

WINNING WITH KNOWLEDGE



FOR OVER
30
YEARS

MOTILAL OSWAL

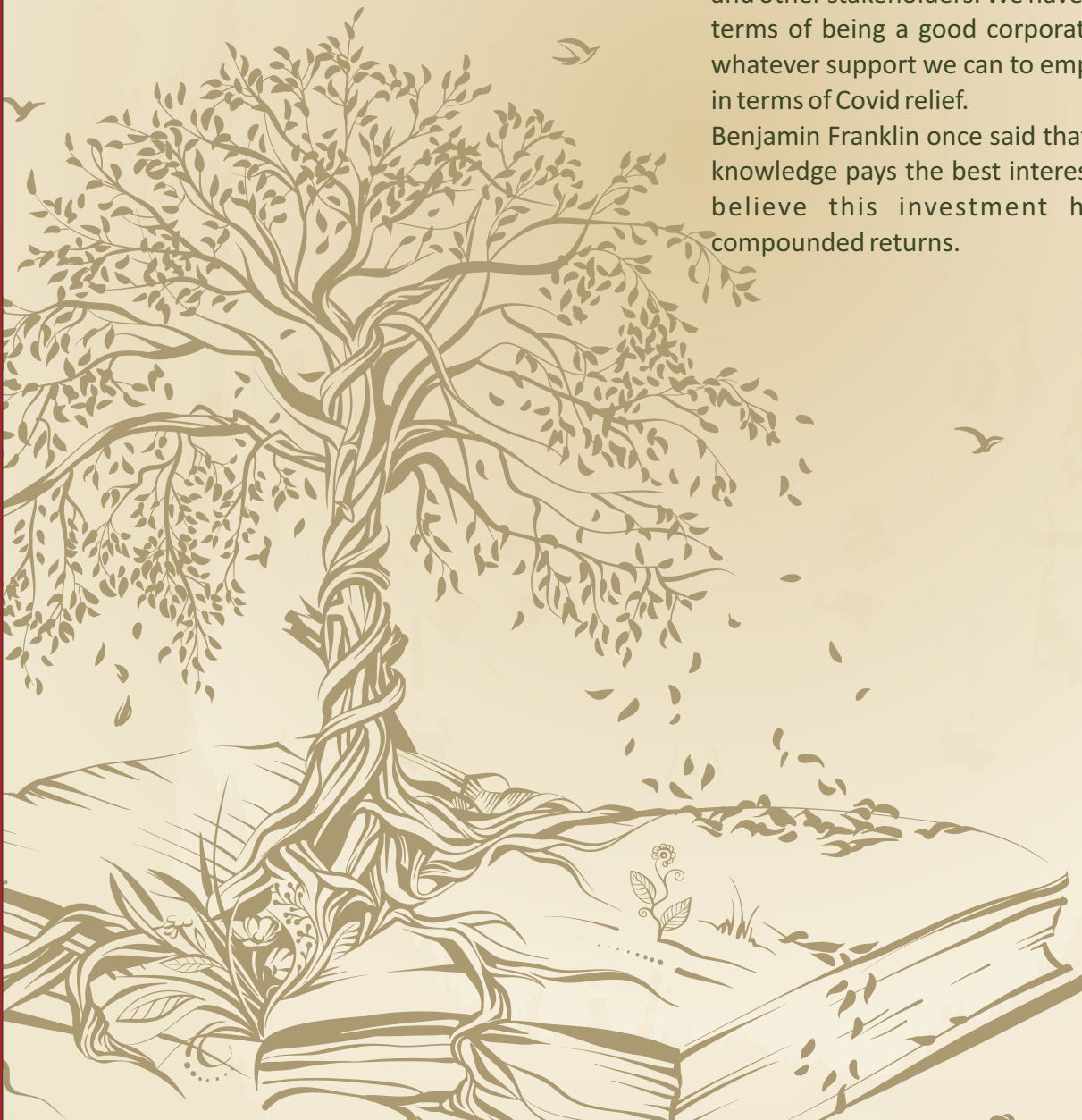
ANNUAL REPORT 2020-21

“AN INVESTMENT IN KNOWLEDGE PAYS THE BEST INTEREST.”

- Benjamin Franklin

At Motilal Oswal, we believe that knowledge provides us the edge to create wealth for all our stakeholders. In a tough environment due to the pandemic; it's this 'Knowledge First' philosophy that has helped us not just survive; but thrive. We have been able to deliver record performance on various fronts. Despite a challenging environment; we have also introduced new products and services to successfully cater to evolving needs of our clients and other stakeholders. We have also done our bit in terms of being a good corporate citizen providing whatever support we can to employees and society in terms of Covid relief.

Benjamin Franklin once said that “An investment in knowledge pays the best interest.” In this year; we believe this investment has provided us compounded returns.





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MDs MESSAGE



Mr. Motilal Oswal
MD & CEO, MOFSL

Dear Shareholders,

FY2021 was an eventful year for MOFSL. Despite the pandemic situation and uncertainties thereof, it was a remarkable year for us. India stepped into FY2021 with Covid-19 induced lockdown in place. Lockdown restrictions caused unprecedented job losses and impacted livelihoods of many. Demand remained muted and GDP contracted to 23.9% in Q1FY2021. But markets started gradually recovering led by phase wise unlocking, various policy measures announced by government RBI as well as a better than expected corporate earnings performance. From the lows seen during the end of FY2020, markets bounced back to erase its losses in November. Investors further gained confidence with the approval of vaccines against Covid. Both Sensex and Nifty closed at an all-time high in the month of February'21.

FY2021 has been a landmark year for our company, touching all-time highs on several parameters. We reported highest ever consolidated revenues of ₹ 3,923 Cr, +69% YoY and PAT of ₹ 1,245 Cr, +579% YoY. PAT excluding exceptional items stood at ₹ 1,311 Cr, +615% YoY. Our ROE, excluding other comprehensive income stood at 38% as compared to 6.6% in FY2020. Going forward, our focus on knowledge, talent, processes, technology, brand & culture and inter-segment synergies will pave the road for achieving milestones across all business verticals. We continue to remain optimistic on the growth potential of all our business verticals given the robust fundamental structure and revival in macro-conditions.

On the capital markets front, Indian equity markets posted their best performance in a decade in FY2021. The industry witnessed a record of 1.44 Cr of new demat accounts being opened. FII inflows were also at an all-time high. Our broking business focuses on a “Phygital” Business model which offers best of both the worlds. Success of this model has yielded results as we recorded our highest ever broking revenues and ADTO in FY2021. We were successful in adding around 6.2 lakh clients taking the total retail client base to ~19.7 lakh. Online volumes contributed ~60% of the total retail volumes traded. Our distribution AUM stood at ₹ 12,785 Cr, and has huge head-room for growth as the client penetration stands at ~13% of our retail client base. We made huge investments in this business in FY2021 by adding 1,600+ people and 60+ branches in order to benefit from the industry consolidation opportunity. In the institution business, our rankings and clientele continued to remain robust. We were awarded #1 Local Brokerage and #2 Overall Sales in the Asia Money Brokers Poll 2020. On the investment banking side, we associated with HDFC and ICICI Bank for their QIPs. We continue to engage on a wide cross-section of mandated transactions across capital markets and advisory.

Our AMCAUM which includes MFs, PMS and AIFs stood at ₹ 45,692 Cr in FY2021, +54% YoY. In FY2021, we were ranked 9th in terms of new MF folio addition. Our new SIP count market share improved by 90 bps YoY to 2.2%. Our gross sales at AMC level increased by 22% YoY and net flows turned positive in the last quarter. We have received strong traction in our Passive offerings; our AUM reached 10x in a years time. We have strengthened our sales vertical by adding 20 sales employees in FY2021 including some senior level hiring. Further, we expanded our reach by adding 5 more branches. During the year, PE AUM stood at ₹ 6,569 Cr. We launched IREF V which received commitments aggregating to ₹ 650 Cr. Our wealth management business recorded 26% YoY growth in revenue led by strong net sales of Rs 2,711 cr in FY2021. Our AUM touched an all-time high of ₹ 25,286 Cr, +62% YoY. Client acquisition saw encouraging growth with the number of families under our business crossing the 5,000 mark. With the improvement in the vintage of RMs, the profitability of our wealth

management business is poised for further traction. Mr. Ashish Shanker was promoted as CEO of our wealth management business.

On our housing finance business, our efforts were concentrated in strengthening our organisation in terms of processes, systems, manpower, culture and structure to create foundation for strong and sustainable growth. We on-boarded Mr. Arvind Hali as MD & CEO and under his leadership our entire senior management team with all key heads is now in place. Our full year disbursement stood at ₹ 273 Cr, +42% YoY. In FY2021, we further diversified our liability sources by National Housing Bank borrowings and Securitization transactions and also lowered our average cost of borrowings by 95 bps YoY to 9.25% in FY2021. We have expanded our sales force during the year and will continue to hire more as business is gears up for growth.

In our fund based businesses (comprising of sponsor commitments to quoted equity and private equity funds), we recorded highest ever gains on investments in a year at ₹ 779 Cr. As per IND-AS, these gains are a part of our reported earnings. Our QGLP philosophy, niche expertise in equities, proven track record and belief in 'skin in the game', augurs well for our fund based business

Some of the key highlights of FY2021 include group's asset under advice crossing ~2 tn mark, balance sheet size crossing ₹ 100 bn, 61% growth in PAT of broking business, 352% growth in PAT of wealth management business, highest ever NIM and lowest ever COF for home finance business and successful launch of S&P 500 index fund. Our dividend payout ratio excluding MTM gains stood at 28%. Company has also completed Buyback of equity shares of ₹ 1.5 bn (including tax).

Our strategy to diversify our business model towards linear sources of earnings has showed results. Capital Market business which is our oldest and cash cow business has achieved new highs on various parameters and continues to benefit from industry consolidation led by knowledge driven phygital offerings. Our Asset Management business is likely to gain from strong product performance and its niche offerings. Going forward, with ample room for scalability of our Housing Finance and other businesses, we remain excited for the future prospects of the company.

Although World Bank slashed its FY2022 growth projection to 8.3% from 11.2% as the second Covid wave hit hard, India still stands to benefit in this uncertain environment. Many global MNCs are likely to consider diversifying their manufacturing operations from China to India given the low corporate tax rate, skilled population, relatively low wages and a large domestic market. Also, the growing demand for affordable housing industry stands positive for our business. Sustenance of macros at reasonable levels augurs well for our business and industry as a whole. As these macro trends open up opportunities, our experience and emphasis on 'Knowledge First' give us the ability to capture these growth prospects.

With best wishes,



Sincerely,

Motilal Oswal

Managing Director & Chief Executive Officer

Motilal Oswal Financial Services Limited.



BOARD OF DIRECTORS



RAAMDEO AGRAWAL
Non-Executive Chairman



MOTILAL OSWAL
Managing Director (MD) &
Chief Executive Officer (CEO)



NAVIN AGARWAL
Non-Executive Director, MOFSL
(MD & CEO, MOAMC)



C. N. Murthy
Independent Director



Chandrashekhar Karnik
Independent Director



Pankaj Bhansali
Independent Director



Divya Momaya
Independent Director



Swanubhuti Jain
Independent Director

*MOAMC - Motilal Oswal Asset Management Company Limited

Kailash Purohit

Company Secretary and Compliance Officer

Statutory Auditors

M/s Walker Chandio & Co. LLP, Chartered Accountants

Internal Auditors

M/s. Aneja Associates

Registrar and Share Transfer Agent

Link Intime India Private Limited.

C - 101, 247 Park, L.B.S. Marg, Vikroli (West), Mumbai - 400083

E-mail: rnt.helpdesk@linkintime.co.in

Registered Office

Motilal Oswal Financial Services Limited

Regd. Office: Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot,
Prabhadevi, Mumbai – 400025.

CIN: L67190MH2005PLC153397

Website: www.motilaloswalgroup.com

Board: +91 22 7193 4263/7193 4200

Fax: +91 22 5036 2365

Email: shareholders@motilaloswal.com

Motilal Oswal Securities Limited (“MOSL”) has been amalgamated with Motilal Oswal Financial Services Limited (“MOFSL”) w.e.f. August 21, 2018, pursuant to the order dated July 30, 2018 issued by Hon’ble National Company Law Tribunal, Mumbai Bench.



KEY PEOPLE

Capital Market Businesses



Ajay Kumar Menon
CEO, Broking & Distribution Business,
Whole-time Director, MOFSL



Rajat Rajgarhia
CEO, Institutional Equities Business
& Whole-Time Director, MOFSL



Abhijit Tare
CEO, Investment Banking
Business

Asset & Wealth Management Businesses



Vishal Tulsyan
MD & CEO,
Private Equity Business



Ashish Shanker
CEO, Wealth Management
Business

Housing Finance Business



Arvind Hali
MD & CEO,
Home Finance Business



SHALIBHADRA SHAH
Chief Financial Officer

Business Enablers



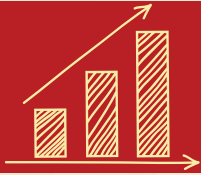
RAMNIK CHHABRA
Group Head, Marketing



SUDHIR DHAR
Group Head, Human Resource
& Administration

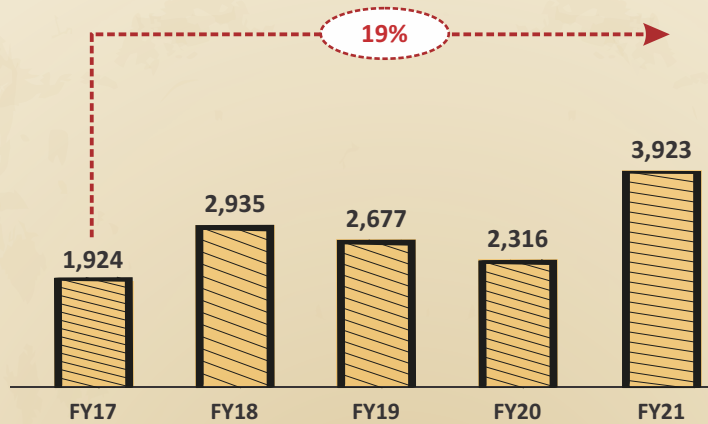


PANKAJ PUROHIT
Group Head,
Information Technology

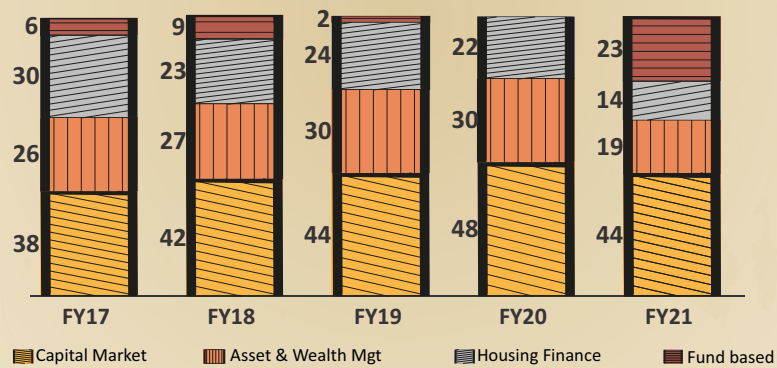


PERFORMANCE AT A GLANCE

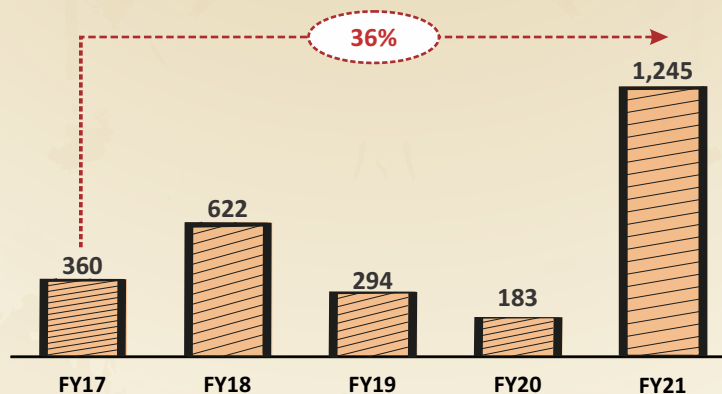
Consolidated Revenue (₹ Crore); & 5-Year CAGR



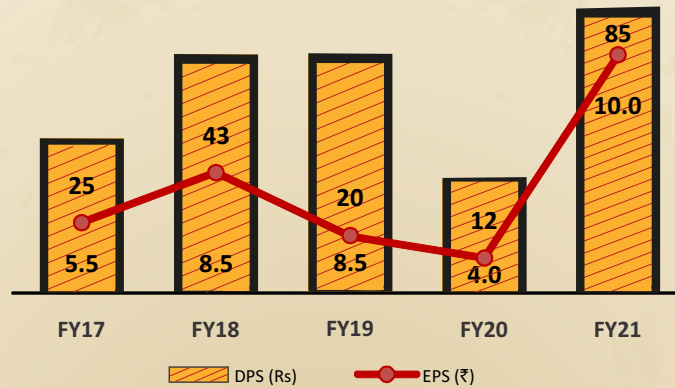
Revenue Composition %



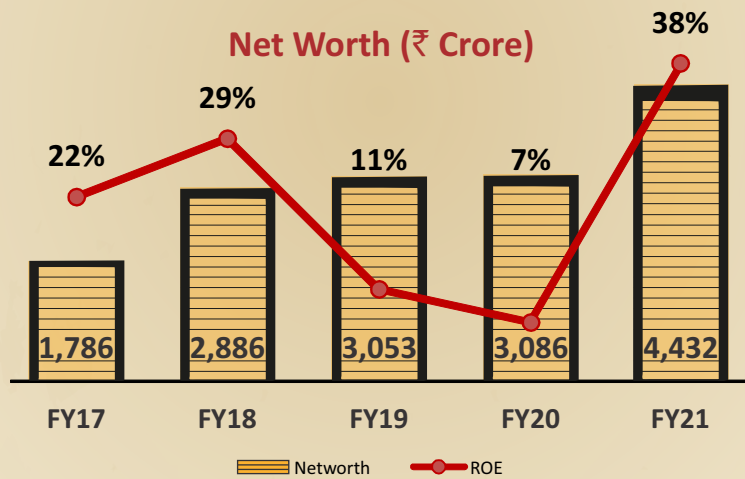
PAT Trend (₹ Crore)



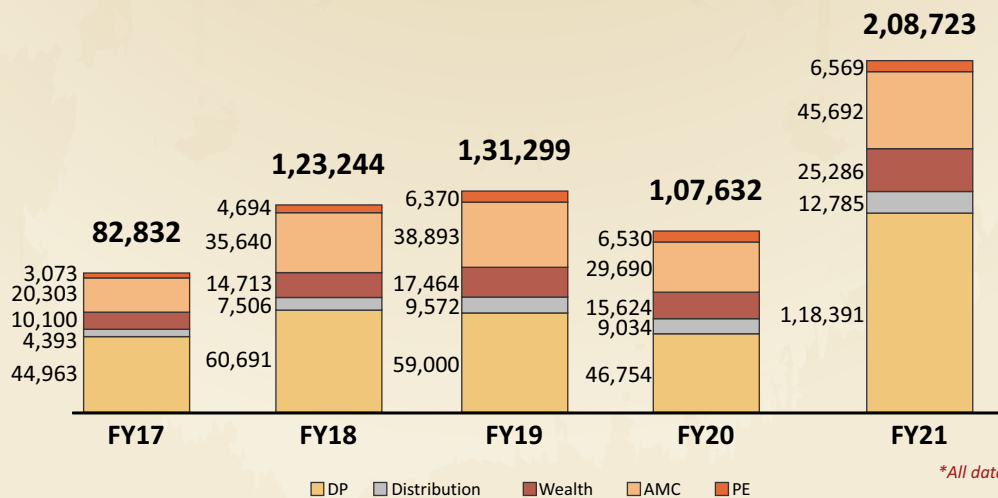
Dividend & Earning per Share



Net Worth (₹ Crore)



Assets Under Management/Advice (₹ Crore)



*All data as of 31st Mar 2021



BUSINESS SNAPSHOT

Broking & Distribution

- Broking recorded highest ever ADTO, annual revenue and profit in FY2021.
- Total retail client base stood at 19,71,964 with a growth of 36% YoY.
- Client acquisitions stood at ~6,20,000 in FY2021, registering a YoY growth of 150%.
- Online volumes contributed ~60% of the total retail volumes traded.
- DP AUM was at an all-time high in FY2021 at ₹ 1,18,391 Cr; registering a YoY growth of 153%.
- Our financial product distribution AUM witnessed a growth of 42% YoY to ₹ 12,785 Cr as of Mar 2021; with only 13% of total client base tapped.
- Significant investment has been made in talent (+1,600, +50% YoY), taking total headcount to ~5,000. Added 60 branches in FY2021 with total branch count at 93.
- Research and advisory continues to be the strong base of broking services.

