

To the Members

Your Directors have pleasure in presenting their 8th Report together with the audited Accounts of your Company for the year ended 31st March, 2013.

## Financial Highlights

Summary of Financial results for the year is as under:

### Motilal Oswal Financial Services Limited (Standalone)

	₹ in millions	
	Year ended 31st March, 2013	Year ended 31st March, 2012
Revenue	949.04	819.48
Profit before Finance cost, Taxation and exceptional items	752.31	694.31
Finance cost	(134.50)	(8.97)
Profit before Taxation and exceptional items	617.81	685.34
Add / (Less): Exceptional Items	(163.80)	(23.14)
Profit before taxation	454.01	662.20
Add / (Less): Provision for Taxation		
Current Tax	(64.77)	(88.85)
Deferred Tax	(1.75)	(11.72)
Tax for earlier year(s)	—	1.33
Profit after Taxation, before extraordinary items for the year	387.48	562.96
Balance brought forward from previous year	623.36	414.85
Profit Available for appropriation	1,010.84	977.81
Less: Appropriations		
Transfer to Statutory Reserve	(77.50)	(112.59)
Proposed dividend / Interim Dividend	(290.48)	(217.68)
Dividend Distribution Tax	(11.84)	20.86
Transfer to General Reserve	(31.00)	(45.04)
Balance of Profit carried forward	600.02	623.36

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

	₹ in millions	
	31st March, 2013	31st March, 2012
Revenue	4,728.77	4,711.37
Profit before Finance cost, Taxation and exceptional items	1,485.44	1,455.64
Finance cost	(48.03)	(36.20)
Profit before Taxation and exceptional items	1,437.41	1,419.44
Add / (Less): Exceptional Items	180.77	106.73
Profit before taxation	1,618.18	1,526.17
Add / (Less): Provision for Taxation		
Current Tax	(390.29)	(442.26)
Deferred Tax	(132.41)	(45.16)
Minimum Alternate Tax	8.30	—
Tax for earlier year(s)	(3.97)	2.98
Profit after Taxation, before minority Interest	1,099.81	1,041.72
Minority interest in profits	(8.95)	(2.86)
Profit after Taxation and minority Interest	1,090.86	1,038.86

# Directors' Report

	31st March, 2013	31st March, 2012
Balance brought forward from previous year	5,597.06	5,029.57
Profit Available for appropriation	6,687.92	6,068.43
Less: Appropriations:		
Transfer to Statutory Reserve	(77.50)	(112.59)
Proposed dividend / Interim Dividend	(290.53)	(217.77)
Dividend Distribution Tax	(43.16)	(14.45)
Transfer to General Reserve	(113.08)	(126.56)
Balance of Profit carried forward	6,163.65	5,597.06

## Dividend

The Company at the Meeting of its Board of Directors held on 18th October, 2012, had declared an interim dividend of ₹ 1.00 per Equity Share, out of the profits of the Company for the six months ended 30th September, 2012 on 145,235,776 Equity Shares of ₹ 1.00 each aggregating to ₹ 145,235,776/- .

Keeping in view the overall performance during the year, your Directors are pleased to recommend a final dividend of ₹ 1 per Equity Share on 145,235,776 Equity Shares of ₹ 1.00 each aggregating to ₹ 145,235,776/-, payable to those members whose names appear in the Register of Members as on the Book Closure Date. The dividend distribution tax will absorb a sum of ₹ 23,560,874/-.

## Results: MOFSL Standalone

During the year under review, the standalone revenues for the year were ₹ 949.04 million, a growth of 15.81% as compared to ₹ 819.48 million last year. Interest income went up by 35.34% to ₹ 612.56 million, on account of an increase in the average loan book size. Other operating income was ₹ 89.48 million, which includes profit earned on partial exits in few investments of the Private Equity Fund in which MOFSL made sponsor commitments. Other income, which includes dividend from subsidiaries, was ₹ 248.99 million as compared to ₹ 355.18 million in the last year.

