For The Period<br>Ended 31-Mar-16 (₹) | For The Period<br>Ended 31-Mar-15 (₹) |
|---|----------|---------------------------------------|---------------------------------------|
| <b>REVENUE:</b>   |          |                                       |                                       |
| Revenue from Operations   | 10       | 177,786,441                           | 187,220,566                           |
| <b>Total Revenue</b>  |          | <b>177,786,441</b>                    | <b>187,220,566</b>                    |
| <b>EXPENSES :</b>   |          |                                       |                                       |
| Other Expenses  | 11       | 126,302,064                           | 128,673,612                           |
| <b>Total Expenses</b>   |          | <b>126,302,064</b>                    | <b>128,673,612</b>                    |
| <b>Profit Before Tax</b>  |          | 51,484,377                            | 58,546,954                            |
| <b>Tax Expenses :</b>   |          |                                       |                                       |
| Provision for Tax   |          | 1,556,073                             | 1,755,498                             |
| <b>Profit for the Year/Period</b>   |          | <b>49,928,304</b>                     | <b>56,791,456</b>                     |
| Earnings Per Share (₹)  |          |                                       |                                       |
| Equity share of par value USD 1/- each                                      |          |                                       |                                       |
| Basic and Diluted   |          | 1,248.21                              | 1,419.79                              |
| Notes referred to above form an integral part of these Financial Statements |          |                                       |                                       |

As per our attached report of even date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

Membership No. 111592

Place : Mumbai

Dated : 23rd April 2016

**For India Business Excellence Management Co**

*Director*

Place : Mauritius

Dated :

*Director*

Place : Mauritius

Dated :

# CASH FLOW STATEMENT

## Cash flow statement for the year ended March 31,2016

| Particulars   | For the Year ended<br>31st March 2016<br>(₹) | For the Year ended<br>31st March 2015<br>(₹) |
|---|--|--|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                    |  |  |
| Profit before tax   | 51,484,377                                   | 58,546,954                                   |
| Adjustments for:  |  |  |
| Translation differences on foreign currency taken to reserves | 4,672,473                                    | 1,549,142                                    |
| Adjustment for working capital changes                        |  |  |
| Increase/(Decrease) trade payable                             | (13,929,172)                                 | (49,335,779)                                 |
| Increase/(Decrease) other current liabilities                 | (1,911,825)                                  | 747,100                                      |
| Increase/(Decrease) Short term Provision                      | –  | 218,489                                      |
| (Increase)/Decrease trade receivables                         | 80,019,189                                   | (42,809,356)                                 |
| (Increase)/Decrease short term loan and advances              | (122,417,655)                                | 5,709,871                                    |
| (Increase)/Decrease current investment                        | (364)  | (6,207)                                      |
| <b>CASH GENERATED FROM OPERATIONS</b>                         | <b>(2,082,977)</b>                           | <b>(25,379,785)</b>                          |
| Taxes paid  | (1,816,386)                                  | (1,755,498)                                  |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                     | <b>(3,899,364)</b>                           | <b>(27,135,283)</b>                          |
| <b>NET CASH FLOW FOR THE YEAR</b>                             | <b>(3,899,364)</b>                           | <b>(27,135,283)</b>                          |
| Cash and cash equivalents as at beginning of year:            |  |  |
| Balance with bank in current account                          | 4,240,706                                    | 31,375,990                                   |
| Cash and cash equivalents as at end of year:                  |  |  |
| Balance with bank in current account                          | 314,343                                      | 4,240,706                                    |

Note: The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

As per our attached report of even date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

Membership No. 111592

Place : Mumbai

Dated : 23rd April 2016

**For India Business Excellence Management Co**

*Director*

Place : Mauritius

Dated :

*Director*

Place : Mauritius

Dated :

# NOTES TO FINANCIAL STATEMENT

## Note 1 : Share Capital

[All the above shares are held by Motilal Oswal Asset Management Company Limited, the holding company]

|   | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|---|------------------------|------------------------|
| <b>Issued, subscribed and paid up :</b>   |                        |                        |
| Equity shares of USD 1 each   | 1,832,005              | 1,832,005              |
| (All of the above 40,000 equity shares are held by MOPE Investment Advisors Private Limited, the holding company) |                        |                        |
| <b>TOTAL</b>  | <b>1,832,005</b>       | <b>1,832,005</b>       |