Asset Management

- AMCAUM was at an all-time high in FY2021 at ₹ 45,692 Cr; a growth of 54% YoY.
- MF AUM stood at ₹ 28,136 Cr (+76% YoY), while PMS and AIF AUM stood at ₹ 14,700 Cr (+26% YoY) and ₹ 2,656 Cr (+40% YoY) respectively.
- Ranked 9th in terms of incremental MF folio addition in FY2021.
- We continued to remain market leaders in the PMS industry.
- Our share of Alternate assets, (comprising of PMS & AIF), is the highest among AMC's at ~38%.
- Added 3.1 lakh SIPs in FY2021, up 98% YoY. This has resulted in an increase in new SIP count market share by 90 bps in FY2021 to 2.2%.
- Received strong traction in our Passive offerings, AUM reached 10x to ₹ 7000 Cr in a years time.
- Motilal Oswal NTDOP ranked #1 in 'Best PMS in 10 years performance' across all categories (on Risk-Adjusted Returns) at India's Smart Money Manager Awards – 2021.

Wealth Management

- Wealth AUM was at an all-time high in FY2021 at ₹ 25,286 Cr, up 62% YoY
- Client acquisition saw encouraging growth with number of families under our business increasing 20% YoY to 5,004.
- Our trail revenues now cover 82% of fixed costs.
- Yield improved to 66 bps in FY2021.
- Ashish Shanker has been promoted as MD & CEO. He joined MOPW as Head Investment Advisory in 2012 and was instrumental in building the investment, research & advisory platform.

Private Equity

- PE and RE AUM stood at ₹ 6,569 Cr across three growth capital funds and four real estate funds.
- Growth capital funds have been successful in gaining investors' confidence with stellar returns over the years. IBEF I has delivered a portfolio XIRR of ~27%.
- IBEF III stands fully raised at ~₹ 2300 Cr; of which it has already committed 70% across 7 investments and the Fund is extensively evaluating opportunities across its preferred sectors.
- IREF II and III fully deployed; generating 21%+ IRR on exited investments.
- IREF IV, with a size of ₹ 1148 Cr, has deployed ₹ 610 Cr across 11 investments.
- Launched IREF V with a target corpus of ₹ 800 Cr.

Institutional Equities

- Ranked #1 in Local Brokerage, Overall Sales, Sales Trading & Corporate Access and #2 in Overall Research awards category at the Asia Money Brokers Poll 2020.
- Focus driven differentiated research products with 250+ companies covering 21 sectors.
- Continued to acquire new empanelment and maintained it with 760+ institutions
- The 16th edition of our annual flagship conference (AGIC) was successfully held on a virtual platform with 20+ renowned speakers and 1000+ investor's partaking.
- Conducted the 2nd edition of the Ideation Conference's emerging midcap centric approach; which witnessed participation from 65+ corporates.

Investment Banking

- In FY2021, we associated with ICICI Bank for its largest ever QIP and were successful in securing demand from a cross section of Domestic Funds as well as Global Long Only and Multi Strategy Funds.
- Participated in the QIP of HDFC which was our third straight association with the corporation's fund raising program over the past 3 years.
- Sole Lead Manager for Granules India Ltd for its share buyback program.
- Continue to have rich pipeline, and are constantly engaging on a wide cross-section of mandated transactions across capital markets and advisory.

Housing Finance

- Disbursements in FY2021 grew 42% YoY to ₹ 273 Cr. Business is geared up for growth in disbursements. Sales force expansion is currently underway.
- Mr. Arvind Hali was on-boarded as MD & CEO. Senior management team with all key function heads is now in place.
- Cost of borrowing came down by 95 bps YoY in FY2021 at 9.25%. We raised ₹ 1,477Cr in FY2021 at 7.5%.
- Strong liability mobilization from various banks & institutions at competitive rates. In FY2021 we received first refinancing from NHB in FY2021 and completed first securitization transaction under PTC route.
- In FY2021 total credit cost was at 2.0% led by acceleration in Covid provisioning of standard assets and NPA.
- There was strong support from parent (Motilal Oswal Financial Services) total cumulative capital infusion from sponsor at ₹ 8.5 bn resulting into lower net leverage (Debt/Equity ratio) of 2.8x.
- Strong Capital adequacy ratio of 50% with Tier I at 49% in FY2021.



5 YEARS PERFORMANCE HIGHLIGHTS

CONSOLIDATED FINANCIAL PERFORMANCE OF MOTILAL OSWAL FINANCIAL SERVICES LIMITED

Rs. in Lacs

Year Ended March 31	2021	2020	2019	2018	2017
Total Income	3,63,104	2,36,541	2,46,174	2,75,234	1,92,362
Total Expenditure	2,08,620	2,08,022	2,08,383	1,92,326	1,39,012
Profit before Exceptional Item and Tax	1,54,484	28,519	37,790	82,908	53,350
Exceptional Item Income/(Expenses)	-8,810	-	-	-	-2,788
Profit Before Tax	1,45,674	28,519	37,790	82,908	50,562
Tax Expenses	25,905	6,979	9,265	20,586	14,109
PAT* before Associates,OCI & Minority Interests	1,19,769	21,540	28,525	62,322	36,453
Share of profit from associates (net of taxes)	6,177	-2,582	1,306	906	604
PAT* before OCI & Minority Interests	1,25,946	18,958	29,831	63,228	37,057
Other comprehensive income	29,192	-5,986	-290	11,122	-
PAT* before Minority Interests	1,55,138	12,972	29,542	74,350	37,057
Minority Interests Profit	1,404	618	436	1,003	1,060
PAT* & Minority Interests	1,53,734	12,354	29,105	73,347	35,997
Paid up Equity Capital	1,466	1,481	1,457	1,451	1,445
Net Worth	4,43,217	3,08,630	3,05,344	2,88,590	1,78,603
Book Value Per Share	302.29	208.44	209.60	198.91	123.64
Basic EPS	84.65	12.47	20.21	43.00	25.14
Diluted EPS	82.71	12.20	19.67	42.32	24.79

*Profit after Tax = PAT



ESG : A HOLISTIC APPROACH





ESG



ENVIRONMENT

- Reduce
- Recycle
- Recharge

SOCIAL

- Covid Relief
- Knowledge Enhancement
- Poverty Alleviation
- Employee Wellness

GOVERNANCE

- Supervision
- Risk Management
- Compliance
- Compensation
- Cyber Security

ENVIRONMENT

- Reduce
- Recycle
- Recharge





REDUCE



Usage of LED lights which consume **45% less** electricity



Office space is provided with motion sensors to save electricity



Usage of sensors in water taps to reduce wastage in hand washing



Company's building is covered with aluminum fins which refracts around 70% of sun rays and hence minimum power is utilized for cooling



Emphasis on increased use of electronic means of communication



Food wastage awareness drive in head office



Dry and wet waste segregation



IT waste is outsourced to vendor for disposal as per proper waste disposal mechanism



No single-use plastics



Usage of glass bottles & mugs in all meeting & conference rooms



Usage of reusable cutlery at cafeteria



Employees are given personalized stainless steel water bottles & ceramic coffee mugs.



Taken the responsibility of cleanliness of the footpath opposite to our office





RECYCLE



Paper, tissue and cardboard waste are recycled.



Main office building is equipped with rainwater harvesting system and recycled waste water is reused as flush water and in watering plants



Donated composting machine for recycling waste to our local municipality ward





RECHARGE

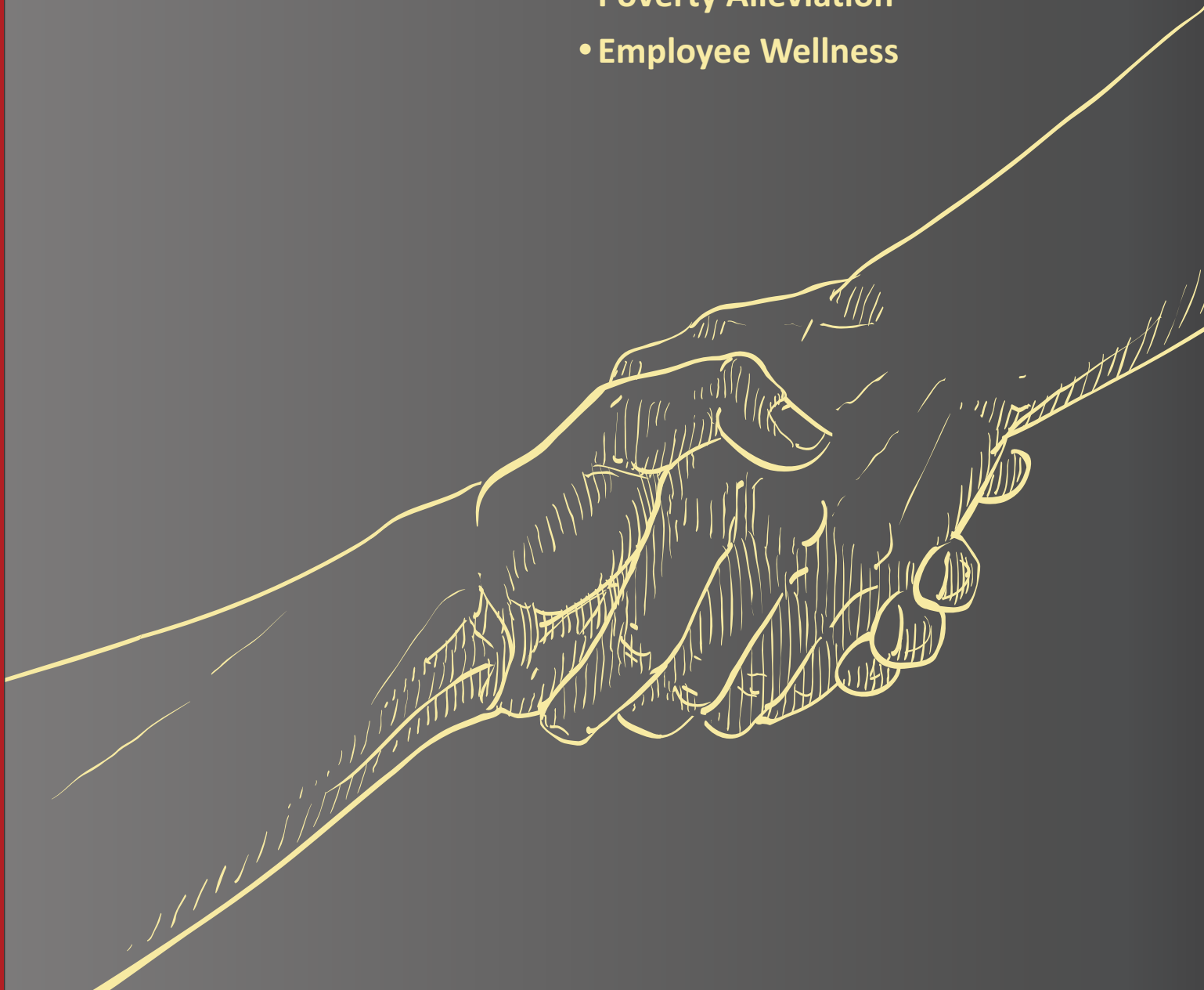


- Planted and maintaining trees in & around the office premises.
- Usage of live plants as art décor.
- Around 1000+ trees planted by employees through various volunteer programs



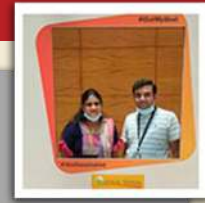
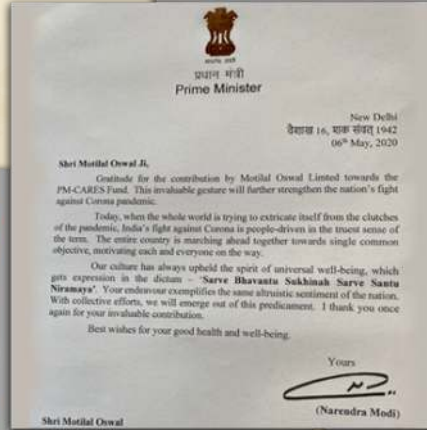
SOCIAL

- Covid Relief
- Knowledge Enhancement
- Poverty Alleviation
- Employee Wellness





COVID RELIEF



PARTNER ORGANISATIONS

- Annamitra Foundation • Bhaktivedanta Hospital (ISKCON) • Bharatiya Jain Sanghatana
- Governments of Maharashtra & Rajasthan • Gramin Vikas Evam Chetna Sansthan (Rumadevi)
- Keshav Srushti • Mahratta Chamber Of Commerce Industries (PPCR) • PM Cares Fund
- Sood Charity Foundation • Team Pankaj, Kenya • The Art of Living Foundation • Vijay Ganga



EMPLOYEE WELLNESS



Employee Engagement

- Paid paternity leave, paid maternity leave, Work from Home
- Necessary food & stay arrangements at office for Business Critical Employees (BCEs) i.e. employees working from Office Premises
- Designated Covid support desk for Employees. Campaign initiated for pan India employee vaccination
- Medical – Moral – Financial support to Employees & their families combating covid
- Physical & emotional well-being assistance program
- Career counselling sessions for employees' children
- Online professional counseling services
- Virtual yoga, health, diet tips, fitness challenge
- Around 4000 employees Vaccinated



Learning & Development

- Learning through Virtual Platform: Capsular and Byte sized learning
- Dedicated Learning App (Paathshala)
- External certifications based on the roles with reputed universities,
- Senior Leadership and Management Development Programs
- Over 23,500 soft skill training hours provided during the year



Talent Attraction & Management

- Virtual hiring, Hire-Train-Deploy Program
- MT Spark Program: Learning through Job Rotations by hiring from Tier II and Tier III campus for all business
- Campus engagement through Guest lectures and launching competition
- Hiring from premier campus: MTs from IIM A/B/C campus
- Focused Senior Leadership Development Programs
- Dedicated Talent Development Program for developing High Potentials, fast-tracking for Hi-Pos
- Development tools in the form of IDPs, coaching, CEO mentoring, Projects, Management Development Program with premium program





POVERTY ALLEVIATION

- Joy of Giving: As part of Joy of Giving Week, employees and well-wishers participated in the Meal Sponsorship program.
- Altogether 14000+ meals were sponsored through the initiative. To increase the impact of the initiative, Motilal Oswal Foundation matched the number of sponsored meals.
- Motilal Oswal Foundation arranged for 500 essential grocery kits containing hygienic raw-grains for people displaced by floods at Guwahati, Assam.



KNOWLEDGE ENHANCEMENT

- Inaugurated Motilal Oswal- KISS Residential School (Balangir, Odisha) which will provide free education to 2000 tribal children.
- Joined a collective philanthropic effort of building a world class university at Punjab to offer new age technological education.
- Undertook complete infrastructure up gradation of a school in Wada which will benefit 500+ students.
- Sponsored a Science Van in remote areas of Palghar.
- Empanelment with educational institutes like We School for executive programs.
- Regular in-house employee feedback and engagement surveys on the employee app.
- Survey and cultural audit conducted by Great Place to Work.
- Succession Planning :
 - ▲ Critical roles in the organization bases the business strategy for each vertical identified. Mapping for potential successors for each role.
 - ▲ Development of successors has created basis the critical success factors framework.
 - ▲ Potential successors' readiness level gauged and bucketed into timeline for takeover of role.