Due to slightly lower operating expenses, the total expenses (before depreciation, interest and exceptional items) registered a 2.42% decline to ₹ 113.11 million this year. Profit before depreciation, interest, exceptional items, and taxation (EBITDA) increased by 18.81% this year, from ₹ 703.58 million to ₹ 835.93 million. Interest and finance charges increased from ₹ 8.97 million to ₹ 134.50 million. Exceptional item of ₹ 163.80 million represents provision for doubtful advances / write offs. The Company's net profit decreased by 31.17% to ₹ 387.48 million.

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

## Consolidated Results:

The Consolidated Revenues of the Company for the year were ₹ 4,728.77 million for the year under review, a marginal increase of 0.37% as compared to the previous year.

- Broking and related revenues declined by 8.00% to ₹ 2,980.43 million this year. Daily volumes in the equity markets reached a high of ₹ 1.68 trillion in FY2013, up 17% from last year. Options continue to comprise an increasing share of market volumes, from 68% in FY2012 to 76% in FY2013. Cash volumes in the market declined by 7% YoY to ₹ 130.28 billion. Within cash, the delivery volumes were down 1% YoY and delivery's proportion within market volumes dipped from 2.7% to 2.3%. However, there was a spurt in delivery volumes during the months of September, October, December and January coinciding with the trends in FII inflows. Our overall equity market share declined from 1.9% to 1.5% on a YoY basis. As on 31st March, 2013, total client base has increased to 773,716 while Pan-India distribution reach stood at 1,484 business locations across 527 cities. Despite challenging market conditions, we remain committed to building a strong broking franchise and our efforts were recognized at several industry platforms where we were ranked the best equity broker.
- Investment banking fees fell by 10.87% to ₹ 78.01 million this year. Fee income was impacted due to delays in closure of few deals which are in advanced stages. Subdued equity markets impacted equity raising activities like IPO and FPOs in the market. Deal making was impacted across the industry given regulatory uncertainty, slow policy making and high borrowing costs which led to delays in transaction closures. In this environment, companies continued to remain cautious. Very few projects were announced resulting in low requirement by companies to raise capital. However, the business is well aligned to arising market opportunities.

- Fund-based income for the year was ₹ 996.63 million, a growth of 21.21%. This is attributable to growth in interest income due to higher average loan book this year. This also includes profit earned on partial exits in few investments of the Private Equity Fund in which MOFSL made sponsor commitments.
- Asset management fees increased by 17.41% to ₹ 591.21 million. The total assets under management / advice across mutual funds, PMS and private equity businesses were ₹ 30.29 billion of which mutual funds AUM was ₹ 4.64 billion, private equity AUA was ₹ 13.05 billion and PMS AUM was ₹ 12.60 billion. During the current year, the private equity business announced the third closing of its new PE fund - India Business Excellence Fund II raising ₹ 5.55 billion through a combination of domestic and offshore investors.
- Other income increased by 40.75% to ₹ 82.49 million as compared to last year

Total expenses (before interest, depreciation and exceptional items) for the year at ₹ 2,984.78 million registered a 4.52% decline over last year. The decline in brokerage commission earned reduced the brokerage shared with intermediaries. Operating expenses declined by 7.91% to ₹ 1,106.06 million. People costs at ₹ 1,079.63 million declined by 5.98% compared to last year. Other operating costs which include facilities, marketing, communication, travel and other costs was ₹ 799.09 million, an increase of 2.89% over last year. The profit before depreciation, interest, exceptional items and taxation (EBITDA) increased by 10.01% to ₹ 1,743.99 million. EBITDA margin increased from 33.65% to 36.88%.

Exceptional item of ₹ 180.77 million represents profit from sale of fixed assets, provision for doubtful advances / write offs and settlement payment. Reported net profit for the year after minority interest stood at ₹ 1,090.86 million, an increase of 5.01%.