## Note 2: Reserves & Surplus

|  | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|--|------------------------|------------------------|
| Foreign exchange translation reserve               | 7,448,596              | 2,776,123              |
|  | <b>7,448,596</b>       | <b>2,776,123</b>       |
| <b>Revenue reserve</b>                             |                        |                        |
| Opening balance                                    | 67,055,197             | 10,263,741             |
| Add: Transferred from Statement of Profit and Loss | 49,928,304             | 56,791,456             |
|  | <b>116,983,501</b>     | <b>67,055,197</b>      |
| <b>TOTAL</b>                                       | <b>124,432,097</b>     | <b>69,831,320</b>      |

## Note 3: Trade payable

|                       | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|-----------------------|------------------------|------------------------|
| Advisory fees payable | 2,001,403              | 15,930,575             |
| <b>TOTAL</b>          | <b>2,001,403</b>       | <b>15,930,575</b>      |

## Note 4: Short term provisions

|                        | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|------------------------|------------------------|------------------------|
| Provision for taxation | (41,824)               | 218,489                |
| <b>TOTAL</b>           | <b>(41,824)</b>        | <b>218,489</b>         |

# NOTES TO FINANCIAL STATEMENT

## Note 5: Other current liabilities

|                        | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|------------------------|------------------------|------------------------|
| Others                 |                        |                        |
| Creditors for expenses | 366,424                | 391,591                |
| Other payables         | —                      | 1,886,659              |
| <b>TOTAL</b>           | <b>366,424</b>         | <b>2,278,249</b>       |

## Note 6: Current investment

|   | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|---|------------------------|------------------------|
| India Business Excellence Fund-I (200 Units of USD 0.01 each) | 6,750                  | 6,386                  |
| <b>TOTAL</b>  | <b>6,750</b>           | <b>6,386</b>           |

## Note 7: Trade receivables

|   | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|---|------------------------|------------------------|
| Unsecured, considered good                              |                        |                        |
| Trade receivables(Outstanding for less than six months) | 5,249,461              | 85,268,650             |
| Trade receivables(Outstanding for more than six months) | —                      | —                      |
| <b>TOTAL</b>  | <b>5,249,461</b>       | <b>85,268,650</b>      |

## Note 8: Cash and bank balances

|                           | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|---------------------------|------------------------|------------------------|
| Cash and cash equivalents |                        |                        |
| Balances with bank        | 341,343                | 4,240,706              |
| <b>TOTAL</b>              | <b>341,343</b>         | <b>4,240,706</b>       |

## Note 9: Short term loan and advances

|                            | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|----------------------------|------------------------|------------------------|
| Unsecured, considered good |                        |                        |
| Prepaid expenses           | 122,992,551            | 574,896                |
| <b>TOTAL</b>               | <b>122,992,551</b>     | <b>574,896</b>         |

# NOTES TO FINANCIAL STATEMENT

## Note 10: Revenue from operations

|                              | For the Period<br>ended 31-Mar-16<br>(₹) | For the Period<br>ended 31-Mar-15<br>(₹) |
|------------------------------|--|--|
| Management and advisory fees | 177,786,441                              | 187,220,566                              |
| <b>Total</b>                 | <b>177,786,441</b>                       | <b>187,220,566</b>                       |

## Note 11: Other expenses

|                                  | For the Period<br>ended 31-Mar-16<br>(₹) | For the Period<br>ended 31-Mar-15<br>(₹) |
|----------------------------------|--|--|
| Audit fees                       | 239,416                                  | 440,601                                  |
| Communication expenses           | 68,685                                   | 100,648                                  |
| Foreign exchange fluctuation     | (284,552)                                | 352,986                                  |
| Insurance                        | 613,651                                  | 582,192                                  |
| Legal and professional fees      | 2,510,859                                | 2,077,730                                |
| Rates and taxes                  | 737,741                                  | 661,696                                  |
| Referral fees                    | 7,200,272                                | 11,162,726                               |
| Advisory and sub-advisory fees   | 114,377,121                              | 112,199,544                              |
| Travelling and boarding expenses | 370,244                                  | 534,541                                  |
| Miscellaneous Expenses           | 468,627                                  | 148,116                                  |
| <b>TOTAL</b>                     | <b>126,302,064</b>                       | <b>128,673,612</b>                       |

## Note 12 : Background

The Company was incorporated in Mauritius under the Companies Act 2001 on 27 September 2006 as a private company limited by shares and holds a category 1 Global Business Licence issued by the Financial Service Commission (the "FSC"). The Company has obtained authorisation from the FSC to act as CIS Manager to the India Business Excellence Fund-I (the Fund) under Section 98 of the Securities Act 2005 on 7 January 2009. On 29 April 2011, the Company has also received the FSC's authorisation to provide advisory services to India Business Excellence Fund-IIA (Fund-IIA) incorporated on 4 July 2011.