GOVERNANCE

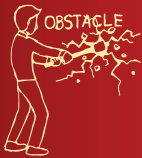
- Supervision
- Risk Management
- Compliance
- Compensation
- Cyber Security





SUPERVISORY BOARD

- Diverse Board Composition
- 50% Independent Directors including 2 woman directors in holding company and at least 30% Independent Directors in the material subsidiary
- Average Board experience > 30 years
- Segregation of position of Chairman and Managing Director
- No pledge/encumbrance on shares held by Executive Directors/Promoters

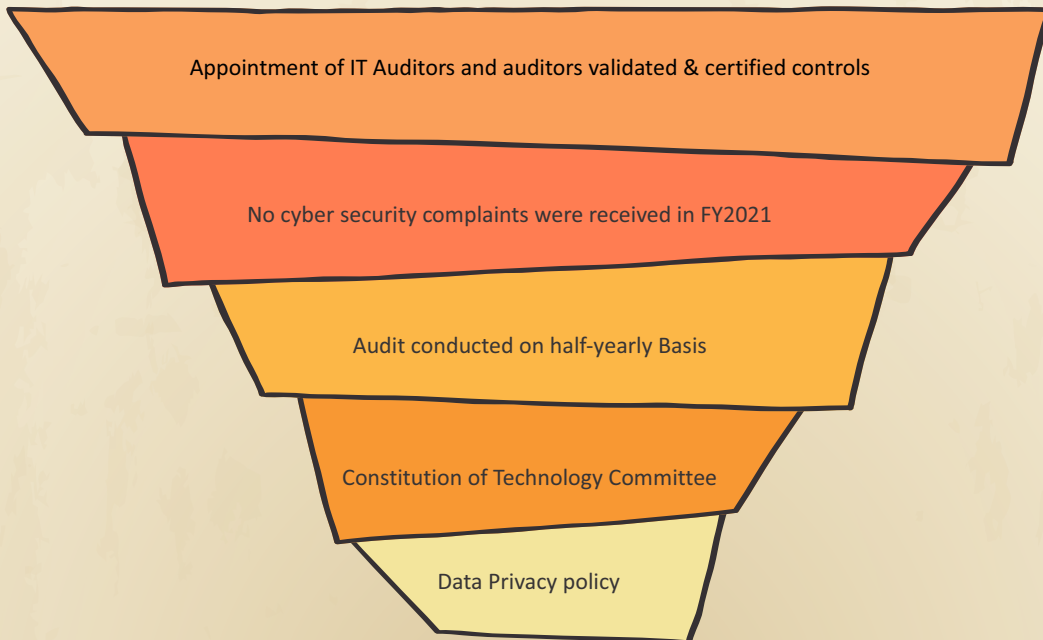


RISK MANAGEMENT





INFORMATION & CYBER SECURITY



COMPENSATION FRAMEWORK

- Remuneration policy recommended by Nomination & Remuneration Committee and approved by the Board

- Board Evaluation is done on annual basis

- Detailed disclosure of managerial remuneration in Annual Report

- ESOP scheme across every business for retention of employees



COMPLIANCE & POLICIES

- Corporate Social Responsibility (CSR) is formulated by the company to ensure that CSR activities are carried in an impactful manner through CSR Monitoring Cell
- Policy for prohibition of Insider Trading & having system driven controls for employees and other concerned stakeholders
- Ensuring best Corporate Governance practices
- Code of Conduct to ensure honest and prudent conduct and providing best practices and disclosures
- Prevention of sexual harassment at workplace policy and awareness of the same through e-mailers. No sexual harassment complaints reported in FY2021
- Vigil Mechanism/Whistle Blower Framework allowing employees & other stakeholders to report any non-compliance & wrong practices and also having direct access to Chairman of Audit Committee
- Reporting of Business Responsibility on an Annual basis



ESG IN OUR GROUP COMPANIES





ASSET MANAGEMENT

Motilal Oswal Private Equity (MOPE) has developed an ESG framework and has institutionalized the same in its investment process through a well-defined policy.

MOPE's ESG framework is largely governed by (i) Indian regulations (ii) IFC Performance Standards and (iii) World Bank EHS guidelines.





ASSET MANAGEMENT

MOPE's portfolio companies have undertaken several initiatives to reduce complexity, waste and energy consumption. Select environmental achievements by MOPE's portfolio companies are highlighted below



- 61% increase in water recycled
- 49% increase in waste treated



1st Indian company to introduce Renewable Energy Certificates (RECs)



3 ton+ e-waste disposed through better energy management practices



- 40% reduction of electricity load via installation of solar power
- 45 KL furnace oil capacity scraped and replaced by piped natural gas



90% savings on water consumption per day via installation of state-of-the-art devices



- Built the Point-of-Care (PoC) molecular diagnostics platform Truenat using RT PCR technology that can diagnose 25+ diseases (Coronavirus, Tuberculosis, H1N1, and Hepatitis)
- Installed over 3,000 devices and supplied over 12 million test kits during FY2021



Employment

More than 40,000 new jobs have been created since MOPE's investment across the 3 funds



Tier II/ Tier III Cities

15 of 31 investments are in companies based out of Tier II/Tier III cities in India



Gender Balance

- Post investment 3 of 18 companies are now led by women CEO/CXO and
- 4500+ women jobs have been created since our investment



Other Focus Areas

Active portfolio companies have reported an increase in CSR activities by ~2x since MOPE's investment

GOVERNANCE PRACTICES IMPLEMENTED IN PRIVATE EQUITY INVESTEE COMPANIES



·Encouraging and implementing best practices on financial reporting and audits



Strong and independent board including MOPE nominee in majority of portfolio companies



·Ensuring compliance with law of the land and utmost transparency



Frequent training programs to ensure that all employees comply with Code of Ethics

100% compliance with all materially relevant regulations

60%+ companies with a women board member

0 Allegations of corruption on any of portfolio companies or its key employees

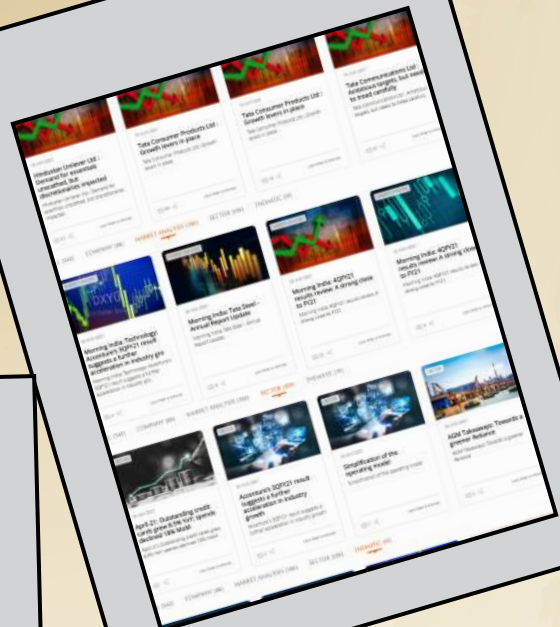
50%+ companies with Independent Directors



CAPITAL MARKETS

- Best ESG Analyst award conferred to our Institutional Equities analyst at Asia Money Brokers Poll 2020
- ESG Mutual Fund is one of our most preferred distribution products
- Research reports on our numerous investment offerings are issued in digital mode
- Investment awareness program & sales sessions are conducted on digital platforms

- While job losses were witnessed across industries in FY2021, we hired 1600+ people and opened ~60 branches
- One of the highest bonus/increment/incentives provided to employees
- 98.3% pin code coverage across India, thus promoting financial inclusion



ASIAMONEY
BROKERS POLL 2020

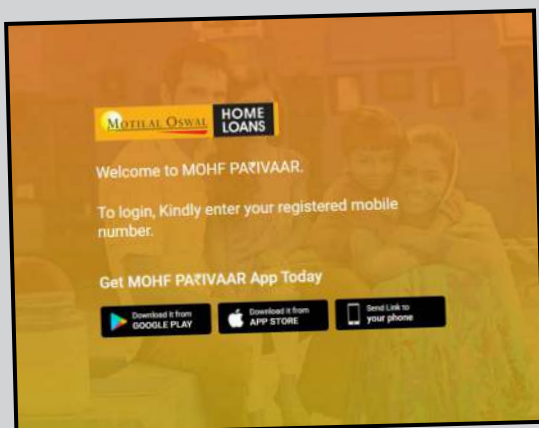
MOTILAL OSWAL

**BEST LOCAL
BROKERAGE
(INDIA)**



HOUSING FINANCE

- Ensure funding of projects which is on non-agriculture & non-forest land; having proper environmental clearance
- While funding projects, we make sure that proper sanitation/hygiene /safety standards are maintained
- Company follows norms issued by National Disaster Management Authority which helps in avoiding funding environmentally sensitive areas
- Company follows International Finance Corporation (IFC) Performance Standards
- Adaption of e-Receipts and usage of the app for customer request reduces paper flow and customer transportation to our branches
- Dedicated Customer Service department to resolve requests, queries, and complaints from customers
- We offer home loans at concessional rates to women borrowers; 81% of our borrowers/co-borrowers are women
- Participated responsibly in GOI's initiative towards Covid Relief Package to customers vide approved policies i.e., Moratorium, Credit Score Non-Deterioration, Ex-gratia refund and Covid Restructuring to all eligible customers
- Team size increased by 130+, no pay cuts and conducted normal annual appraisal cycle



ANNUAL REPORT 2020-21



Board's Report

Dear Members,

The Directors of your Company have the pleasure in presenting the Sixteenth Board's Report together with the Audited Financial Statements for the financial year ended March 31, 2021.

FINANCIAL RESULTS

The summary of the Company's financial performance, both on a consolidated and standalone basis, for the Financial Year ("FY") 2020-21 as compared to the previous FY 2019-20 is given below:

(₹ in Lakhs)

Particulars	Consolidated		Standalone	
	2020-21	2019-20	2020-21	2019-20
Total Revenue	3,63,104	2,36,541	2,18,431	1,30,639
Profit before Interest, Depreciation, Taxation and exceptional items	2,02,239	81,937	1,08,966	35,318
Interest	43,028	49,447	12,770	12,924
Depreciation	4,727	3,971	3,651	2,984
Profit before Taxation and exceptional items	1,54,484	28,519	92,545	19,410
Add / (Less): Exceptional Items	(8,810)	–	(8,810)	–
Profit before taxation	1,45,674	28,519	83,735	19,410
Add / (Less) : Provision for Taxation				
Current Tax	16,067	13,371	8,975	7,056
Deferred Tax	10,750	(6,424)	3,474	(7,326)
Less : Tax for earlier year (s)	(912)	32	46	–
Tax Expenses	25,905	6,979	12,495	(270)
Profit after Taxation from Continuing Operations	1,19,769	21,540	71,240	19,680
Share of Profit from Associates and Joint Ventures (net of taxes)	6,177	(2,582)		
Profit for the Period	1,25,946	18,958	71,240	19,680
Add / Less: Other Comprehensive Income (OCI)				
Actuarial gain / (loss)	311	201	163	57
Fair value gain / (loss) of investment held through FVOCI	32,706	(6,914)	27,411	(4,489)
Tax on OCI	3,825	727	(3,177)	499
Total Comprehensive Income	1,55,138	12,972	95,637	15,747
Net profit attributable to:				
Owners of parent	1,53,734	18,337	–	–
Non-controlling interests	1,404	621	–	–
Add: Balance brought forward from previous year	2,14,919	2,17,715	188,435	185,181
Profit Available for appropriation	1,53,734	12,354	95,637	15,747
Less: Appropriations	(10,649)	(15,153)	–	–
Transfer to Statutory Reserve	(659)	(782)	–	–
Transfer to Capital redemption Reserve		–	–	–
Interim Dividend and Final Dividend	(7,141)	(12,984)	(7,327)	(12,491)
Tax on Buyback	(2,820)		–	–
Dividend Distribution Tax		(2,603)	–	(2)
Expected Credit Loss Impairment reserve		(62)	–	–
Transfer to General Reserve		133	(2,820)	–
Transfer to Minority interest	(22)	1,148	–	–
Balance of Profit carried forward	3,58,004	2,14,919	3,51,673	1,88,435

FINANCIAL PERFORMANCE

Standalone

The standalone revenues in FY2020-21 stood at ₹ 2,184 crores vs ₹ 1,306 crores in FY 2019-20. Total expenses (before interest and depreciation) for the year came in at ₹ 1,095 crores which increased by 15% over previous year. People cost increased 24% to ₹ 386 crores. Operating expenses increased by 57% to ₹ 524 crores. The profit before depreciation, interest, exceptional items and taxation (EBITDA) stood at ₹ 1,090 crores. Reported net profit for the year came in at ₹ 712 crores.

Consolidated

The consolidated revenues for the year were ₹ 3,631 crores for the year FY2020-21 under review, an increase of 54% as compared to the previous year.

Broking and related income grew 40% YoY to ₹ 1,709 crores. The average daily traded volumes (ADTO) for the equity markets during FY2020-21 stood at ₹ 27.41 lakh crores, up 90% YoY from ₹ 14.44 lakh crores in FY2019-20. The overall Cash market ADTO reported growth of 66% YoY at ₹ 64,951 crores in FY2020-21. Delivery saw growth of 39% YoY to ₹ 12,718 crores. Within derivatives, futures volume increased 24% YoY to ₹ 1.09 lakh crores while options rose 95% YoY to ₹ 25.67 lakh crores. Amongst cash market participants, retail constitutes 56% of total cash volume, institution constitutes 18% of total cash volume and prop constitutes 26%. The proportion of DII in the cash market was 7.1%. In FY2020-21, a record of 1.44 crores new demat accounts were added as against 0.48 crores in FY 2019-20. The number of demat accounts stood at 5.51 crores in FY2020-21, a growth of 35% YoY.

- The Company had 19,71,964 retail broking and distribution clients growing at a CAGR of 23% from FY 2016-17 to FY2020-21. Client acquisition stood at ~6,20,000 during the year, +150% YoY.
- Our financial product distribution AUM was ₹ 12,785 crores as of March 2021, up 42% YoY.
- Investment banking fee saw a decline over the previous year, to ₹ 3 crores. In FY20-21, we associated with ICICI bank for its largest ever QIP of ₹ 15,000 crores. We also participated in the QIP of HDFC aggregating to about ₹ 17,700 crores. The team continues to engage on a wide cross-section of mandated transactions across capital markets and advisory. Sharp recovery in capital markets augur well for deal closures.
- Asset management income declined by 4% YoY to ₹ 532 crores, as compared to last year. Total assets under management across mutual funds, PMS and AIF was ₹ 45,692 crores, up 54% YoY. Within this, the mutual fund AUM was up 76% YoY to ₹ 28,136 crores, PMS AUM was up 26% YoY to ₹ 14,700 crores and AIF AUM was ₹ 2,656 crores, up 40% YoY.
- The private equity income stood at ₹ 100 crores, down 4% YoY. The income from wealth management business stood at ₹ 127 crores, up 26% YoY. The wealth management AUM continued to attract assets with closing AUM for FY2020-21 at ₹ 25,286 crores, up 62% YoY.
- Housing finance related gross income of ₹ 257 crores, up 10% YoY. HFC loan book was ₹ 3,512 crores, as of March 2021. Disbursements stood at ₹ 273 crores, up 42% YoY.

In line with the long term strategy to grow RoE sustainably, Motilal Oswal Financial Services Limited (MOFSL) had made strategic allocation of capital to long term RoE enhancing opportunities like Motilal Oswal Home Finance Limited, and sponsor commitments to our mutual fund and private equity funds. As of March 2021, our total quoted equity investments stood at ₹ 2,180 crores.

Total expenses (before interest, depreciation, exceptional items and taxation) for the year at ₹ 1,609 crores registered an increase of 4% over previous year. Profit before depreciation, interest, exceptional items and taxation (EBITDA) stood at ₹ 2,022 crores, an increase of 147% from the previous year. Profit for the year (post minority interest and exceptional item) increased by 466% to ₹ 1,184 crores.

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

FUTURE OUTLOOK

Our strategy to diversify our business model towards more annuity sources of earnings is showing definite results. The annuity nature of earnings in the new businesses like asset based businesses and housing finance business has brought in visibility of our earnings. Our businesses have stood strong in the volatile year of FY2021 while maintaining operating parameters. Our brand is now being recognized across each of our businesses. The opportunity size in all our business segments is still huge, and our businesses are well placed to benefit from the growth potential they offer.

CONSOLIDATED FINANCIAL STATEMENT

As per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and applicable provisions of the Companies Act, 2013 ("the Act") read with the Rules issued thereunder (as amended from time to

time), the Consolidated Financial Statement of the Company for the FY2020-21 have been prepared in compliance with applicable Indian Accounting Standards and on the basis of Audited Financial Statement of the Company and its subsidiaries, as approved by the respective Board of Directors.

The Consolidated Financial Statement together with the Auditors' Report is forming part of this Annual Report.

MOFSL "HIGHEST EVER" OR "LARGEST EVER"

The diversified business model of the Group has led to the largest ever profitability in the FY2020-21. The key highlights for FY2020-21 are as follows:-

- Highest ever Annual Revenue and Profit
- Highest ever Net worth and Balance Sheet size crossing ₹ 100 bn mark
- Highest ever Gains on Fund based Investments
- Highest ever AMC, Distribution Wealth and DP AUM
- Highest ever Broking ADTO & Revenue
- Highest ever New Client Acquisition in Broking
- Highest ever NIM led by lowest ever CoF for Home Finance

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) INITIATIVES

Since your Company strongly believes in raising corporate transparency, strengthening risk management, promoting stakeholder engagement, improving communications with Stakeholders, your Company has undertaken various Environment, Social and (Corporate) Governance Initiatives (ESG) initiatives during FY2020-21. The separate disclosure on ESG initiatives and contribution by the Company in battling against COVID-19 is forming part of this Annual Report.

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

The Information on the affairs of the Company has been given in Management Discussion & Analysis Report forming part of this Annual Report.