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

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

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

## Buyback of Equity Shares

The Board of Directors at its meeting held on 27th April, 2013 approved the following matters:-

- Amendment to the Existing Articles of Association of the Company by insertion of Article 12A for empowering the Company to Buyback its own shares, subject to the approval of the Members.
- Buyback of Equity Shares subject to the provisions of Section 77A, 77AA, 77B and other applicable provisions, if any, of the Companies Act, 1956, provisions contained in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, including any amendments, statutory modification(s) or re-enactment(s) thereof (hereinafter referred to as 'Buy Back Regulations') and approval of the Members of the Company.

The Company would Buyback fully paid-up equity shares of ₹1/- each from open market through the Stock Exchange mechanism, for an amount not exceeding ₹ 65 Crores (Rupees Sixty Five Crores only) in cash from the BSE Limited and the National Stock Exchange of India Limited, subject to a price not exceeding ₹ 90/- per equity share and subject to a maximum of 7.5 million fully paid-up Equity Shares of ₹1 each (equivalent to 5.16% of Equity shares of ₹1 each outstanding as on 31st March, 2013) and minimum of 1.875 million fully paid-up Equity Shares of ₹ 1 each (equivalent to 1.29% of Equity shares of ₹ 1 each outstanding as on 31st March, 2013).

## Future Outlook

Indian Stock Markets had a mixed year in 2012-13. Multiple headwinds like inflation, volatile commodity prices, slowdown in the investment cycle, policy slowdown, depreciating Rupee impacted corporate performance and earnings visibility. However, newsflow in the second half of the year like moderation in Wholesale Price Index due to easing in commodity prices and some action on reforms created positive triggers. As inflation stability sustains and liquidity improves, it can lead to further monetary

# Directors' Report

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easing which should eventually help to lower the cost of borrowing and revive the investment cycle. At our end, we are building-up all our businesses relentlessly, in such a way that we are ready to en-cash on any up-turn in the market.

## Credit Rating

During the year, CRISIL Limited reaffirmed the Credit Rating of "CRISIL A1+" to the Short Term Debt Program of ₹ 1500 million of the Company. ICRA Limited assigned the credit rating of "PP-MLD[ICRA] AA-" Rating with a stable outlook to the Long Term Debt Program of ₹ 250 million of the company. CRISIL Limited also reaffirmed the Credit Rating of "CRISIL A1+" to the Short Term Debt Program of ₹ 1000 million of Motilal Oswal Securities Limited, a subsidiary of the Company. The ratings indicate a very strong degree of safety regarding timely servicing of financial obligations.

## Finance

### Issue and Allotment of 2500 Principal Protected Secured Redeemable Non-Convertible Debentures

The Company has issued and allotted 2500 Principal Protected Secured Redeemable Non-Convertible Debentures of face value of ₹ 1,00,000 (Rupees One lakh) each aggregating to ₹ 25,00,00,000/- (Rupees Twenty Five crores) by way of a Private Placement, which is listed at BSE Limited.

The issue proceeds will be utilized for general business purposes including capital expenditure, working capital, loan against shares and securities, repayment / prepayment of existing borrowings, etc., acquisition or purchase of land, investment in capital markets and real estate purposes.

The terms of issue are as follows:-

- The date of Allotment was 11th December, 2012.
- The tenor is 3 years, 3 months and 20 days from the Date of Allotment
- The Coupon Rate is reference Index linked return over the tenure of debenture.
  - o Reference Index Linked Return=Debenture Face Value\* Reference Index Return Factor
  - o Coupon rate shall be payable on Redemption / Maturity Date
- Repayment of 100% of the Principal Amount applies to this Debenture issue.

Also during the year under review, to meet the working capital requirements, the Company has issued Commercial Papers.

## Employees' Stock Option Schemes (ESOS)

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

## Directors

Mr. Vivek Paranjpe and Mr. Praveen Tripathi retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. The details of the Directors to be reappointed is set out in the Report on Corporate Governance annexed to this Report.