The financial statements of the Company prepared in US Dollars are in accordance with and comply with International Financial Reporting Standards ("IFRS"). These Indian Rupee ("INR") statements and amounts are in accordance with generally accepted accounting principles in India and are disclosed and included solely for convenience and for inclusion in the consolidated financial statements of Motilal Oswal Financials Services Limited. These transactions should not be construed as representations that the USD amounts actually represent, or have been or could be converted into INR. For the purpose of conversion the items in the statement of profit and loss have been converted at the average rate for the period and the items in the balance sheet have been converted at the closing rate except for share capital which has been converted at the historical rate.

## Note 13 : Nature of business

The principal activity of the Company is to act as an investment manager to "the Fund" and as investment advisor to "Fund-IIA".

## Note 13 : Significant accounting policies

### (a) Basis of preparation

The financial statements of the Company have been prepared under the historical cost convention. The transactions of the Company are in USD, which have been converted into Indian Rupees for reporting purposes at the rate applied as per paragraph (c) of Note 3 of Significant Accounting Policies.

# NOTES TO FINANCIAL STATEMENT

## (b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any differences of actual results to such estimates are recognized prospectively in the current and future periods.

## (c) Conversion to Indian Rupees

For the purpose of these financial statements, all income and expense items are converted at the average rate of exchange applicable for the period. All assets and liabilities are translated at the closing rate as on the balance sheet date. The exchange difference arising out of the year-end translation is debited or credited to Translation Reserve and is disclosed as Reserves and surplus. The share capital is carried forward at the rate of exchange prevailing on the transaction date.

## (d) Income recognition, fees and expenses

### Investment Management Agreement:

The Company had entered into an Investment Management Agreement with the Fund pursuant to the agreement, the Company assumes the investment management functions and has obtained the relevant authorisations to carry out the role of Investment Manager.

The Company is entitled to a management fee payable as follows:

- (i) during the first year, 2% of the aggregate Capital Commitment of the Fund;
- (ii) from the second year onwards during the Commitment Period 2% per annum of the aggregate Capital Commitment of the Fund; and
- (iii) after the Commitment Period, 2% per annum of the aggregate direct investment."

### Advisory Income:

Under the terms of Advisory agreement dated July 13, 2011, the Company has been appointed by Fund IIA as Investment Advisor to manage its operations and to execute and deliver the documents on its behalf (excluding authority to acquire or dispose of investments except with the approval of the Board) subject to the overall supervision of the Board of the Fund IIA as specified in the Private Placement Memorandum of the latter.

### Advisory Expenses:

The Company has entered into an Investment Advisory Service Agreement with MOPE Investment Advisors Private Limited ("MOPE"). Pursuant to the agreement, the Company receives non exclusive, non binding advice and recommendation pertaining to investment opportunities in India from MOPE. Effective as from 1 April 2007, the Company pays to MOPE a minimum fee on an annual basis which is equal to 130% of all the ordinary and necessary expenses incurred by MOPE from the purpose of such investment advice. In addition to the minimum fees, MOPE is also entitled to a performance incentive fee payable on the half yearly basis as may be decided by the Board of the Company and paid within 30 days of such decision by the Board.

### Sub advisory expenses:

The Company has entered in an Investment Sub Advisory Service Agreement with MOPE Investment Advisors Private Limited ("MOPE") on 4 May 2012. Pursuant to the agreement, the Company receives non exclusive, non binding advice and recommendation pertaining to investment opportunities in India from MOPE. The Company pays to MOPE a minimum fee on an annual basis which is equal to 130% of all the ordinary and necessary expenses incurred by MOPE from the purpose of such investment advice. In addition to the minimum fees, MOPE is also entitled to a performance incentive fee payable on the half yearly basis as may be decided by the Board of the Company and paid within 30 days of such decision by the Board.