MATERIAL CHANGES AND COMMITMENTS, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

CORPORATE RESTRUCTURING OF GROUP ENTITIES

In order to consolidate the fund management business of the Group, demonstrating the Promoter Group's direct commitment etc., the Board of Directors (the "Board") of your Company on December 24, 2020 has, inter-alia, subject to approval of the shareholders / members of the Company, considered and approved the Scheme of Arrangement between Passionate Investment Management Private Limited ("PIMPL" or "the Transferor Company 1") and MOPE Investment Advisors Private Limited ("MOPE" or "the Transferee Company 2" or "the Demerged Company 1" or "the Transferor Company 3") and Motilal Oswal Real Estate Investment Advisors Private Limited ("MORE" or "the Transferor Company 2") and Motilal Oswal Real Estate Investment Advisors II Private Limited ("MORE II" or "the Demerged Company 2" or "the Transferor Company 4") and MO Alternate Investment Advisors Private Limited (erstwhile Motilal Oswal Fincap Private Limited) ("MO Alternate" or "the Resulting Company") and Motilal Oswal Financial Services Limited ("MOFSL" or "the Transferee Company 1" or "the Holding Company of the Resulting Company" or "the Company") and their respective shareholders ("the Scheme") under Sections 230-232 of the Companies Act, 2013 involving the following:-

- i. Amalgamation of Passionate Investment Management Private Limited with Motilal Oswal Financial Services Limited and consequent issue of equity shares by Motilal Oswal Financial Services Limited;
- ii. Amalgamation of Motilal Oswal Real Estate Investment Advisors Private Limited with MOPE Investment Advisors Private Limited;
- iii. Post the amalgamation as stated in clause (ii) above, demerger of the Fund Management Undertaking (defined as Fund Management Undertaking 1 in the Scheme) of MOPE Investment Advisors Private Limited into MO Alternate Investment Advisors Private Limited and consequent issue of equity shares by Motilal Oswal Financial Services Limited to the shareholders of MOPE Investment Advisors Private Limited;
- iv. Post the demerger as stated in clause (iii) above, amalgamation of MOPE Investment Advisors Private Limited with Motilal Oswal Financial Services Limited and consequent issue of equity shares by Motilal Oswal Financial Services Limited.

- v. Post the amalgamation as stated in clause (iv) above, demerger of the Fund Management Undertaking (defined as Fund Management Undertaking 2 in the Scheme) of Motilal Oswal Real Estate Investment Advisors II Private Limited into MO Alternate Investment Advisors Private Limited and consequent issue of equity shares by Motilal Oswal Financial Services Limited to the shareholders of Motilal Oswal Real Estate Investment Advisors II Private Limited;
- vi. Post the demerger as stated in clause (v) above, amalgamation of Motilal Oswal Real Estate Investment Advisors II Private Limited with Motilal Oswal Financial Services Limited and consequent issue of equity shares by Motilal Oswal Financial Services Limited.
- vii. Various other matters consequential or otherwise integrally connected herewith.

The Scheme is subject to necessary statutory and regulatory approvals including the approval of Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench and accordingly on receipt of No Objection Certificate from Stock Exchanges, your Company has filed an application with NCLT to said effect.

The aforesaid restructuring will not lead to any change in control and the brief presentation explaining the entire arrangement is uploaded on the website of the Company at www.motilaloswalgroup.com.

TRANSFER TO RESERVES

The Company has not transferred any amount to the Reserves for the year ended March 31, 2021.

DIVIDEND

The Board of Directors of the Company has approved the Dividend Distribution Policy ("Policy") in line with the requirements of the Listing Regulations. The Policy is been uploaded on the Company's website at <https://www.motilaloswalgroup.com/Downloads/IR/206776066708.-Dividend-Distribution-Policy.pdf>

The Board of Directors of the Company at its meeting held on January 28, 2021, had declared and paid an Interim Dividend of ₹ 5/- per Equity Share for the FY2020-21, out of the profits of the Company for the third quarter and nine months ended December 31, 2020, on 14,65,37,324 Equity Shares of face value of ₹ 1/- each, aggregating to ₹ 73,26,86,620/-. Further, the Board has recommended Final Dividend of ₹ 5/-per Equity Share for the FY2020-21, subject to approval of Shareholders at the ensuing Annual General Meeting ("AGM").

CREDIT RATING

During the year under review, ICRA Limited reaffirmed the long term credit rating of [ICRA] AA" Rating with a stable outlook to the Non-Convertible Debentures ("NCDs") Programme of ₹ 300 crores of the Company.

CRISIL Limited reaffirmed the Credit Rating of "CRISIL A1+" and India Rating & Research Private Limited has also reaffirmed the Credit Rating of "IND A1+" to the Commercial Programme of ₹ 1,500 crores of the Company. Accordingly, there was no revision in the credit ratings during the year under review. The ratings indicate a very strong degree of safety regarding timely servicing of financial obligations.

Further, CRISIL has provided rating of AA- with a stable outlook and ICRA Limited assigned [ICRA] A+ Rating with stable outlook for Long Term Borrowings Programme of Motilal Oswal Home Finance Limited, material subsidiary of the Company.

Further, the Company did not have any fixed deposit programme or any scheme or proposal involving mobilization of funds in India or abroad during the year under review.

SHARE CAPITAL

During the year under review, the Company has allotted 4,62,800 Equity Shares under various Employee Stock Option Schemes of the Company.

Pursuant to the allotment of the equity shares & post Buy-back of shares, the paid up Equity Share Capital of the Company as on March 31, 2021 is ₹ 14,66,20,374/- (Rupees Fourteen crores Sixty Six Lakhs Twenty Thousand Three Hundred & Seventy Four only).

The Authorised Share Capital of the Company as on March 31, 2021 is ₹ 149,00,00,000/- divided into 92,50,00,000 Equity Shares of ₹ 1/- each and 56,50,000 Preference Shares of ₹ 100/- each.

BUY-BACK OF EQUITY SHARES

The Board of Directors at its Meeting held on March 21, 2020 approved the proposal of Buy-back of equity shares of the Company from the open market through the stock exchanges for a total amount not exceeding ₹ 150,00,00,000/- at a price not exceeding ₹ 650/- per equity share. The Buy-back was commenced from April 01, 2020 and was closed from closure of trading hours of September 30, 2020.

Board's Report (Contd..)

During the Buy-back period, the Company has bought back 19,09,144 equity shares representing 1.29% of the Pre-Buyback paid up capital of the Company (As on March 20, 2020) at an average price of ₹ 630.31/- per Equity Shares. Accordingly, the Company has deployed ₹ 120,33,55,358.94/- (Rupees One Hundred & Twenty Crores Thirty Three Lakhs Fifty Five Thousand Three Fifty Eight & Ninety Four paise Only) (excluding transaction costs), representing 80.22% of the Maximum Buy-back Size, during FY2020-21.

DEBENTURES

3,000 NCDs of ₹ 10 lakhs each aggregating to ₹ 300 crores issued by the Company during the year under review are outstanding as on March 31, 2021.

The details of the Debenture Trustee of the Company is as under:

Beacon Trusteeship Limited

4C & D, Siddhivinayak Chambers, Gandhi Nagar,
Opp. MIG Cricket Club, Bandra (East), Mumbai 400 051
Tel: +91 (0)22 2655 8759 / Mob: +91 96992 94857
Website: www.beacontrustee.co.in

EMPLOYEE STOCK OPTION SCHEMES

The disclosures required to be made under the SEBI (Share Based Employee Benefits) Regulations, 2014 ("ESOP Regulations") (as amended from time to time), are available on the website of the Company at www.motilaloswalgroup.com.

Further, the Company confirms that all the Employee Stock Options Schemes of the Company are falling under direct route and not Trust route and accordingly the provisions related to Trust route as specified in the ESOP Regulations are not applicable to the Company. Further, all the permanent employees (except the persons as mentioned in the regulations) of the Company, its holding company and its subsidiary companies are entitled to participate in said schemes of the Company. Further, the Company confirms that the Company has not granted employee stock options equal to or exceeding one percent of the issued capital of the Company at the time of grant of stock options to any employees of the Company / Holding Company / Subsidiary Company.

The certificate from the Statutory Auditors, confirming compliance with the aforesaid provisions would be presented to the members at the AGM of the Company.

The Employee Stock Option Schemes are administered by the Nomination and Remuneration Committee of the Board of the Company, in accordance with the applicable ESOP Regulations.

SUBSIDIARY COMPANIES

The Company along with its subsidiaries, offers a diversified range of financial products and services such as Loan against Securities, Investment Activities, Private Wealth Management, Broking and Distribution, Asset Management Business, Housing Finance, Institutional Equities, Private Equity and Investment Banking.

Further, the Company has incorporated subsidiary namely TM Investment Technologies Private Limited ("TMITPL") at Mumbai on July 24, 2020 to provide registered investment advisory services through IT enabled platform.

As of March 31, 2021, the Company had 20 subsidiaries (including step down subsidiaries). There are no associate companies or joint venture within the meaning of Section 2(6) of the Act as on March 31, 2021.

Further, pursuant to the provisions of Section 136(1) of the Act, the financial statement for the period ended March 31, 2021 of each subsidiary of the Company is available on the website of the Company at www.motilaloswalgroup.com.

MATERIAL SUBSIDIARIES

As required under Regulation 16(1)(c) and 46 of the Listing Regulations, the Board of Directors has approved the Policy on Determination of Material Subsidiaries ("Policy"). The said policy is available on the website of the Company at <https://www.motilaloswalgroup.com/Downloads/IR/212618793Policy-on-Determination-of-Material-Subsidiaries.pdf>. Accordingly, Motilal Oswal Home Finance Limited ("MOHFL"), Motilal Oswal Asset Management Company Limited ("MOAMC") and Motilal Oswal Finvest Limited ("MOFL") are material subsidiaries of the Company.

INVESTMENT IN SUBSIDIARIES

During the year under review, the Company has acquired 95,68,614 equity shares of face value of ₹ 10/- each of MOFL (Wholly Owned Subsidiary). Also, the Company has acquired 30,00,000 equity shares of face value of ₹ 10/- each of Glide Tech Investment Advisory Private Limited (Wholly Owned Subsidiary).

PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES

As required under Rule 5 and Rule 8(1) of the Companies (Accounts) Rules, 2014, a report on the highlights of performance of subsidiaries, associates and joint venture companies and their contribution to the overall performance of the Company has been appended as "Annexure 1" to the Board's Report. Pursuant to the provisions of Section 129(3) of the Act, a statement containing salient features of financial statement of subsidiaries in Form AOC-1 is annexed to the Consolidated Financial Statement in the Annual Report. Your Company will also E-mail the copy of separate audited financial statement in respect of each of the subsidiary company upon request by any Member of the Company interested in obtaining the same. In accordance with provisions of Section 136 of Act, the separate audited financial statement in respect of each of the subsidiary company is also available on the website of your Company at www.motilaloswalgroup.com. These documents will be available for inspection in electronic mode. Members can inspect the same up to the date of AGM, by sending an e-mail to the Company at shareholders@motilaloswal.com.

PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposits from the public.

ANNUAL RETURN

Pursuant to provisions of Section 134(3) and section 92(3) of the Act, the Annual Return of the Company for the financial year ended March 31, 2021 is uploaded on website of the Company at www.motilaloswalgroup.com.

BOARD OF DIRECTORS

The composition of the Board of Directors of the Company is in accordance with the provisions of Section 149 of the Act and Regulation 17 of the Listing Regulations, with an appropriate combination of Executive, Non-Executive and Independent Directors.

The Board of the Company has 10 (Ten) Directors comprising of 1 (One) Non-Executive Chairman, 1 (One) Managing Director & Chief Executive Officer, 2 (Two) Whole-time Directors, 1 (One) Non-Executive Director and 5 (Five) Independent Directors. The complete list of Directors of the Company has been provided in the Report on Corporate Governance forming part of this Annual Report.

During the year under review, the 2nd term of Independent Directors namely Mr. Vivek Paranjpe, Mr. Praveen Tripathi & Mrs. Sharda Agarwal expired at the Fifteenth AGM of the Company. Accordingly, aforesaid Independent directors ceased to be the Independent Directors of the Company w.e.f. July 30, 2020.

During the year under review, the Board of Directors of the Company appointed Mr. Chitradurga Narasimha Murthy (C. N. Murthy), Mr. Pankaj Bhansali & Mrs. Divya Momaya as an Independent Directors of the Company w.e.f. July 01, 2020 for a term of 3 years i.e. July 01, 2020 to June 30, 2023. Further, their appointment as an Independent Directors was approved by the Shareholders at the Fifteenth AGM of the Company held on July 30, 2020.

Further, the Board had subject to approval of the Shareholders of the Company approved the appointment of Mr. Rajat Rajgarhia as Additional Director of the Company w.e.f. July 31, 2020 and as Whole-time Director of the Company for the period of 5 years commencing from July 31, 2020 up to July 30, 2025, being liable to retire by rotation. Additionally, the Board on July 31, 2020 also approved the proposal of change in designation of Mr. Navin Agarwal from Managing Director to Non-Executive Director of the Company due to his appointment as Managing Director & Chief Executive Office in Motilal Oswal Asset Management Company Limited, material subsidiary of the Company.

Further, subject to approval of the shareholders of the Company in the ensuing AGM, the Board has approved the appointment of Mr. Chandrashekhar Karnik as Additional Independent Director of the Company w.e.f. September 16, 2020 for the term of 3 years i.e. September 16, 2020 up to September 15, 2023, under the provisions of Section 161 of the Act. Mr. Karnik will hold the office up to the date of the ensuing AGM of the Company. Further, Mrs. Rekha Shah, due to her increased work commitments, has resigned as an Independent Director of the Company w.e.f. October 01, 2020.

Further, the Board at its meeting held on December 24, 2020, subject to approval of the Shareholders of the Company at the ensuing AGM, approved the appointment of Mrs. Swanubhuti Jain as Additional Independent Director of the Company w.e.f. December 24, 2020 for the term of 3 years i.e. December 24, 2020 up to December 23, 2023, under the provisions of Section 161 of the Act and will hold the office up to the date of the ensuing AGM of the Company.

During the year under review, the Board at its meeting held on October 30, 2020 has, subject to approval of the Shareholders at the ensuing AGM, approved the re-appointment of Mr. Motilal Oswal as a Managing Director & Chief Executive Officer of the Company w.e.f. January 18, 2021 for a term of 5 years i.e. January 18, 2021 to January 17, 2026.

Section 152 of the Act provides that unless the Articles of Association provide for the retirement of all directors at every AGM, not less than two-third of the total number of directors of a public company (excluding the Independent Directors) shall be persons

whose period of office is liable to determination by retirement of directors by rotation. Accordingly, Mr. Ajay Menon, Whole-time Director of the Company, will retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment. The details of Mr. Menon is included in the notice of the AGM of the Company.

The resolutions for the appointment / re-appointment of all the Directors proposed for Shareholders approval along with their brief profiles as detailed in the Notice of AGM would be placed for your approval.

The copy of the draft letter of appointment of Independent Directors setting out their terms and conditions of appointment of Independent Directors are also available on the website of the Company at www.motilaloswalgroup.com.

MEETINGS AND COMPOSITION OF BOARD OF DIRECTORS AND COMMITTEE(S)

The details of the Meetings of the Board and Committee(s) of the Company held during FY2020-21 are disclosed in the Report on Corporate Governance forming part of this Annual Report.

The Composition of Board and Committee(s) as on March 31, 2021 are disclosed in the Report on Corporate Governance.

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have submitted the declaration of independence, as required pursuant to provisions of the Section 149(7) of the Act, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and are not disqualified from continuing as Independent Directors of the Company. Further, all the Independent Directors have confirmed their registration on Independent Directors Databank. These declarations / confirmations have been placed before the Board.

DISCLOSURE ON MAINTENANCE OF COST RECORDS

The Company engaged in Stock Broking Activity during the year under review is not required to maintain cost records in accordance with the provisions of the Act.

FAMILIARIZATION PROGRAMMES

The Company has familiarized the Independent Directors with the Company, their roles, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, various businesses in the group etc. The details of the familiarization Programmes are available on the website of the Company at https://www.motilaloswalgroup.com/Downloads/IR/248230074Familiarization-Programmes-for-Independent-Director_2021.pdf

CODE OF CONDUCT

Pursuant to Regulation 26(3) of the Listing Regulations, all the Directors & Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company.

KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Rajat Rajgarhia has been appointed as Whole-Time Director & Key Managerial Personnel of the Company w.e.f. July 31, 2020. Further, since Mr. Navin Agarwal ceased to be a Managing Director of the Company due to change in his designation as Non-Executive Director of the Company w.e.f. July 31, 2020, he also ceased to be the Key Managerial Personnel of the Company w.e.f. July 31, 2020.

Accordingly, as at March 31, 2021, the Company has the following Key Managerial Personnel:

- 1) Mr. Motilal Oswal – Managing Director & Chief Executive Officer
- 2) Mr. Ajay Menon – Whole-time Director
- 3) Mr. Rajat Rajgarhia – Whole-time Director
- 4) Mr. Shalibhadra Shah – Chief Financial Officer
- 5) Mr. Kailash Purohit – Company Secretary & Compliance Officer

COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

Section 178 of the Act and Regulation 19 read with Part D of Schedule II of the Listing Regulations, as amended from time to time, requires the Nomination and Remuneration Committee ("NRC") to formulate a Policy relating to the remuneration for the Directors, Key Managerial Personnel ("KMP"), Senior Management and other employees of the Company and recommend the same for approval of the Board.

Accordingly, in compliance to provisions to the aforesaid provisions, the Nomination and Remuneration Policy of the Company is available on the website of the Company at <https://www.motilaloswalgroup.com/Downloads/IR/724496156Nomination-and-Remuneration-Policy.pdf>
The salient features of the Policy are given below:-

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 Senior Management 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.

• Evaluation:

The performance evaluation shall be carried out as given below:-

Performance Evaluation by	Of Whom
Nomination and Remuneration Committee	Every Director's performance
Board of Directors	<ul style="list-style-type: none"> – All Directors and Board and Committees as a whole – All Independent Directors excluding the Director being evaluated
Independent Directors	Review the performance of Non Independent Directors and Chairman of the Company

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 Act, 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 Act and the prevailing internal 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.

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 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 such other approval, wherever required.
2. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Act and Listing Regulations, and the rules made there under for the time being in force.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person.
4. The remuneration structure will have a right mix of guaranteed (fixed) pay, pay for performance and long term variable pay based on business growth and other factors such as growth in shareholder value to ensure that it is competitive and reasonable
5. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and for Senior Management 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.

- **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 Act 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 Provident Fund(s), pension scheme(s), 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 such other approval, wherever required.

2. **Variable Pay:**

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

3. **Provision for excess remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Act. 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 Act or without such approval, wherever required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

- **Remuneration to Non-Executive / Independent Director:**

1. **Remuneration / Commission:**

The remuneration / commission, if any, shall be in accordance with the statutory provisions of the Act 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 Act, per meeting of the Board or Committee or such amount as may be prescribed from time to time.

3. **Limit of Remuneration / Commission:**

Remuneration / Commission may be paid to Non-Executive Directors 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 Act.