## Directors' Responsibility Statement

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the Profit of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the annual accounts have been prepared on a going concern basis.

## Corporate Social Responsibility (CSR) Initiatives by the Group

The Motilal Oswal Group strongly believes in giving back to the Society. The Group makes contributions to various causes through the various Group Companies and through the Motilal Oswal Foundation.

In line with the Group's motto of "Knowledge First", the Group has contributed largely to the education & learning front. The Motilal Oswal Foundation has recently set up a hostel at Lallubhai Park, Andheri (West) called "Agrawal Oswal Chhatrawas" in collaboration with the Rajasthan Vidyarthi Griha. The Agrawal Oswal Chhatrawas is a state of the art hostel for students from Rajasthan & other parts of the country who aspire for the professional course of Chartered Accountancy. It's a 5-storey building with total capacity of approx. 210 students on triple sharing basis with attached toilet & bath.

The Group sponsors "mid-day meals" to school children through the Radhakrishna Trust and thus feeding 300 children every day, throughout the year.

The Group has also contributed in cash and kind to various NGOs like Goonj, through the Joy of Giving Week. We have collected items throughout India with different drives like collection of toys, stationery, toiletries and clothes every year for distribution towards the underprivileged.

The Group has sponsored education for 3 underprivileged children for consecutive two academic years.

The Group has also tied up with Light of Life Trust so as to provide books, study material, school kits etc to the kids.

The Group's employees contribute by celebrating the festivities with the underprivileged and also volunteering by giving lectures, arranging workshops etc. and thereby developing the underprivileged.

### **Audit Committee**

The Audit Committee presently comprises of Mr. Balkumar Agarwal (Chairman of the Committee), Mr. Raamdeo Agarawal, Mr. Vivek Paranjpe and Mr. Praveen Tripathi.

### **Remuneration / Compensation Committee**

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

### **Shareholders / Investors' Grievance Committee**

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

### **Debenture Committee**

The Debenture Committee of the Board of Directors presently comprises of Mr. Motilal Oswal, Mr. Raamdeo Agarawal, Mr. Navin Agarwal and Mr. Balkumar Agarwal.

### **Nomination Committee**

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

### **Risk Management Committee**

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

### **Asset Liability Management Committee (ALCO)**

The Asset Liability Management Committee (ALCO) of the Board of Directors presently comprises of Mr. Motilal Oswal (Chairman of the Committee), Mr. Raamdeo Agarawal, Mr. Navin Agarwal and Mr. Ajay Menon.

### **ESOP Committee**

The ESOP Committee of the Board of Directors presently comprises of Mr. Motilal Oswal and Mr. Raamdeo Agarawal.

### **Corporate Governance**

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

### **Auditors**

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

## Subsidiaries

The Company has the following subsidiary companies:

- 1 Motilal Oswal Securities Limited (MOSL).
- 2 Motilal Oswal Investment Advisors Private Limited
- 3 Motilal Oswal Private Equity Advisors Private Limited
- 4 Motilal Oswal Commodities Broker Private Limited
- 5 Motilal Oswal Insurance Brokers Private Limited
- 6 Motilal Oswal Capital Markets Private Limited (Subsidiary of MOSL)
- 7 Motilal Oswal Asset Management Company Limited (Subsidiary of MOSL)
- 8 Motilal Oswal Trustee Company Limited (Subsidiary of MOSL)
- 9 Motilal Oswal Wealth Management Private Limited (Subsidiary of MOSL)
- 10 Motilal Oswal Securities International Private Limited. (Subsidiary of MOSL)
- 11 Motilal Oswal Capital Markets (Hong Kong) Private Limited (Subsidiary of MOSL)
- 12 Motilal Oswal Capital Markets (Singapore) Pte. Limited. (Subsidiary of MOSL)

The Statement pursuant to section 212 of the Companies Act, 1956, containing details of the Company's subsidiaries is attached herewith.