### Placement agreement:

The Company has entered into placement agreement with several placement agents and the fees payable to the agents between the parties from time to time and the payment mode are defined in the agreement.

## (e) Taxes on income

The Company, under current laws and regulations, is liable to pay income tax on its net income at the rate of 15%. The Company is however entitled to a tax credit equivalent to the higher of actual foreign tax suffered and 80% of Mauritian tax payable in respect of its foreign source income. Capital gains of the Company are exempt from tax in Mauritius.

# NOTES TO FINANCIAL STATEMENT

The Company is centrally managed and controlled from Mauritius and is hence tax resident in Mauritius and holds a valid Certificate of Residence from the Mauritius Revenue Authority which is renewable annually subject to meeting certain conditions. The tax residency certificate entitles the Company to certain relief pursuant to a treaty concluded between Mauritius and India for avoidance of double taxation.

## (f) Earnings per share

Basic earning per share is computed by dividing net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earning per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year as adjusted for the effects of all diluted potential equity shares.

## (g) Contingencies and provisions

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

## Note 14 : Basic and diluted Earnings/(Loss) per share:

The numerator and denominator used to calculate basic and diluted earnings per shares are as under:

| Particulars   | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|---|--------------------------------------|--------------------------------------|
| Net Profit attributable to equity shareholders [A] (₹)                | 49,928,304                           | 56,791,456                           |
| Weighted Average of equity shares issued [B] (face value of ₹ 1 each) | 40,000                               | 40,000                               |
| Basic and Diluted Earnings per share [A/B] (₹)                        | 1,248.21                             | 1,419.79                             |

## Note 15 : Translation differences

The translation differences arising during the period on account of foreign currency have been directly taken to Reserves.

## Note 16 : Related parties transactions

### (i) Relationships during the period

#### A) Enterprises where control exists

- MOPE Investment Advisors Private Limited – Holding Company
- Motilal Oswal Financial Services Limited – Holding Company of MOPE Investment Advisors Private Limited
- Passionate Investment Management Private Limited - Ultimate Holding Company

#### B) Fellow subsidiaries

- Motilal Oswal Capital Markets Private Limited
- Motilal Oswal Trustee Company Limited
- Motilal Oswal Insurance Brokers Private Limited
- Motilal Oswal Commodities Broker Private Limited
- Motilal Oswal Investment Advisors Private Limited
- Motilal Oswal Securities Limited
- Motilal Oswal Wealth Management Limited
- Motilal Oswal Securities International Private Limited
- Motilal Oswal Asset Management Company Limited
- Motilal Oswal Capital Market (Singapore) Pte Ltd.
- Motilal Oswal Real Estate Investment Advisors Private Limited

# NOTES TO FINANCIAL STATEMENT

- Motilal Oswal Real Estate Investment Advisors II Private Limited
- Aspire Home Finance Corporation Limited
- Motilal Oswal Capital Markets (Hongkong) Private Limited
- Motilal Oswal Asset Management (Mauritius) Private Limited
- Nagori Agro & Cattle Feeds Private Limited
- VISU Associates
- OSAG Enterprises LLP

## ii) Transactions with related parties for the period ended March 31, 2016

| Transactions     | Name of the related Party                | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|------------------|--|--------------------------------------|--------------------------------------|
| Advisory Fee     | MOPE Investment Advisors Private Limited | 114,879,919                          | 112,199,544                          |
| Trade (Payables) | MOPE Investment Advisors Private Limited | (123,579,821)                        | (15,930,575)                         |

Note: 'Income/receipts figures are shown in brackets.

## Note 16 :

Previous year figures have been regrouped/rearranges to confirm to the current year classification

### For P B K & Co.

*Chartered Accountants*

Firm Registration No. 122384W

### Premal H. Gandhi

*Partner*

Membership No. 111592

Place : Mumbai

Dated : 23rd April 2016

### For India Business Excellence Management Co

*Director*

Place : Mauritius

Dated :

*Director*

Place : Mauritius

Dated :

# **Motilal Oswal Asset Management (Mauritius) Pvt. Ltd**

**Annual Report 2015-2016**

# INDEPENDENT AUDITORS' REPORT

To the Members of the **MOTILAL OSWAL ASSET MANAGEMENT (MAURITIUS) PRIVATE LIMITED**

## Report on the Financial Statements:

The financial statements comprising of the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow of Motilal Oswal Asset Management (Mauritius) Private Limited. (the Company) as on March 31, 2016, being a company registered in Mauritius, are audited by KPMG, Certified Public Accountants and we have been furnished with their audit report dated 20st April 2016, ,are certified by the management of the company.