PERFORMANCE EVALUATION

Pursuant to the provisions of section 134(3)(p) and Schedule IV of the Act and in accordance to Regulation 17(10) and 25(4) of the Listing Regulations, the Board has carried out the annual performance evaluation of the Board as a whole, various Committees of the Board and of the individual Directors. The performance evaluation of the Independent Directors was carried out by the entire Board. The Directors expressed their satisfaction with the evaluation process.

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

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

PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 197(12) of the Act, the ratio of the remuneration of each Director to the median remuneration of employees and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report and has been appended as "Annexure 2" to the Board's Report.

In terms of first proviso to Section 136 of the Act, the Report and Financial Statements are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required pursuant to provisions of Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

In accordance with the provisions of Section 197 of the Act 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 will be available for inspection in electronic mode. Shareholders can inspect the same up to the date of AGM, by sending an e-mail to the Company at shareholders@motilaloswal.com. Any shareholder interested in obtaining a copy of the said Annexure may write to the Company Secretary & Compliance Officer in this regard.

The Board of Directors affirms that the remuneration paid to Senior Management of the Company is as per the Nomination and Remuneration Policy of the Company.

REPORT ON CORPORATE GOVERNANCE

The Report on Corporate Governance for the year under review, is forming part of this Annual Report. The certificate from the Statutory Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated in Regulation 34 and Schedule V to the Listing Regulations is annexed to the Report on Corporate Governance.

BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34(2)(f) of the Listing Regulations, top 1000 listed entities based on their market capitalization as on March 31, are required to prepare a Business Responsibility Report ("BRR") forming part of the Annual Report.

Accordingly, the Company has prepared the BRR describing the initiatives taken by the Board from an environmental, Social and Governance perspective and Business Responsibility Committee overviews the Business Responsibility Report and frame and overview such polices as may be required from time to time.

The said BRR is forming part of this Annual Report and is also uploaded on the website of the Company at www.motilaloswalgroup.com

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) of the Act and the rules made thereunder, the Members at their Twelfth AGM held on July 27, 2017, had appointed M/s. Walker Chandiok & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Company for a term of five years, i.e. from the conclusion of Twelfth AGM till the conclusion of the Seventeenth AGM.

Mr. Murad Daruwalla, Partner, Walker Chandiok & Co. LLP, Chartered Accountants, Statutory Auditors, has signed the Audited Financial Statements of the Company.

STATUTORY AUDITORS' REPORT

The Statutory Auditors' Report issued by Walker Chandiok & Co. LLP for the year under review does not contain any qualification, reservations or adverse remarks. The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Act. Further, pursuant to Section 143(12) of the Act, the Statutory Auditors of the Company have not reported any instances of frauds committed in the Company by its officers or employees.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended from time to time), the Company had appointed M/s. U. Hegde and Associates, Practicing Company Secretaries, to undertake the Secretarial Audit of the Company for the FY2020-21.

The Secretarial Audit Report has been appended as "Annexure 3" to the Board's Report.

Further, the Secretarial Compliance Report for the financial year ended March 31, 2021 was obtained from M/s. U. Hegde and Associates, Practicing Company Secretaries, in relation to compliance of all applicable SEBI Regulations / circulars / guidelines issued thereunder, pursuant to requirement of Regulation 24A of Listing Regulations.

There is no adverse remark, qualifications or reservation in the Secretarial Audit Report and Secretarial Compliance Report.

Further, pursuant to the provisions of Regulation 24A of Listing Regulations, the Secretarial Audit Report of material subsidiaries i.e. MOHFL, MOAMC & MOFL, is available at website of the Company at www.motilaloswalgroup.com.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The initiatives take by the Company for conservation of energy and technology absorption is provided in Business Responsibility Report annexed to this Report.

Board's Report (Contd..)

Details of the foreign exchange earnings and outgo are given in the Note No. 47 to the Standalone Financial Statement of the Company.

TRANSFER OF SHARES PERTAINING TO UNCLAIMED / UNPAID DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

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

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

Subsequently, the Company has transferred 181 equity shares to IEPF on September 22, 2020 and 493 equity shares on December 17, 2020 under review. The details of such shares are available on the website of the Company at <https://www.motilaloswalgroup.com/Investor-Relations/Disclosures/IEPF>. The concerned shareholders are requested to claim the said shares by directly approaching IEPF Authority.

Disclosure of Details of Unclaimed Equity Shares in the Suspense Account:

Pursuant to Regulation 34 and Schedule V of Listing Regulations, the Company reports the following details in respect of unclaimed equity shares that are kept in Specific Demat Accounts of Motilal Oswal Financial Services Limited:-

Particulars	Number of Shareholders	Number of Equity shares
Aggregate Number of Shareholders and the outstanding shares in the suspense account lying as on April 1, 2020	5	575
Number of Shareholders who approached the Company for transfer of shares from suspense account during the year	–	–
Number of Shareholders to whom shares were transferred from the suspense account during the year	–	–
Aggregate Number of Shareholders and the outstanding shares in the suspense account lying as on March 31, 2021	5	575

DEPOSITORY SYSTEM

The Equity Shares of the Company are compulsorily tradable in electronic form. As on March 31, 2021, out of the Company's total paid-up Equity Share Capital comprising of 14,66,20,374 Equity Shares, only 27,060 Equity Shares are in physical form and the remaining shares are in electronic form (demat form). In view of the numerous advantages offered by the Depository System, the Members holding shares in physical form are advised to avail the facility of dematerialization.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Board of Directors confirm that, to the best of its knowledge and belief:

- 1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 2) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit of the Company for that period;
- 3) the Directors have taken proper and sufficient care for the 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 fraud and other irregularities;
- 4) the Directors have prepared the annual accounts on a going concern basis;
- 5) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;
- 6) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules 2014 read with Section 177(9) of the Act and as per Regulation 22 of the Listing Regulations (as amended from time to time), the Company has framed Vigil Mechanism / Whistle Blower Policy ("Policy") to enable directors and employees to report genuine concerns or grievances, significant deviations from key management policies and reports any non-compliance and wrong practices, e.g., unethical behavior, fraud, violation of law, inappropriate behavior / conduct etc.

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

The objective of this mechanism is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal controls, or fraudulent reporting of financial information.

The Policy framed by the Company is in compliance with the requirements of the Act and Listing Regulations and is available on the website of the Company at <https://www.motilaloswalgroup.com/Downloads/IR/1677814951Vigil-MechanismWhistle-Blower-Policy.pdf>

CORPORATE SOCIAL RESPONSIBILITY

The Company recognizes the responsibilities towards society and strongly intends to contribute towards development of knowledge based economy.

In accordance with the requirements of the provisions of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility ("CSR") Committee. The composition and terms of reference of the CSR Committee is provided in the Corporate Governance Report forming part of this Annual Report.

The Company has also formulated a CSR Policy which is available on the website of the Company at <https://www.motilaloswalgroup.com/Downloads/IR/200139696902.-CSR-Policy.pdf>. Further, the detailed CSR initiatives undertaken by the Company are available at <https://www.motilaloswal.com/foundation/>

In the wake of COVID-19 pandemic, the Company extended and will continue to extend full support and co-operation in adhering to the directives issued by from the Government and steps taken by the Government to overcome the crisis. The social contribution and contribution made by the Company is covered in ESG section forming part of this Annual Report. We assure you that your Company will continue to work towards its social commitment and contribute in nation building with the same zeal.

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

An Annual Report on activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended from time to time) has been appended as "Annexure 4" to the Board's Report. Further, the Annual Action Plan on CSR activities for FY2021-22 is also uploaded on the website of the Company at <https://www.motilaloswalgroup.com/Investor-Relations/Disclosures/Mandatory>

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

The details of loans, guarantees and investments are given in the Notes to the Financial Statement forming part of this Annual Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board of Directors has approved the policy on transactions with related parties ("RPT Policy"), pursuant to the recommendation of the Audit Committee. In line with the requirements of the Act and Listing Regulations, the Company has formulated the RPT Policy which is also available on the Company's website at https://www.motilaloswalgroup.com/Downloads/IR/1568199502MOFSL_Policy-on-Materiality-and-Dealing-with-Related-Party-Transactions.pdf

All related party transactions entered into during the FY2020-21 were on an arm's length basis and in the ordinary course of business.

Board's Report (Contd..)

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

During the year under review, there were no material contracts or arrangements or transactions entered into by the Company with related parties pursuant to Section 188 of Act and accordingly Form AOC-2 is not applicable.

The Directors draw attention of the Members to Note No. 51 to the Standalone Financial Statement which sets out related party disclosures.

COMPLIANCE WITH SECRETARIAL STANDARD – 1

The Company has complied with Secretarial Standard-1 (SS-1) on meeting of Board of Directors.

BUSINESS RISK MANAGEMENT

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

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

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

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace. Appropriate reporting mechanisms are in place for ensuring protection against Sexual Harassment and the right to work with dignity.

During the year under review, the Company has not received any complaint in this regard.

Further, the Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to redress complaints received regarding sexual harassment.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

ACKNOWLEDGEMENT

The Directors express their sincere gratitude to the Reserve Bank of India, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions and the Company's Bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in your Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company and its subsidiaries across all levels, resulting in successful performance during the year under review.

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

Raamdeo Agarawal
Chairman
(DIN: 00024533)

Place: Mumbai
Date: April 29, 2021

Annexure 1 to the Board's Report

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

₹ In Lakhs

Sr. No	Name of the Subsidiary	Turnover			Profit / (Loss) before Tax			Profit / (Loss) after Tax		
		Current Period	Previous Period	Growth %	Current Period	Previous Period	Growth %	Current Period	Previous Period	Growth %
(A)	INDIAN SUBSIDIARIES									
1	Motilal Oswal Investment Advisors Limited	1,008	959	5%	(785)	(1,375)	43%	(517)	(1,183)	56%
2	MOPE Investment Advisors Private Limited	8,538	6,672	28%	4,830	2,748	76%	3,981	1,991	100%
3	Motilal Oswal Commodities Broker Private Limited	1	15	-96%	(7)	(5)	-44%	(7)	(4)	-69%
4	MO Alternate Investment Advisors Private Limited (erstwhile Motilal Oswal Fincap Private Limited)	89	68	31%	81	64	26%	107	64	67%
5	Motilal Oswal Finvest Limited	10,491	3,410	208%	3,531	(1,066)	431%	3,296	(1,045)	415%
6	Motilal Oswal Asset Management Company Limited	80,950	48,158	68%	48,435	13,692	254%	41,001	10,111	306%
7	Motilal Oswal Trustee Company Limited	38	6	579%	23	(3)	888%	20	(4)	599%
8	Motilal Oswal Wealth Management Limited	14,226	9,675	47%	5,228	437	1097%	4,108	260	1480%
9	Motilal Oswal Securities International Private Limited	95	147	-35%	14	19	-25%	11	0	3897%
10	Motilal Oswal Home Finance Corporation Limited	54,552	57,644	-5%	9,045	6,092	48%	4,023	3,908	3%
11	Motilal Oswal Real Estate Investment Advisors Private Limited	5	(2)	288%	4	(3)	222%	4	(3)	215%
12	Motilal Oswal Real Estate Investment Advisors II Private Limited	4,652	4,413	5%	2,098	1,621	29%	1,617	1,147	41%
13	Motilal Oswal Capital Limited	86	128	-33%	11	35	-69%	8	24	-67%
14	Motilal Oswal Finsec IFSC Limited	166	-	-	100	8	1148%	98	8	1118%
15	Glide Tech Investment Advisory Private Limited	-	-	-	(249)	(77)	-223%	(206)	(62)	-230%
16	TM Investment Technologies Private Limited	4	-	-	(172)	-	-	(172)	-	-
	COMPANIES INCORPORATED OUTSIDE INDIA									
1	Motilal Oswal Capital Markets (Hong Kong) Private Limited	53	87	-39%	(40)	(11)	-251%	(40)	(11)	-251%
2	Motilal Oswal Capital Markets (Singapore) Private Limited	263	311	-15%	34	45	-24%	33	43	-24%
3	Motilal Oswal Asset Management (Mauritius) Private Limited	422	251	68%	107	(9)	1265%	107	(9)	1265%
4	Indian Business Excellence Management Company	1,708	1,527	12%	891	618	44%	869	600	45%

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

Raamdeo Agarawal
Chairman
(DIN : 00024533)

Place : Mumbai
Date : April 29, 2021

Annexure 2 to the Board's Report

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

- (i) Ratio of the remuneration of each Director to the median remuneration of the Employees of the Company for the financial year 2020-21, the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary during the financial year 2020-21:

Sr. No.	Name of Director/KMP	Designation	Ratio of Remuneration of each Director/KMP to median remuneration of Employees	Percentage Increase in Remuneration (only fixed salary is considered)
1.	Mr. Raamdeo Agarawal	Non-Executive Chairman	4.42	NA ⁽¹⁾
2.	Mr. Motilal Oswal	Managing Director and Chief Executive Officer	88.7	Nil
3.	Mr. Navin Agarwal	Non-Executive Director	NA ⁽²⁾	NA ⁽²⁾
4.	Mr. Ajay Menon	Whole-time Director	109.43	Nil
5.	Mr. Rajat Rajgarhia	Whole-time Director	NA ⁽²⁾	NA ⁽²⁾
6.	Mr. C.N. Murthy	Independent Director	NA ⁽²⁾	NA ⁽²⁾
7.	Mr. Chandrashekhar Karnik	Independent Director		
8.	Mr. Pankaj Bhansali	Independent Director		
9.	Mrs. Divya Momaya	Independent Director		
10.	Mrs. Swanubhuti Jain	Independent Director		
11.	Mr. Shalibhadra Shah	Chief Financial Officer	32.44	Nil
12.	Mr. Kailash Purohit	Company Secretary and Compliance Officer	6.78	Nil

⁽¹⁾ Mr. Raamdeo Agarawal is paid the fixed remuneration of ₹ 12 Lakhs p.a. in the form of commission.

⁽²⁾ Since there was a change in designation of Mr. Navin Agarwal from Managing Director to Non-Executive Director and Mr. Rajat Rajgarhia and all Independent Directors were appointed during the financial year 2020-21, it is not feasible to calculate the ration of remuneration and percentage increase in their remuneration.

Note:- The Independent Directors of the Company are entitled for sitting fees and commission as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration paid to Independent Directors during the year under review are provided in the Report on Corporate Governance.

- (ii) The percentage increase in the median remuneration of employees in the financial year: Nil
- (iii) The Company has 5,902 permanent employees on the rolls of Company as on March 31, 2021.
- (iv) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Particulars	% Increase in Remuneration
Employees other than Managerial Personnel	Nil
Managerial Personnel	Nil

Since there was no increase in managerial remuneration, there were no exceptional circumstances.

- (v) It is hereby affirmed that the remuneration paid during the year is as per the Nomination and Remuneration Policy of the Company.

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

Raamdeo Agarawal
Chairman
(DIN : 00024533)

Place : Mumbai
Date : April 29, 2021

Annexure 3 to the Board's Report

SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

To,
The Members,
Motilal Oswal Financial Services Limited
CIN- L67190MH2005PLC153397

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

Due to COVID-19 pandemic impact and situation of partial lockdown, the verification and examination of documents as facilitated by the Company were conducted through electronic mode and based on such verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2021 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 Motilal Oswal Financial Services Limited ("the Company") for the financial year ended on March 31, 2021 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);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable during the audit period)**
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the audit period)** and
 - (h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018
- (vi) I have relied on the representation made by the Company and its officer and compliance mechanism prevailing in the Company and on examination of documents on test check basis for compliance of the following specific applicable laws.
 - 1) Bye-laws, Rules, Regulations, Guidelines, Circulars & Notifications issued by SEBI, Stock Exchanges & Depositories and 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.
- (ii) The Uniform Listing Agreement(s) entered into by the Company with BSE Limited and National Stock Exchange of India Limited pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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

Annexure 3 to the Board's Report (Contd..)

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.

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

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

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

I further report that during the audit period there were following specific events /action reported having major bearing on company's operations;

- 1) The Company has brought back 19,09,144 equity shares representing 1.29% of Pre Buyback paid up capital of the Company (as on March 20, 2020 – Pre Buy-back) at an average price of INR 630.31/- per Equity Share. The buyback offer was closed on September 30, 2020.
- 2) The Board of Directors at their meeting held on December 24,2020 has approved the scheme of arrangement between the Holding Company i.e. Passionate Investment Management Private Limited , the Company and subsidiary companies i.e. MOPE Investment Advisors Private Limited, Motilal Oswal Real Estate Investment Advisors Private Limited, Motilal Oswal Real Estate Investment Advisors II Private Limited and MO Alternate Investment Advisors Private Limited
- 3) The following independent Directors ceased to be Directors of the Company on account of completion of tenure and Mrs. Rekha Shah ceased to be the Director of the Company due to resignation:-
 - i) Mr. Praveen Tripathi
 - ii) Mr. Vivek Paranjpe
 - iii) Mrs. Sharda Agarwal
- 4) The following persons were appointed as independent directors of the Company;
 - i) Mr. Chitradurga Narsimha Murthy (C. N. Murthy)
 - ii) Mr. Chandrashekhar Karnik
 - iii) Mr. Pankaj Bhansali
 - iv) Mrs. Divya Momaya
 - v) Mrs. Swanubhuti Jain
- 5) Mr. Navin Agarwal ceased to be the Managing Director of the Company, however he continues to be Non Executive Director of the Company.
- 6) Appointment of Mr. Rajat Rajgarhia as Whole Time Director of the Company

For **U. HEGDE & ASSOCIATES,**
Company Secretaries

Umashankar K Hegde
(Proprietor)

Place : Mumbai
Date : April 29, 2021

COP No- 11161 # M.No- A22133
ICSI UDIN :A022133C000208088

ANNEXURE TO SECRETARIAL AUDIT REPORT

To,
The Members,
Motilal Oswal Financial Services Limited
CIN- L67190MH2005PLC153397

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company

For **U. HEGDE & ASSOCIATES,**
Company Secretaries

Umashankar K Hegde
(Proprietor)

Place : Mumbai
Date : April 29, 2021

COP No- 11161 # M.No- A22133
ICSI UDIN :A022133C000208088

Annexure 4 to the Board's Report

Annual Report on Corporate Social Responsibility ("CSR") Activities

[Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline on CSR Policy of the Company:

The Company's vision is to provide opportunities for children and their families to move from poverty and dependence to self-reliance. Motilal Oswal Financial Services Limited believes in 'Knowledge First' and the Company believes that education can bring prosperity and equality in the society.