## Fixed Deposits And Loans / Advances

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

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

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

In view of the nature of activities which are being carried on by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 concerning conservation of energy and technology absorption respectively are not applicable to the Company.

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

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

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the Rules framed thereunder, the names and other particulars of employees are set out in the Annexure to the Directors' Report. In terms of the provisions of Section 219(1) (b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the Shareholders of the Company excluding the aforesaid Annexure. The Annexure is available for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the said Annexure may write to the Company Secretary & Compliance Officer at the Registered Office of the Company.

## Acknowledgments

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

## For and on behalf of the Board

### Motilal Oswal

*Chairman & Managing Director*

Mumbai, 27th April, 2013

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

Particulars	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Name of the Subsidiary Company	Total
	Motilal Oswal Securities Ltd.	Motilal Oswal Commodities Broker Pvt Ltd	Motilal Oswal Private Equity Advisors Pvt Ltd	Motilal Oswal Investment Advisors Pvt Ltd	Motilal Oswal Insurance Brokers Pvt Ltd	Motilal Oswal Capital Markets Pvt Ltd	Motilal Oswal Wealth Management Private Limited	Motilal Oswal Asset Management Company Ltd.	Motilal Oswal Trustee Company Ltd.	Motilal Oswal Securities International Pvt Ltd.	Motilal Oswal Capital Markets (Singapore) Pte. Limited.	Motilal Oswal Capital Markets (Hongkong) Pvt. Limited.	
The Financial year of the Subsidiary ended on	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	
Number of Shares in the Subsidiary Company held by Motilal Oswal Financial Services Limited at the above date													
Equity (Nos.)	1,318,218	400,000	50,000	1,000,000	990,000	350,000	80,000	30,000,000	100,000	4,569,200	250,000	6,000,000	
Extent of holding (%)	99.95%	97.55%	85.00%	100.00%	99.00%	99.95%	99.95%	99.95%	99.95%	99.95%	99.95%	99.95%	
The net aggregate of profits/(losses) of the Subsidiary Company for its financial period so far as they concern the member Of Motilal Oswal Financial Services Limited													
(a) Dealt with in the accounts of Motilal Oswal Financial Services Limited for the year ended 31st March, 2013 (₹ in millions)	145.07	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	145.07
(b) Not dealt with in the accounts of Motilal Oswal Financial Services Limited for the year ended 31st March, 2013 (₹ in millions)	675.36	68.25	45.42	(51.95)	(6.26)	0.71	1.76	52.81	0.13	(3.55)	(1.54)	(2.06)	779.04
The net aggregate of profits/(losses) of the Subsidiary Company for its previous financial periods so far as they concern the member of Motilal Oswal Financial Services Limited													
(a) Dealt with in the accounts of Motilal Oswal Financial Services Limited for the year ended 31st March, 2013 (₹ in millions)	72.50	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	72.50
(b) Not dealt with in the accounts of Motilal Oswal Financial Services Limited for the year ended 31st March, 2013 (₹ in millions)	6,028.23	101.54	82.09	126.65	(5.78)	2.02	12.93	(161.20)	(0.13)	(5.17)	(1.24)	(5.92)	6,174.01

For and on behalf of board of  
**Motilal Oswal Financial Services Limited**Place : Mumbai  
Dated : 27th April, 2013**Samrat Sanyal**  
Company Secretary**Motilal Oswal**  
Chairman and Managing Director**Raamdeo Agarawal**  
Joint Managing Director

### Loan and advances in the nature of loans to subsidiaries disclosed pursuant to Clause 32 of the Listing Agreement

(₹ in Millions)