We are presented with the financial statements comprising of the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement in Indian Rupees prepared by the Management of the Company on the basis of aforesaid audited financial statements to comply with the requirements of the Companies Act 2013. We have audited the Balance Sheet of Motilal Oswal Asset Management (Mauritius) Private Limited. (the Company) as on March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended March 31, 2016 annexed thereto.

## Management's Responsibility for the Financial Statements:

These financial statements are the responsibility of the Company's management. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We have 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.

## Opinion:

In our opinion, on the basis of information and explanations given to us and relying upon the above referred audited financial statements and auditor's report thereon, these financial statements read together with the notes thereon and attached thereto give the information required by the Act. In the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of Balance Sheet of the state of affairs of the Company as on March 31, 2016;
- b. In the case of the Statement of Profit and Loss of the profit for the year ended March 31, 2016;and
- c. In the case of Cash Flow Statement, of the cash flows for the year ended March 31, 2016.

For **P B K & CO.**

*Chartered Accountants*

Firm Registration No.:122394W

**Premal H Gandhi**

*Partner*

Membership No.111592

Place: Mumbai

Date: 20/04/2016

# BALANCE SHEET

## Balance Sheet as at March 31, 2016

|  | Note No. | As on 31-Mar-16<br>(₹) | As on 31-Mar-15<br>(₹) |
|--|----------|------------------------|------------------------|
| <b>I. EQUITY AND LIABILITIES</b>                 |          |                        |                        |
| <b>Share holders' Funds :</b>                    |          |                        |                        |
| Share Capital                                    | 1        | 4,802,608              | 62                     |
| Reserves and Surplus                             | 2        | (4,014,026)            | (385,194)              |
| <b>Share Application Money pending allotment</b> |          | 3,330,000              | 4,659,635              |
| Other Current Liabilities                        | 3        | 524,874                | 73,840                 |
| <b>Total</b>                                     |          | <b>4,643,456</b>       | <b>4,348,344</b>       |
| Cash and bank balances                           | 4        | 1,657,690              | 2,606,816              |
| Short Term Loans and Advances                    | 5        | 2,985,765              | 1,741,527              |
| <b>Total</b>                                     |          | <b>4,643,456</b>       | <b>4,348,343</b>       |

Notes referred to above form an integral part of these financial statements

As per our report of attached even date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

Membership No. 111592

Place : Mumbai

Dated : 20th April 2016

**For Motilal Oswal Asset Management (Mauritius) Pvt. Ltd**

*Director*

*Director*

# STATEMENT OF PROFIT AND LOSS

## Statement of Profit and Loss for the period ended March 31, 2016

|   | Note No. | For The Period<br>Ended 31-Mar-16 (₹) | For The Period<br>Ended 31-Mar-15 (₹) |
|---|----------|---------------------------------------|---------------------------------------|
| <b>REVENUE :</b>  |          |                                       |                                       |
| Revenue from Operations   |          | –                                     | –                                     |
| Other Income  |          | –                                     | –                                     |
| <b>Total Income</b>   |          | <b>–</b>                              | <b>–</b>                              |
| <b>EXPENSES :</b>   |          |                                       |                                       |
| Other Expenses  | 6        | 3,614,602                             | 417,950                               |
| <b>Total expenses</b>   |          | <b>3,614,602</b>                      | <b>417,950</b>                        |
| <b>Profit/(Loss ) before taxation</b>                                       |          | <b>(3,614,602)</b>                    | <b>(417,950)</b>                      |
| <b>Prior year income</b>  |          |                                       |                                       |
| <b>Profit/(Loss) before extraordinary items and tax</b>                     |          | <b>(3,614,602)</b>                    | <b>(417,950)</b>                      |
| <b>VIII. Extraordinary Items</b>  |          |                                       |                                       |
| <b>V. Profit / (Loss) before tax (VII- VIII)</b>                            |          | <b>(3,614,602)</b>                    | <b>(417,950)</b>                      |
| <b>Tax expense:</b>   |          |                                       |                                       |
| Current Tax   |          | –                                     | –                                     |
| MAT credit entitlement  |          | –                                     | –                                     |
| Deferred tax  |          | –                                     | –                                     |
| <b>Profit / (Loss) for the year/ period</b>                                 |          | <b>(3,614,602)</b>                    | <b>(417,950)</b>                      |
| Basic and Diluted Earnings Per Share  |          |                                       |                                       |
| Notes referred to above form an integral part of these financial statements |          |                                       |                                       |