In line with our motto of "Knowledge First", the Company believes in enhancing the human intangible asset and thus the Company strives to contribute largely to the education & learning front. Recognizing the responsibilities towards society, we intend to carry out initiatives for supporting education.

The Company resolves to contribute towards development of knowledge based economy by discharging Corporate Social Responsibilities (CSR) that would positively impact on customers, employees, shareholders, communities and other stakeholders in various aspects of its operations.

The Company would carry out its responsibilities of Corporate Social Responsibility for the year with a collective goal on key focus areas enumerated in the CSR policy of the Company. The CSR Policy has been formulated in accordance with the provisions of Section 135 of the Companies Act, 2013.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of Meetings of CSR Committee held during the year	Number of Meetings of CSR Committee attended during the year
1.	Mr. Motilal Oswal	Managing Director and Chief Executive Officer	2	2
2.	Mr. Raamdeo Agarawal	Non-Executive Chairman	2	2
3.	Mr. C. N. Murthy (appointed as member w.e.f. July 1, 2020)	Independent Director	1	1
4.	Mr. Praveen Tripathi (ceased to be the member w.e.f. July 1, 2020)	Independent Director	1	1

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:

Composition of CSR Committee:- https://www.motilaloswalgroup.com/Downloads/IR/1382286616MOFSL--Composition-of-Board-and-Committees_29.04.2021.pdf

CSR Policy:- <https://www.motilaloswalgroup.com/Downloads/IR/200139696902.-CSR-Policy.pdf>

CSR Projects i.e. Annual Action Plan:- <https://www.motilaloswalgroup.com/Investor-Relations/Disclosures/Mandatory>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Nil

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (₹ In Lakhs)	Amount required to be setoff for the financial year, if any (in ₹)
1.			
2.			
3.			

6. Average net profit of the company as per section 135(5): ₹ 3,64,99,52,097/-

Annexure 4 to the Board's Report (Contd..)

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 7,29,99,042/-
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
 (c) Amount required to be set off for the financial year, if any: Nil
 (d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 7,29,99,042/-
8. (a) CSR amount spent or unspent for the financial year: Nil

Amount Unspent (in ₹)					
Total amount Spent for the Financial Year (in ₹)	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of Transfer

(b) Details of CSR amount spent against ongoing projects for the financial year: Nil

(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the project	Item from the list of activities in Schedule VII of the Act.	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation Direct (Yes / No)	Mode of Implementation Through Implementing Agency	
				State	District						Name	CSR Registration No.
1.												
2.												
	TOTAL											

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl No.	Name of the project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount spent for the Project (in ₹)	Mode of implementation - Direct Yes/No.	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR Registration No.
1.	RVG Educational Foundation	Promoting Education and Preventing Hunger	Yes	Maharashtra	Mumbai	4,01,00,000	No	Motilal Oswal Foundation ("MOF")	CSR00001144
2.	Reimagining Higher Education Foundation (Plaksha University)	Promoting Education	No	Haryana	Gurgaon	3,50,00,000	No	MOF	
3.	Association for Nutrition And Development	Preventing Hunger	Yes	Maharashtra	Mumbai	10,03,350	No	MOF	

Annexure 4 to the Board's Report (Contd..)

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
SI No.	Name of the project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount spent for the Project (in ₹)	Mode of implementation - Direct Yes/No.	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR Registration No.
4.	The Akshayapatra Foundation	Preventing Hunger	No	Karnataka	Bangalore	7,65,750	No	MOF	
5.	Shri Jindutt Kushalsuri Khartar Gachha Pedhi	Preventing Hunger	No	Gujarat	Ahmedabad	5,61,000	No	MOF	
6.	Samarpan	Preventing Hunger	Yes	Maharashtra	Mumbai	5,00,000	No	MOF	
7.	JITO Educational Medical Trust Hospital	Preventive Health Care		New Delhi	New Delhi	2,50,000	No	MOF	
8.	Pratibha Shikshan Prasarak Mandal	Promoting Education	Yes	Maharashtra	Thane	2,03,400	No	MOF	
9.	Seva Sahyog Foundation	Promoting Education	Yes	Maharashtra	Mumbai	1,15,243	No	MOF	
10.	Mahavir International Foundation Trust	Preventing Hunger	No	Rajasthan	Jaipur	1,00,000	No	MOF	
11.	Shree Samkit Jain Charitable Trust	Preventing Hunger	Yes	Maharashtra	Mumbai	1,00,000	No	MOF	
12.	International Vaish Federation	Promoting Education	Yes	Maharashtra	Mumbai	1,00,000	No	MOF	
13.	Pawan Gangavishan Wahi	Preventive Health Care	Yes	Maharashtra	Mumbai	50,000	No	MOF	
14.	Academy for Computer Training Gujarat Pvt. Ltd	Promoting Education	No	Gujarat	Ahmedabad	27,425	No	MOF	
	TOTAL					7,88,76,168			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 7,88,76,168/-

(g) Excess amount for set off, if any

SI No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	7,29,99,042
(ii)	Total amount spent for the Financial Year	7,88,76,168
(iii)	Excess amount spent for the financial year [(ii)-(i)]	58,77,126
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	58,77,126

Annexure 4 to the Board's Report (Contd..)

9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil

Sl No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135(6)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.							
2.							
3.							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced	Project duration.	Total amount Allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project – Completed / Ongoing
1.								
2.								
3.								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

Date of creation or acquisition of the capital asset(s).	Amount of CSR spent for creation or acquisition of capital asset (in ₹)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)
(a)	(b)	(c)	(d)
July 24, 2020	2,00,00,000	RVG Educational Foundation (Formerly, Rajasthan Vidyarthi Griha) 57, Lallubhai Shamaldas Road, Andheri West, Mumbai 400058	Agrawal Oswal Chhatrawas, 57, Lallubhai Shamaldas Road, Bharucha Baug, Parsi Colony, Andheri West, Mumbai, Maharashtra 400058
January 13, 2021	2,00,00,000		
June 10, 2020	2,50,00,000	Reimagining Higher Education Foundation (RHEF) 302, Gopal Heights, Netaji Subhash Place, New Delhi 110034	Plaksha University, Alpha, Sector 101, IT City Road, Sahibzada Ajit Singh Nagar, Punjab 140306
November 23, 2020	1,00,00,000		

Note: The construction of educational building was not completed in FY 2020-21 considering disruption due to COVID-19 and is expected to complete in FY 2021-22.

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

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

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

Raamdeo Agarawal
Chairman
(DIN: 00024533)

Place : Mumbai
Date : April 29, 2021

Management Discussion and Analysis

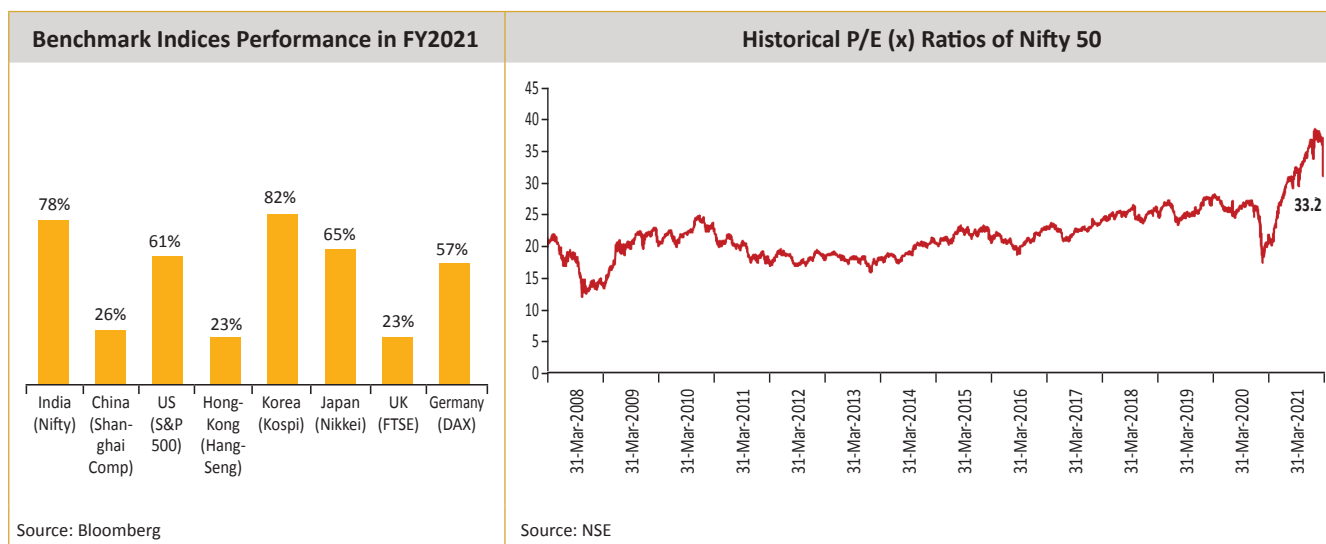
India stepped into FY2021 with Covid-19 induced lockdown in place. To check the spread of the virus, government announced lockdown for 21 days till April 14 and later on extended it to May 31. RBI announced a number of measures to help tackle the COVID-19 pandemic like repo rate cut by 115 bps to 4%, moratorium of three months of EMIs on all outstanding loans which was later on extended by another three months till August end, auction of targeted long term repo operations worth ₹ 1 trillion, Special refinance facility for HFCs etc. The main aims of these measures were to facilitate and incentivize credit flows, ease the financial stress and enable the formal functioning of the market. Government first announced an economic stimulus package worth ₹ 1.7 trillion to help millions of low income cope with lockdown and a second package of ₹ 20 trillion later on to revive the country's economy. The year also witnessed India-China border dispute and ban of certain Chinese apps by Indian government. On global front, the major events that made headlines include US China trade tensions, US presidential election, West Asia peace initiatives, negative oil prices etc.

International Monetary Fund projected an impressive 12.5% growth rate for India in FY2022, making the country the only major economy of the world to register a double-digit growth this year amidst the coronavirus pandemic. However, with the resurgence of Covid-19 cases posing risks to economic recovery, leading brokerages have downgraded India's GDP growth projections for the current fiscal year to as low as 10% on local lockdowns threatening fragile recovery. World Bank has slashed India's GDP forecast for FY2022 to 8.3% from 11.2% predicted earlier, as the second COVID-19 wave hit India hard. Disruption in global supply chain has highlighted risk of overdependence on a single country. Many global MNCs are likely to consider diversifying their manufacturing operations from China and India could be a likely beneficiary given the low corporate tax rate, skilled population, relatively low wages and a large domestic market. Thus, once the situation stabilizes, India could see relatively stronger recovery.

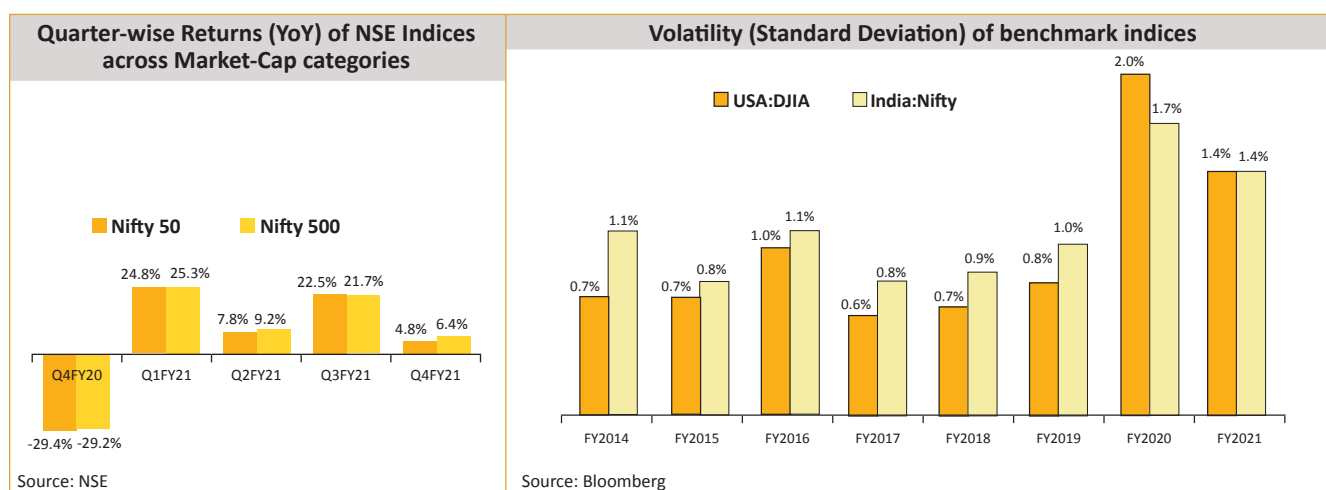
Equity Markets-

Market had a roller coaster ride in FY2021. From the lows seen during the end of FY2020 on account of Covid-19 induced lockdown, the markets started gradually recovering led by phase wise unlocking, various policy measures announced by governments, central banks as well as a better than expected corporate earnings performance. Market erased its 2020 losses in November 20. The next booster dose for markets came with the approval of vaccines against Covid and this catapulted the market to reach new highs. Both Sensex and Nifty closed at an all-time high of 52,154 and 15,315 respectively in the month of February'21. Sensex and Nifty closed at 49,509 and 14,691 levels respectively in March 2021.

India recorded the highest ever FII inflows of ₹ 2,740 billion in FY2021, greater than the cumulative inflows of the last six years. The size of inflow in December 2020 at ₹ 620 bn was the highest ever monthly inflows ever recorded. On the contrary, DIIs recorded the first outflows of ₹ 1,341 billion after five years of inflows.



Management Discussion and Analysis (Contd..)



Business Streams and Outlook:

Motilal Oswal Financial Services Limited (MOFSL) is diversified financial services company with stock broking business activity. MOFSL operates in businesses such as Retail Broking and Distribution, Institutional broking, Investment banking, Asset Management, Wealth Management, Private equity and Housing finance. In each of the businesses MOFSL offers unique value proposition to its customers and creates its niche in each of the business segment and command premium position over peers. MOFSL carries its lending business by running Loan against shares book under the name of Motilal Oswal Finvest Limited and retail mortgage backed lending in affordable housing segment under the name of Motilal Oswal Home Finance Ltd.

Ratings:

Borrowings of Motilal Oswal Financial Services Limited enjoy the following credit ratings-

Nature of Borrowing	Rating/Outlook		
	CRISIL	ICRA	India Ratings
Short Term			
Commercial Paper	CRISIL A1+	–	IND A1+
Long Term			
Non-Convertible Debentures	–	[ICRA]AA(Stable)	–

Borrowings of Motilal Oswal Finvest Limited enjoy the following credit ratings-

Nature of Borrowing	Rating/Outlook	
	CRISIL	India Ratings
Short Term		
Commercial Paper	CRISIL A1+	IND A1+
Long Term		
Market Linked Non-Convertible Debentures	CRISIL PP-MLD AA-r/ Stable	–
Non-Convertible Debentures	CRISIL AA-/Stable	–

Borrowings of Motilal Oswal Home Finance Limited enjoy the following credit ratings-

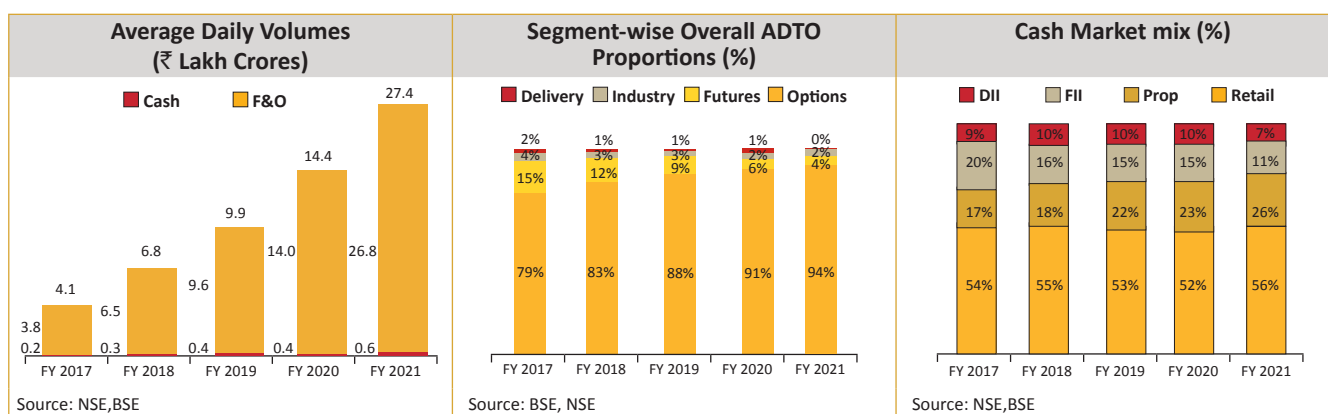
Nature of Borrowing	Rating/Outlook		
	CRISIL	ICRA	India Ratings
Short Term			
Commercial Paper	CRISIL A1+	ICRA A1+	IND A1+
Long Term			
Market Linked Non-Convertible Debentures	CRISIL PP-MLD AA-r/ Stable	PP-MLD [ICRA] A+ (Stable)	–
Non-Convertible Debentures	CRISIL AA-/Stable	[ICRA]A+(Stable)	–
Bank Borrowings	CRISIL AA-/Stable	–	–

Management Discussion and Analysis (Contd..)