Name of the Company	Balance as on 31st March, 2013	Maximum Outstanding during the year
Motilal Oswal Commodities Broker Pvt Ltd.	48.97	835.00
Motilal Oswal Asset Management Company Ltd.	–	13.60
Motilal Oswal Capital Markets Pvt. Ltd.	–	0.02
Motilal Oswal Investment Advisors Pvt. Ltd.	80.03	80.03
Motilal Oswal Private Equity Advisors Pvt. Ltd.	–	10.50
Motilal Oswal Insurance Brokers Pvt. Ltd.	3.32	3.32
Motilal Oswal Wealth Management Pvt. Ltd.	–	23.48

## Annexure to the Directors ' Report

Information disclosed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as at 31st March, 2013:-

Sr. No.	Particulars	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 2) - III' (ESOS - III)	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 5) - IV' (ESOS - IV)	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 1) - V' (ESOS - V)	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 1) - VI' (ESOS - VI)
a)	Options granted	12,61,500	2,00,000	58,17,500	50,84,000
b)	The pricing formula	Price at which shares are issued to Private Equity Investor i.e. at the rate of ₹ 518.90 per share.	Price arrived at with reference to the expected Issue Price i.e. at ₹ 775 per share.	The closing price of the Company's Equity Shares quoted on the BSE Limited immediately preceding the date of Grant of the Stock Options, which for this purpose shall be the date on which the Committee grant the Stock Options, discounted by such percentage as may be determined by the Committee in the best interest of the various stakeholders in the prevailing market conditions.	The closing price of the Company's Equity Shares, prior to the date of grant of the Options, on the Stock Exchanges where the highest trading volume is recorded, discounted /increased by such percentage as may be determined by the Committee.
c)	Options vested	10,15,975	10,000	10,56,500	12,96,050
d)	Options exercised	6,43,175	5,000	54,500	40,750
e)	The total number of shares arising as a result of exercise of option	12,86,350	25,000	54,500	40,750
f)	Options lapsed (as at 31.03.13)	6,09,075	1.95,000	43,54,500	16,04,250
g)	Variation of terms of options	N. A.	N. A.	N. A.	N. A.
h)	Money realised by exercise of options	₹ 13,34,97,403	₹ 38,75,000	₹ 90,82,238	₹ 67,43,375
i)	Total number of options in force (as at 31.03.13)	9,250	Nil	14,08,500	34,39,000
j)	Employee-wise details of options granted to:				
	(i) Senior managerial personnel	N.A.	N.A.	Nil	Nil
	(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	N. A.	N. A.	N.A.	N.A.
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	N. A.	N. A.	N. A.	N. A.

## Annexure to the Directors' Report

Sr. No.	Particulars	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 2) - III' (ESOS - III)	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 5) - IV' (ESOS - IV)	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 1) - V' (ESOS - V)	'Motilal Oswal Financial Services Limited - Employees' Stock Option Scheme (₹ 1) - VI' (ESOS - VI)
k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'	₹ 2.67	₹ 2.67	₹ 2.67	₹ 2.67
l)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Nil	Nil	The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted under ESOS - V and ESOS - VI, the employee compensation cost would have been higher by ₹ 54,593,208 /- Profit after tax lower by ₹ 54,593,208 /- and the basic earnings per share would have been lower by Re. 0.38.	
m)	Weighted-average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	N. A.	N. A.	N. A.	N. A.
n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:-				
	(i) risk-free interest rate,	N. A.	N. A.	N. A.	N. A.
	(ii) expected life,	N. A.	N. A.	N. A.	N. A.
	(iii) expected volatility,	N. A.	N. A.	N. A.	N. A.
	(iv) expected dividends, and	N. A.	N. A.	N. A.	N. A.
	(v) the price of the underlying share in market at the time of option grant.	The Company was an unlisted company at the time of grant. However, the Options were granted at the price at which Shares were issued to Private Equity Investor i.e. ₹ 518.90 per share.	The Company was an unlisted company at the time of grant. However, the Options were granted at the price which was determined with reference to the expected Issue Price.	N. A.	N. A.