As per our report of attached even date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

Membership No. 111592

Place : Mumbai

Dated : 20th April 2016

**For Motilal Oswal Asset Management (Mauritius) Pvt. Ltd**

*Director*

*Director*

# CASH FLOW STATEMENT

## Cash Flow Statement for the year ended 31st March, 2016

| Particulars   | For the Year ended<br>31st March 2016<br>In ₹ | For the Year ended<br>31st March 2015<br>In ₹ |
|---|---|---|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                  |   |   |
| Profit / (Loss) before taxation                             | (3,614,602)                                   | (417,949)                                     |
| Adjustment for FCTR   | (14,230)                                      | 32,755  |
| Increase/(Decrease) in trade payables                       | 451,034                                       | 73,840  |
| (Increase)/Decrease in short-term loans and advances        | (1,244,238)                                   | (1,741,527)                                   |
| <b>CASH GENERATED FROM OPERATIONS</b>                       | <b>(4,422,037)</b>                            | <b>(2,052,881)</b>                            |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                   | <b>(4,422,037)</b>                            | <b>(2,052,881)</b>                            |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                  |   |   |
| Interest received on fixed deposits                         | —   | —   |
| Purchase of fixed assets                                    | —   | —   |
| Dividend income   | —   | —   |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>              | <b>—</b>                                      | <b>—</b>                                      |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                  |   |   |
| Equity share capital received                               | —   | —   |
| Increase in share capital                                   | 4,802,546                                     | 62  |
| Share Application Money pending allotment                   | (1,329,635)                                   | 4,659,635                                     |
| Interest paid   | —   | —   |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>              | <b>3,472,911</b>                              | <b>4,659,698</b>                              |
| <b>NET CASH FLOW FOR THE YEAR</b>                           | <b>(949,126)</b>                              | <b>2,606,816</b>                              |
| Cash and bank balance                                       |   |   |
| Cash on hand  | —   | —   |
| Scheduled Bank - in current account                         | 2,606,816                                     | —   |
| <b>Total Cash and bank balances as at beginning of year</b> | <b>2,606,816</b>                              | <b>—</b>                                      |
| Cash and bank balances as at end of year :                  |   |   |
| Cash on hand  | —   | —   |
| Scheduled Bank - In Current Account                         | 1,657,690                                     | 2,606,816                                     |
| <b>Total Cash and bank balances as at end of year</b>       | <b>1,657,690</b>                              | <b>2,606,816</b>                              |

Note : The above cash flow statement has been prepared under the Indirect method" as set out in Accounting Standard - 3 on cash flow statements issued by the Institute of Chartered Accountants of India.

As per our report of attached even date

For P B K & Co.

Chartered Accountants

Firm Registration No. 122384W

Premal H. Gandhi

Partner

Membership No. 111592

Place : Mumbai

Dated : 20th April 2016

For Motilal Oswal Asset Management (Mauritius) Pvt. Ltd

Director

Director

# NOTES TO FINANCIAL STATEMENT

## Note 1 : Share Capital

|   | As at 31-Mar-16  |                  | As at 31-Mar-15  |           |
|---|------------------|------------------|------------------|-----------|
|   | Number of Shares | (₹)              | Number of Shares | (₹)       |
| <b>AUTHORISED</b>                         |                  |                  |                  |           |
| Equity Shares of USD 1 each               | 1                | –                | 1                | 62        |
| <b>Issued, Subscribed and Paid Up :</b>   |                  |                  |                  |           |
| Equity Shares of USD 1 each fully Paid up | 75,000           | 4,802,608        | 1                | 62        |
| <b>Total</b>                              | <b>75,000</b>    | <b>4,802,608</b> | <b>1</b>         | <b>62</b> |