Broking Business

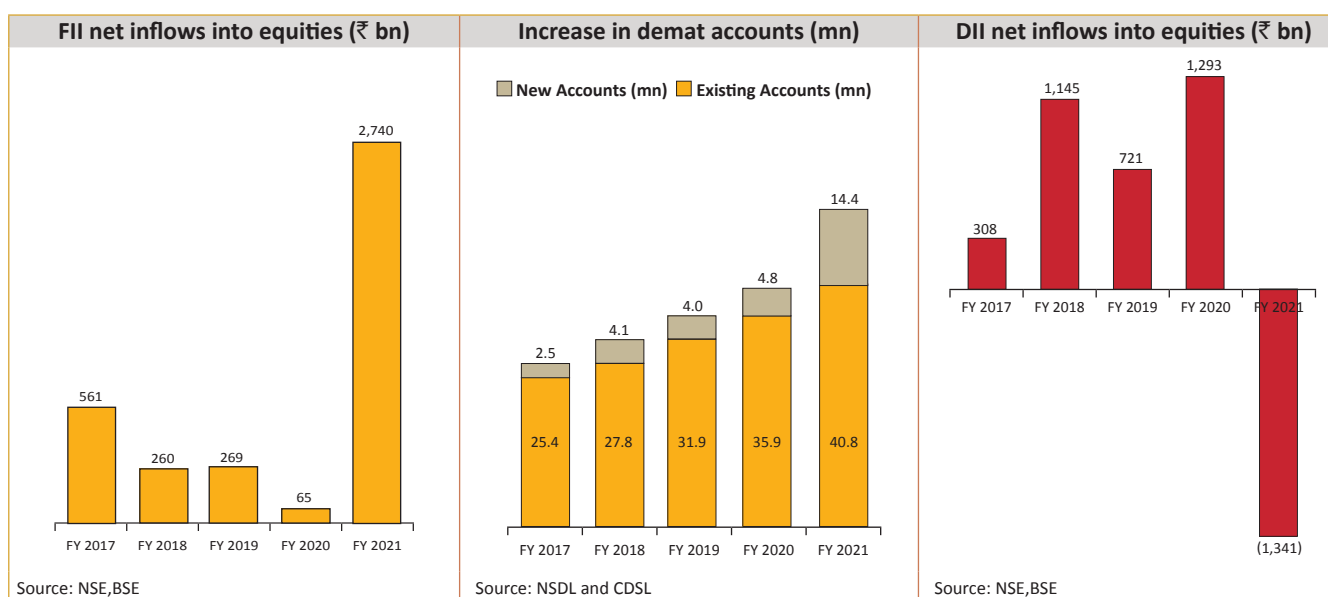
Industry Facts

The average daily traded volumes (ADTO) for the equity markets during FY2021 stood at ₹ 27.41 lakh crores, up 90% YoY from ₹ 14.44 lakh crores in FY2020. The overall Cash market ADTO reported growth of 66% YoY at ₹ 64,951 crores in FY2021. Delivery saw growth of 39% YoY to ₹ 12,718 crores. Within derivatives, futures volume increased 24% YoY to ₹ 1.09 lakh crores while options rose 95% YoY to ₹ 25.67 lakh crores. Amongst cash market participants, retail constitutes 56% of total cash volume, institution constitutes 18% of total cash volume and prop constitutes 26%. The proportion of DII in the cash market was 7%.



In FY2021, a record of 1.44 crores new demat accounts were added as against 0.48 crores in FY2020. This spike is attributed to the disposable income and saved time due to work from home culture coupled with strong rally in equity markets. CDSL, the largest depository in India in terms of number of demat clients, crossed the 3 crore accounts mark in January. The number of demat accounts stood at 5.51 crores in FY2021, a growth of 35% YoY.

Indian equities witnessed continued net inflows from FIIs for most of the part of the financial year, with December recording the highest ever inflows. Highest ever FII inflows was recorded in FY2021, greater than the cumulative inflows of the last six years. On the contrary, DIIs recorded the first outflows after five years of inflows.

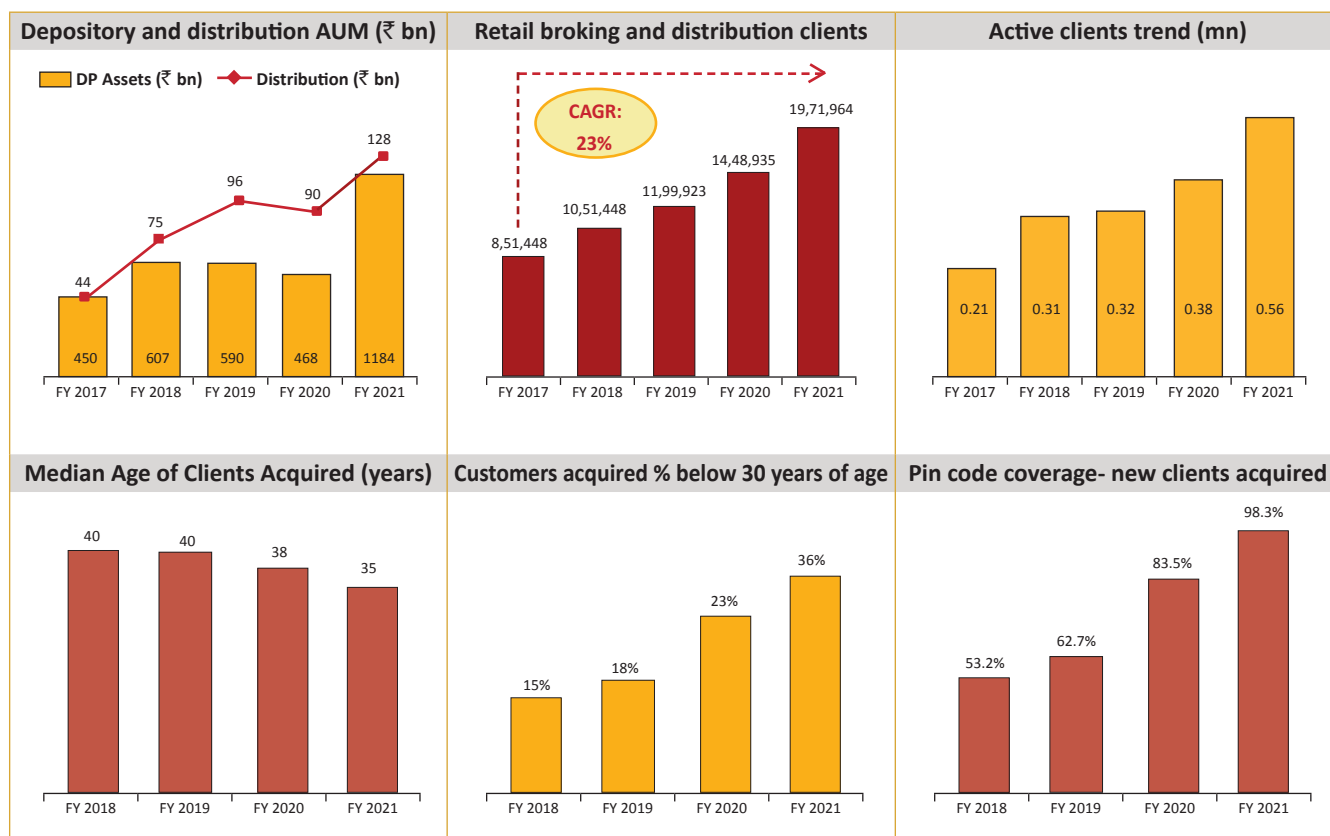


Our Broking Business

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

Management Discussion and Analysis (Contd..)

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



Our broking business focuses on “Phygital Business model” which offers best of both the worlds. Success of this model has yielded result as we recorded highest ever broking revenues and ADTO in FY2021. There was a spurt in retail participation in the stock market, especially after sharp correction in March’20 as investors saw this as a good investing opportunity. We witnessed highest ever client acquisition in line with the Industry. The company added around 6.2 lakh clients during the year, +150% YoY. Our retail client base stood at 19.72 lakh, growing at a CAGR of 23% from FY17-21. Reflecting on the experiences and learnings in broking business, we adopted franchisee based model few years ago. Our focus towards development and infusion of entrepreneurial spirit in new and existing franchisees has led strong growth in client base as well as franchisee base (+23% YoY). Further, acquisition of smaller regional brokers by converting them in franchisees is gaining traction for us across geographies. We have started with Insurance broking business in FY2020 and registered strong premium collection of around ₹ 40 cr in FY2021, envisaging future business potential. We have tie-ups with HDFC Life, ICICI Pru Life and Bajaj Life for life insurance products. Our business focus remained to improve our scale and competitiveness through enhanced customer experience, high-quality advisory, digital initiatives, assets-based product distribution, system-driven trading products and network expansion. We have robust dedicated advisory desks for mass-retail and affluent clientele. Our focus on knowledge, advisory, and client segmentation differentiates us from the threats of discount brokers.

We are progressively developing our distribution arm to achieve linearity in the cyclical nature of broking business. Our financial product distribution AUM was ₹ 12,785 crores as of Mar 2021, + 42% YoY. Our leverage on our strong retail network to cross sell financial products provides room for scaling up the business. In addition, our client penetration at ~13% of our total retail client base paves the way for growth scalability.

We have made several investments in our digital initiatives to improve client servicing, cost and speed. Our app portfolio includes MO Investor and MO Trader, designed to match different consumer needs and experience. We have introduced new website and mobile application with focus on investment products. Our online volumes contribute ~60% of the total retail volumes traded in FY2021.

Institutional Broking: Our institutional broking provide offerings in the forms of cash and derivatives to domestic and foreign institutions. We continued to acquire new empanelment and maintained it with 760+ institutions. We witnessed strong improvement in domestic client rankings in several key accounts led by broad-based team servicing. FY2021 was a landmark year for Institutional

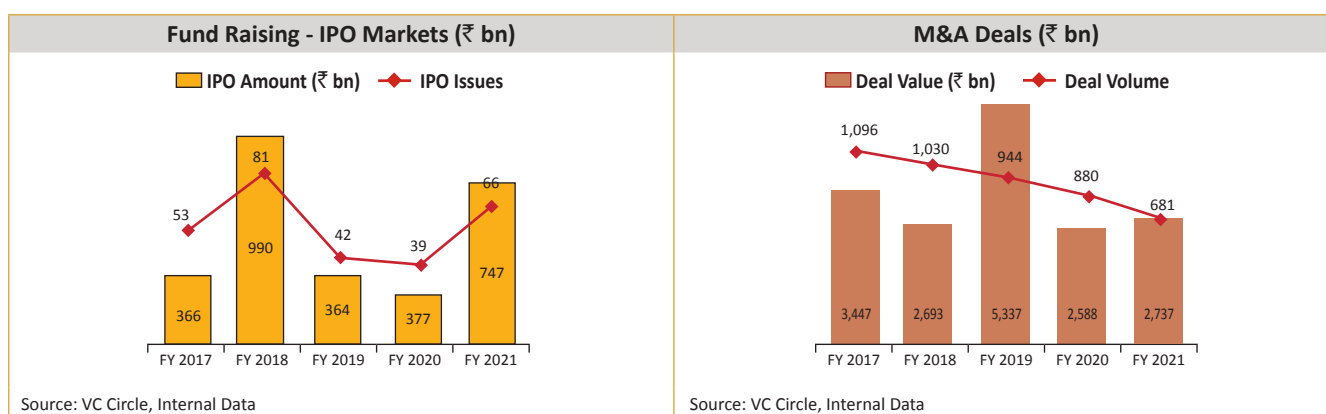
Management Discussion and Analysis (Contd..)

Equities business as we garnered highest ranking in Asia Money Brokers Poll 2020 across various categories. We stood #1 in Local Brokerage, Overall Sales, Sales Trading Team & Corporate Access and #2 in Overall Research awards category. We continued to strengthen our competitive positioning through research offerings, corporate access outreach and sales and trading capabilities. Our research product portfolio consisted of 250+ companies covering 21 sectors. Our corporate access domain has always been a focus area with execution of successful events like Annual Global Investor Conference (AGIC) and many unique events in India. We continued our successful trend in conducting 'AGIC' in Sep 2020 which was successfully held on a virtual platform with 20+ renowned speakers and 128+ participating companies, and 1000+ investor's partaking. We also conducted Ideation Conferences where 65+ corporates participated.

Investment Banking

Industry Facts

Despite the Covid-19 pandemic, fund mobilization via the primary market route was one of the highest ever in FY2021. The financial year 2021 saw 66 IPOs as compared to 39 in FY2020. The amount of funds raised through 30 main-board IPOs in FY2021 was ₹ 31,268 crores vs ~₹ 20,350 crores in FY2020 through 13 IPOs. Some of the successful IPOs in FY2021 were Burger King, Happiest Mind Technologies, Indigo Paints, Mrs Bectors, Mazagaon Dock, Rossari Biotech, Route Mobile, Gland Pharma etc. Already-listed companies found the QIP route attractive, with 31 companies raising ₹ 78,731 crores, the most in a financial year, and 54% more than the ₹ 51,216 crores raised in FY2020. ICICI Bank's QIP was the largest, raising ₹ 15,000 crores, accounting for 19% of the total amount.



Our Investment Banking Business

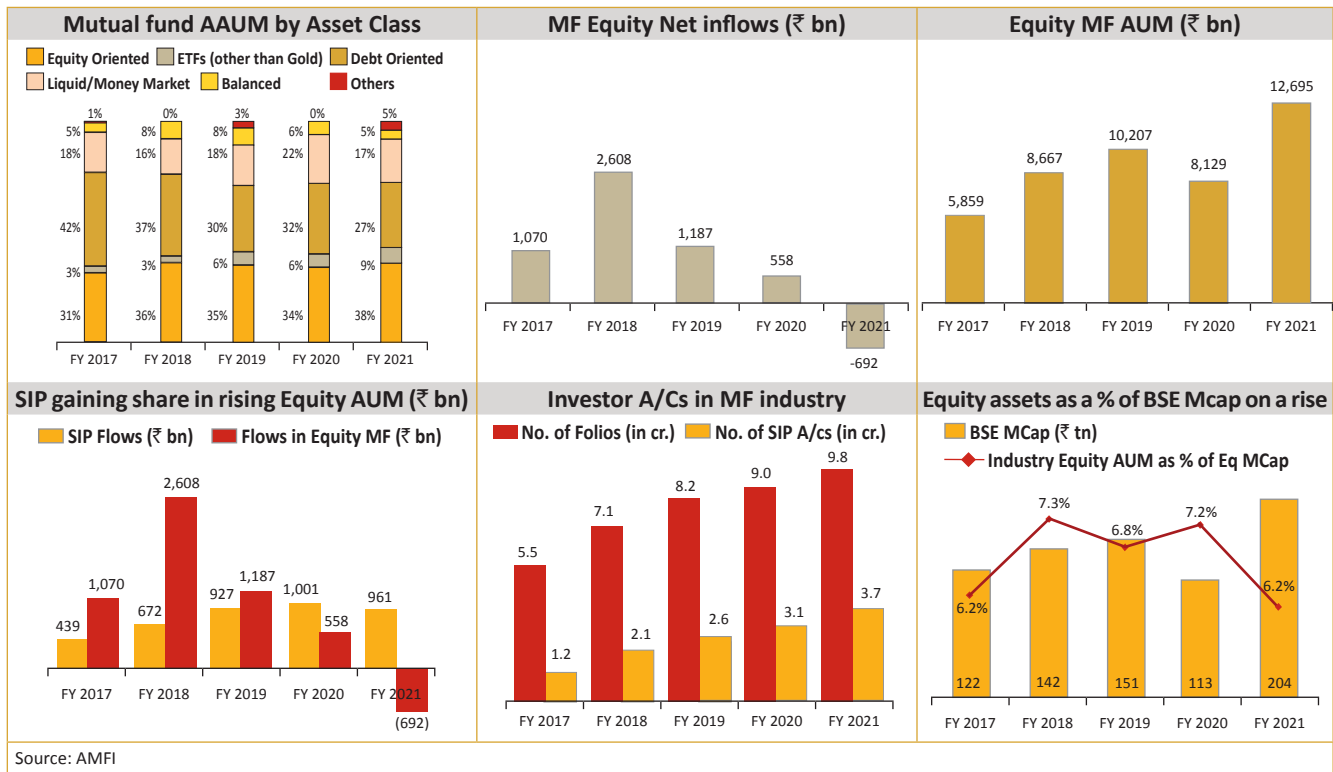
During FY2021, we associated with ICICI Bank for its largest ever QIP of ₹ 150 bn. We also participated in the QIP of HDFC aggregating to about ₹ 177 bn. This was our third straight association with the corporation's fund raising program over the past 3 years. We were also the Sole Lead Manager for Granules India Ltd for its ₹ 1.4 bn of share buyback program. We follow an expertise-led approach focusing on specific sub-segments of strength, where we have relationships and track record. Sectoral focus on BFSI, Auto, Consumer, Healthcare and Industrials will yield benefits in the medium to long term. We continue to have rich pipeline, and are constantly engaging on a wide cross-section of mandated transactions across capital markets and advisory.

Asset Management

Industry Facts

Overall mutual fund industry AUM was ₹ 31.43 lakh crores in FY2021, a jump of 41% YoY. The growth rate was higher on account of lower base in March 2020. On the front of equity mutual fund (excluding arbitrage and including balanced and ELSS), AUM stood at ₹ 12.7 lakh crores contributing 40% of the total AUM. Owing to higher redemptions, industry witnessed net outflows for 8 consecutive months in equity category leading to 0.7 lakh crores of outflows as opposed to ₹ 0.6 lakh crores of inflows in FY2020. The highlight of FY2021 includes rising new SIPs registered but declining flows. Around 1.41 crores of new SIPs were registered in FY2021 as compared to 1.18 crores in FY2020. SIP contribution, however, declined from ₹ 1,00,084 crores in FY2020 to ₹ 96,080 crores in FY2021. During the year, several new guidelines and regulations were issued by SEBI like change in asset allocation framework for multi-cap funds, introduction of flexi-cap category, introduction of new risk-o-meter tool, change in NAV calculation, labelling norms of dividend calculation and valuation of AT-1 and Tier 2 bonds. The rationale behind the regulatory change is to act in favor of investors which bodes well for the industry in the long term.

Management Discussion and Analysis (Contd..)