[All the above shares are held by Motilal Oswal Asset Management Company Limited, the holding company]

## Note 2: Reserves & Surplus

|  | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|--|------------------------|------------------------|
| <b>a) Foreign Currency Translation Reserves</b>                            |                        |                        |
| Opening balance  | 32,755                 | –                      |
| Add:- Gain/(loss) on translation during the period                         | (14,230)               | 32,755                 |
| <b>Closing balance</b>   | <b>18,525</b>          | <b>32,755</b>          |
| <b>b) Profit/(Deficit) in the statement of profit and loss</b>             |                        |                        |
| Opening balance  | (417,949)              | –                      |
| Add: Net profit / (loss) transferred from Statement of Profit and Loss A/C | (3,614,602)            | (417,949)              |
| <b>Closing balance</b>   | <b>(4,032,552)</b>     | <b>(417,949)</b>       |
| <b>TOTAL</b>   | <b>(4,014,026)</b>     | <b>(385,194)</b>       |

## Note 3 : Other Current Liability

|                        | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|------------------------|------------------------|------------------------|
| Creditors for Expenses | 524,874                | 73,840                 |
| <b>Total</b>           | <b>524,874</b>         | <b>73,840</b>          |

## Note 4 : Cash and bank balances

|                           | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|---------------------------|------------------------|------------------------|
| Cash and cash equivalents |                        |                        |
| Cash on hand              | –                      | –                      |
| Balances with banks       |                        |                        |
| – In current accounts     | 1,657,690              | 2,606,816              |
| <b>Total</b>              | <b>1,657,690</b>       | <b>2,606,816</b>       |

# NOTES TO FINANCIAL STATEMENT

## Note 5: Short term loans and advances

|                  | As at 31-Mar-16<br>(₹) | As at 31-Mar-15<br>(₹) |
|------------------|------------------------|------------------------|
| Prepaid expenses | 433,667                | 500,082                |
| Advances         | 2,552,098              | 1,241,445              |
| <b>Total</b>     | <b>2,985,765</b>       | <b>1,741,527</b>       |

## Note 6: Other expenses

|                             | For the Period<br>ended 31-Mar-16<br>(₹) | For the Period<br>ended 31-Mar-15<br>(₹) |
|-----------------------------|--|--|
| Accounting fees             | 192,972                                  | 18,648                                   |
| Legal and Professional Fess | –  | 11,236                                   |
| Admin Fees                  | 65,414                                   | 13,966                                   |
| Bank charges                | 66,036                                   | 6,403                                    |
| Corporate secretary fees    | 91,580                                   | 19,552                                   |
| Directors fees              | 163,536                                  | 34,914                                   |
| FSC fees - GBL and CIS      | 276,048                                  | 132,561                                  |
| MLRO fees                   | 81,768                                   | 17,457                                   |
| Professional fees           | 11,861                                   | –  |
| Registered office fees      | 32,707                                   | 6,983                                    |
| ROC Fees                    | 22,079                                   | 12,484                                   |
| Set up fees                 | –  | 93,247                                   |
| Taxation fees               | –  | 31,082                                   |
| TRC fees                    | 45,790                                   | 19,416                                   |
| Retainer fee                | 1,962,426                                | –  |
| Audit fees                  | 261,657                                  | –  |
| Other Expenses              | 340,729                                  | –  |
| <b>Total</b>                | <b>3,614,602</b>                         | <b>417,950</b>                           |

## Note 7 : Background

Motilal Oswal Asset Management (Mauritius) Private Limited ('The Company') was incorporated in Mauritius on January 08, 2015 (Co. No.127396) as a private company limited by shares and holds a Category1 Global Business Licence and Collective Investment Scheme ("CIS") Manager License issued by the Financial Services Commission of Mauritius. The principal shareholder of the Company as at March 31, 2016 is Motilal Oswal Asset Management Company Limited (MOAMCL) and the principal activity of the Company is to conduct business as a CIS manager.

The transactions of the Company are in local currency, which have been converted into Indian ₹ for reporting purposes at the rate applied as per paragraph (c) of Note 2 of Significant Accounting Policies.

## Note 8 : Significant accounting policies

### (a) Basis of preparation

The financial statements of the Company are prepared under the historical cost convention on the accrual basis of accounting and comply in all material aspects with accounting principles generally accepted in India.

# NOTES TO FINANCIAL STATEMENT

## (b) Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any differences of actual results to such estimates are recognized prospectively in the current and future periods.

## (c) Conversion to Indian Rupees

For the purpose of these financial statements, all income and expense items are converted at the average rate of exchange applicable for the period. All assets and liabilities are translated at the closing rate as on the balance sheet date. The exchange difference arising out of the year-end translation is debited or credited to Translation Reserve and is disclosed as Reserves and surplus. The share capital is carried forward at the rate of exchange prevailing on the transaction date.

## (d) Operating Leases

Lease rentals in respect of operating lease are charged to the statement of profit and loss as per the terms of the lease arrangement on a straight-line basis over the lease period.

## (e) Taxes on income

Current tax is determined as the amount of tax payable in respect of taxable income for the year using the tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

## (f) Earnings per share

Basic earning per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period as adjusted for the effects of all diluted potential equity shares.

## (g) Contingencies and provisions

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

## (h) Incorporation and Preliminary Expenses

The Incorporation expenses and preliminary expenses related to the incorporation of the company are debited to the statement of profit & loss.

## Note 9 : Taxation

No provision for the current tax has been made in view of taxable loss for the period.

## Note 10 : Earnings per share

The numerator and denominator used to calculate basic and diluted earnings per shares are as under:

| Particulars  | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|--|--------------------------------------|--------------------------------------|
| Loss attributable to equity shareholders (₹)                         | (3,614,602)                          | (417,950)                            |
| Weighted average number of equity shares outstanding during the year | 65,984                               | 1                                    |
| Nominal value per share (₹)  | 64.03                                | 62.13                                |
| Earnings / (Loss) per share (Basic and diluted) (₹)                  | (54.78)                              | (6,727.11)                           |

# NOTES TO FINANCIAL STATEMENT

## Note 11 : Translation differences

The translation differences arising during the period on account of foreign currency have been directly taken to Reserves.

## Note 12 : Related parties transactions

### (i) Relationships during the period

- A) Enterprises where control exists
- Motilal Oswal Asset Management Company Limited – Holding Company
  - Motilal Oswal Securities Limited – Holding Company of Motilal Oswal Asset Management Company Limited
  - Motilal Oswal Financial Services Limited – Holding Company of Motilal Oswal Securities Limited
  - Passionate Investment Management Private Limited - Ultimate Holding Company
- B) Fellow subsidiaries with whom transactions have taken place
- None

### ii) Transactions with related parties for the period ended March 31, 2016

| Transactions                              | Name of the related Party                      | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|---|--|--------------------------------------|--------------------------------------|
| Share Capital Subscribed                  | Motilal Oswal Asset Management Company Limited | 4,802,546                            | 62                                   |
| Share Application Money pending Allotment | Motilal Oswal Asset Management Company Limited | –                                    | 4,659,635                            |
| <b>Total</b>                              |  | <b>4,802,546</b>                     | <b>4,659,697</b>                     |

Note: 'Income/receipts figures are shown in brackets.

## Note 13 :

The following preleminary expenses and incorporation expenses are debited to Statement of Profit & Loss account:

| Description of Expenses  | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|--------------------------|--------------------------------------|--------------------------------------|
| Corporate secretary fees | 91,580                               | 19,552                               |
| FSC fees - GBL and CIS   | 276,048                              | 132,561                              |
| MLRO fees                | 81,768                               | 17,457                               |
| Registered office fees   | 32,707                               | 6,983                                |
| ROC Fees                 | 22,079                               | 12,484                               |
| Set up fees              | –                                    | 93,247                               |
| <b>Total</b>             | <b>504,181</b>                       | <b>282,284</b>                       |

As per our report of attached even date

**For P B K & Co.**

*Chartered Accountants*

Firm Registration No. 122384W

**Premal H. Gandhi**

*Partner*

Membership No. 111592

Place : Mumbai

Dated : 20th April 2016

**For Motilal Oswal Asset Management (Mauritius) Pvt. Ltd**

*Director*

*Director*





**SUBSIDIARY COMPANIES  
ANNUAL REPORT 2015-16**

[www.motilaloswal.com](http://www.motilaloswal.com)

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