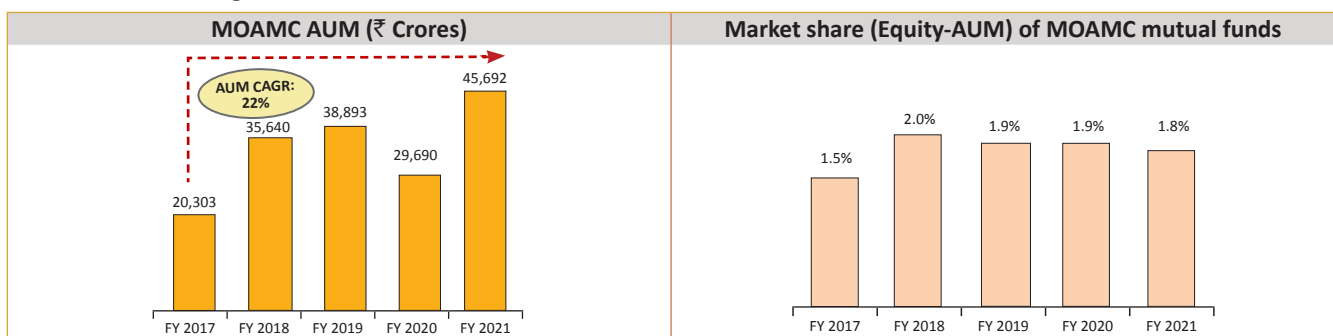


Source: AMFI

Our Asset Management Business

Motilal Oswal Asset Management (MOAMC) operates PMS, AIF and Mutual Fund (MF) in the public equities space. MOAMC has crafted its niche with majority of AUM in equities. Our public market AUM reached an all-time high in March 2021 and stood at ₹ 45,692 crores, +54% YoY. As of March 2021, our mutual fund AUM stood at ₹ 28,136 crores (+76% YoY), PMS AUM stood at ₹ 14,700 crores (+26% YoY) and AIF AUM stood at ₹ 2,656 crores (+40% YoY). We have received strong traction in our Passive offerings; our AUM reached 10x to ₹ 7,000 crores in a years' time. Our presence in passive category will help us to on-board clients from the bottom of the pyramid which are typically new to the equity asset class or have lower risk appetite.

In FY2021, we were ranked 9th in terms of new MF folio addition. Our new SIP count market share improved by 90 bps YoY to 2.2%. Industry has witnessed net outflow in the equity category in FY2021. We had also witnessed net outflow in line with the industry. However, our redemption market share declined on a sequential basis and gross sales market share has started improving compared to last year. We firmly believe in our QGLP philosophy which has rewarded us over the years in terms of performance and will continue to hold and improvise it. Our AMC business has always been the promoter of trail based model and hence, the ban on upfront fee structure has been in our favor. In FY2021, lower average AUM and cut in TER in mutual funds had resulted in lower accruals of revenues. On a blended basis, our net yield stood at 77 bps in FY2021. As of Mar 2021, ~21% of our non-MF AUM was performance-fee-linked. We aim to push more performance-linked AUM in both PMS and AIF, as it should help push net yields. Our ~1.8% market share in Equity MF AUM is expected to improve as we scale up further. We have expanded our network by adding 5 branches in FY2021, taking total branch count to 38. We have also strengthened our sales team by adding 20+ employees including some senior level hiring, taking total sales headcount to 113. Our total employee count stood at 283 as on March 2021. We have significantly invested in branding and advertising in past few years and the same has started realizing benefits in terms of brand-recall in the long term.

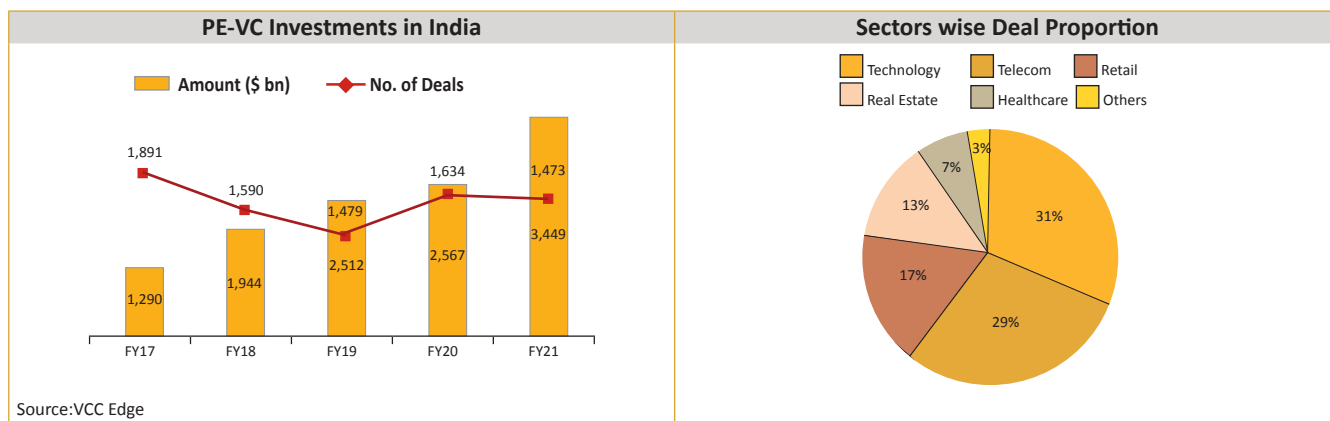


Management Discussion and Analysis (Contd..)

Private Equity

Industry Facts

In 2020, expectations exceeded on the PE front as investments worth \$38.2 billion were recorded, amounting to nearly the same level of activity in 2019. Reliance Group was once again a large contributor to PE deal values and helped in retaining momentum with PE investments in 2019. Following Facebook, a consortium of funds, including TPG, KKR, General Atlantic, Silver Lake and other PE players and sovereign wealth funds (SWFs) invested \$9.8 billion in Jio Platforms. These investments accounted for 66% of the growth-stage PE investments in 2020, driving growth investments to an all-time high of \$15 billion. Similarly, Reliance Retail Ventures saw investments worth over \$5.1 billion, resulting in a spike in late-stage PE investments and making 2020 a record year for this type of investment as well. 2020 recorded 17 deals in the billion-dollar bracket, nearly double the number of such deals recorded in 2019. The second largest PE deal happened with investors such as Mubadala Investment, ADIA, TPG Capital, GIC, Silver Lake, KKR and General Atlantic collectively invested \$5.1 billion in Reliance Retail Ventures. Over the last few years, technology, energy, financial services, infrastructure and real estate have been among the top sectors attracting PE investment. However, there has been a slight shift in investor priorities in 2020. Telecom replaced technology in the top position. The retail sector was another new entrant. Both sectors recorded increased levels of investment mainly on account of large-scale investments in Reliance Group entities. With corporate India focused on recapturing demand and building organizational resilience, supportive Government reforms and policies will create a more conducive business environment for the investor community.



Our Private Equity Business

Our PE arm manages three growth capital funds and five real estate funds. The QGLP philosophy is extended in private equity business too. The growth funds focus on themes that may benefit from structural changes like domestic consumption, domestic savings, infrastructure, etc. MOPE Funds have been successful in gaining investors' confidence with stellar returns over the years. IBEF-I has delivered a portfolio XIRR of 26.7%. Fund II has committed 100% across 11 investments so far after raising commitments from marquee institutions and exits from fund will contribute, going forward. Strong performance and positioning has enabled MOPE to raise Fund III ("IBEF-III") in very quick succession to Fund II. Fund III was launched in FY2018, which, after exhausting its green-shoe option, stands fully raised at ~₹ 2,300 crores. IBEF III has already committed 70% across 7 investments and, the Fund is extensively evaluating opportunities across its preferred sectors for deploying the balance amount.

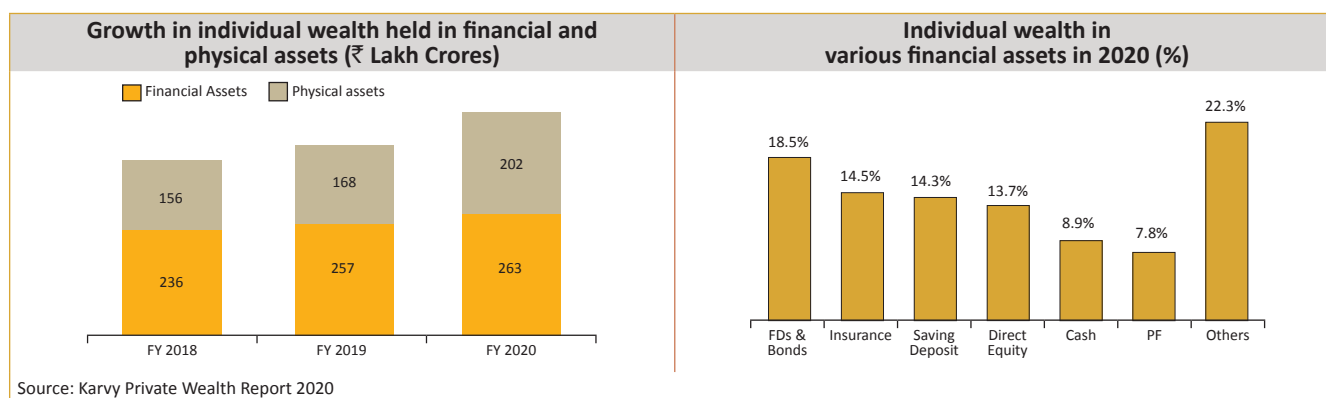
Molbio Diagnostics, one of the investee companies of MOPE fund, has successfully developed a test to diagnose Covid-19. The company built the Point-of-Care (PoC) molecular diagnostics platform Truenat using RT PCR technology that can diagnose 25+ diseases (including Tuberculosis, Coronavirus, H1N1, and Hepatitis). It installed over 3,000 devices and supplied over 12 million test kits during FY2021. The company's product Truenat received the BioSpectrum Product of the year award 2020.

The encouraging performance is not limited to growth funds but also real estate funds. IREF I has fully exited from all 7 investments, translating into ~118% capital returned to investors. IREF II is fully deployed across 14 investments. The Fund has secured 10 complete exits and 1 structured exit and has returned money equaling 125.6% of the Fund Corpus back to the investors. Average IRR on exited investments is 21.3%. IREF III has deployed ₹ 1,360 crores including reinvestments across 24 investments. The Fund has secured 8 full exits and has returned money equaling 45.6% representing income earned & distributed to its investors. Average IRR on exited investments is 22.6%. IREF IV with a size of ₹ 1,148 crores has deployed ₹ 610 crores across 11 investments. The Fund has returned money equalling 8.0% of the investible funds back to its investors. We launched IREF V with a target corpus of ₹ 800 cr during the last quarter. Going forward, our focus will be on opportune on growth stories in private space and provide best returns through our existing and future funds.

Wealth Management

Industry Facts

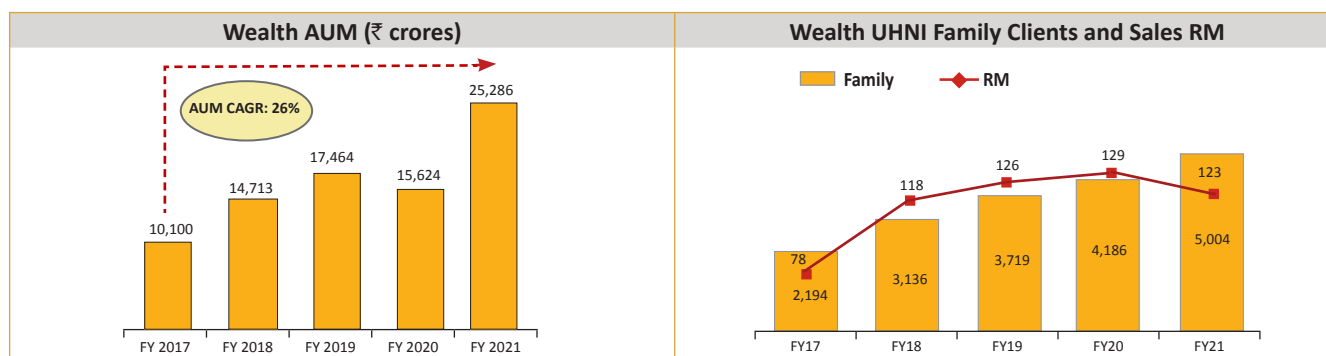
As per latest Karvy Wealth Report, India's individual wealth stands at ₹ 465 lakh crores as of FY2020 which has grown at 9.6% on YoY basis. More-over the proportion of financial assets in the total wealth has de-grown to 56.5% in FY2020 from 60.5% in FY2019. The financial assets grew at 2.4% YoY to ₹ 263 lakh crores. The year witnessed an increase in share of saving deposits, bonds, cash and provident funds. The proportion of equity and equity products in the financial asset mix declined from 20.3% in FY2019 to 13.7% in FY2020. The composition of equities in overall assets declined from 18.9% in FY2019 to 13.8% in FY2020. Equity proportion in overall assets is very less in India, as compared to the world (30.2%). It is estimated that individual wealth in India will grow at a CAGR of 13.7% to reach ₹ 799 lakh crores by FY2025.



Our Wealth Management Business

Our wealth AUM was at an all-time high at ₹ 25,286 crores in FY2021, +62% YoY. We witnessed strong growth in revenues and profit during the year led by robust gross sales of ₹ 8,436 crores, +17% YoY. Our net sales was at multi period high in the last quarter and stood at ₹ 2,711 crores for the full financial year. We implemented conservative approach in Relationship Manager (RM) additions in this volatile year and rather focused more on training and knowledge development. We follow philosophy of 'home grown talent' which involves lower-cost junior RMs to assist the senior RMs to expand their books, while getting mentored to take a bigger role in the future. During FY2021, there was a strong improvement in RM productivity. The rise in RM vintage and play of operating leverage will lead to scaling up of margins. The client acquisition too saw an encouraging growth with number of families under our business increasing 20% YoY to 5,004. This traction was largely a result of our RM base and our advisory capabilities. Our product mix contains ~62% of the equity products which helps in garnering higher yields. We have a strong pipeline of products across asset classes. We are on boarding new portfolio managers with differential offerings. Our adoption of open architecture model is enabling the incremental sales to be driven by non-captive products, resulting in more diversified products offering. Our trail revenues now cover 82% of fixed costs. This will provide cushion to margins in downturn.

In FY2021, Mr. Ashish Shanker was promoted as CEO. He joined MOPWM as Head Investment Advisory in 2012 and was instrumental in building the investment, research & advisory platform. He has also been instrumental in on-boarding many large clients and has been responsible for driving the senior relationship team.



Housing Finance

Industry Facts

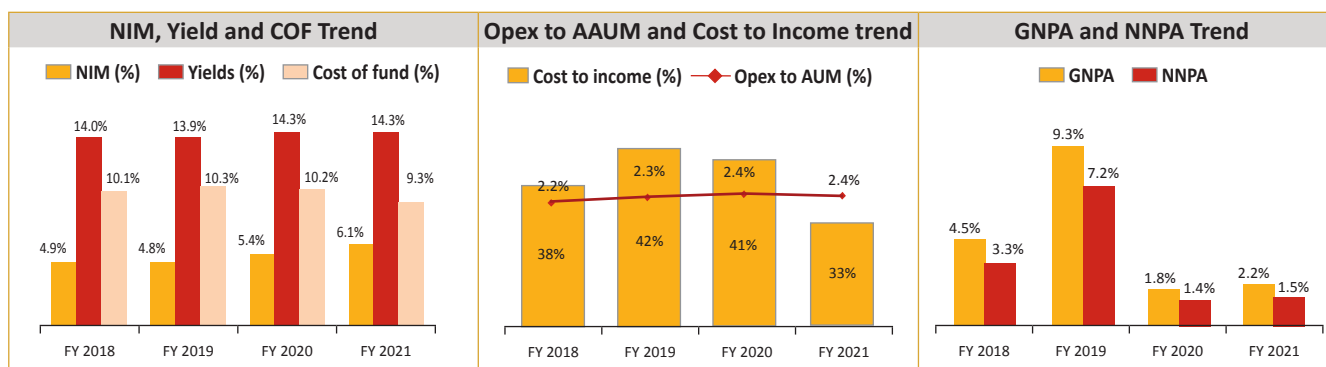
Due to Covid-19 induced lockdown, Housing Finance Companies (HFCs) were under stress during first half of FY2021. Disbursements remain muted, collections were low and the asset quality worsened. As per ICRA's report, the total outstanding housing credit as on December 2020 stood at ₹ 22.1 lakh crores. Out of the total outstanding credit, Housing Finance Companies (HFCs) and Non-Banking Financial Corporations (NBFCs) contributed around ₹ 7.2 lakh crores. Due to Covid-19 induced lockdown, the industry witnessed moderation in growth rate in Q1FY2021. However, with the gradual unlocking of economy, disbursements started picking up from Q2FY2021, and the housing credit portfolio registered a growth of ~6% till December 2020. According, to ICRA estimates, HFCs are likely to witness a growth rate of 6-8% in FY2021 and 8-10% in FY2022. GNPA as on December 2020 was 2.1%, whereas proforma GNPA was around 2.7% for all HFCs. With SC lifting blanket ban on NPA classification, the NPAs are expected to be higher by 50-100 basis points on YoY basis in FY2021 and the same to remain elevated in FY2022.

Our Housing Finance Business

We cater to pure-retail affordable housing space through Motilal Oswal Home Finance (previously known as Aspire Home Finance Corporation). We concentrated our efforts in re-building our home finance business in terms of processes, system, manpower and structure to strengthen our business. In FY2021, we on-boarded Mr. Arvind Hali as MD and CEO. Mr. Hali has more than 20 years of experience and was previously associated with Art Housing Finance, Intec Capital, AU Financiers, Dhanalaxmi Bank, SCB etc.

Due to Covid-19 induced lockdown, disbursements remained muted in the first few months of FY2021. However, we have gradually picked up and disbursements for the full year stood at ₹ 273 crores, up 42% YoY. The loan book stood at ₹ 3,512 crores across 47,665 families as of Mar 2021. We have witnessed sharp traction in collection efficiency in the month of March which has reached to pre-Covid level at 97%. Our average ticket-size at sourcing stood at ₹ 8.6 lakhs in FY2021. We have put in place a vertical organization structure comprising sales, credit, collection and technical team. The implementation of cluster level credit layer along with 4 layer credit approval system based on loan ticket sizes and differentiated pricing methodology for loans based on risk type should likely result in improve underwriting, going forward. In FY2021, we have received sanctions from NHB for the first time. Apart from that, we also did securitization transaction under PTC route in the last quarter, thus diversifying our borrowing. We witnessed 95 bps reduction in cost of fund on YoY basis in FY2021 to 9.25%. Cost of funds for the month of March 2021 stood at 8.7%. Our net gearing declined to 2.8x as of Mar 2021. We have limited borrowing repayments for next 1 year, strong undrawn borrowing lines and ALM places us in strong liquidity position.

We have invested significantly in technology to reduce operational costs and turnaround-times. In FY2021, we launched Digital MO Partner app. We developed our in-house "Loan Origination System" (LOS) and "Loan Management System" (LMS). These newly developed systems provides lot of ease of access, operational convenient, efficiency enhancement and fast tracking of processes. The mobile apps for sales and credit teams coupled with newly framed processes are expected to deliver much better outcomes in future.

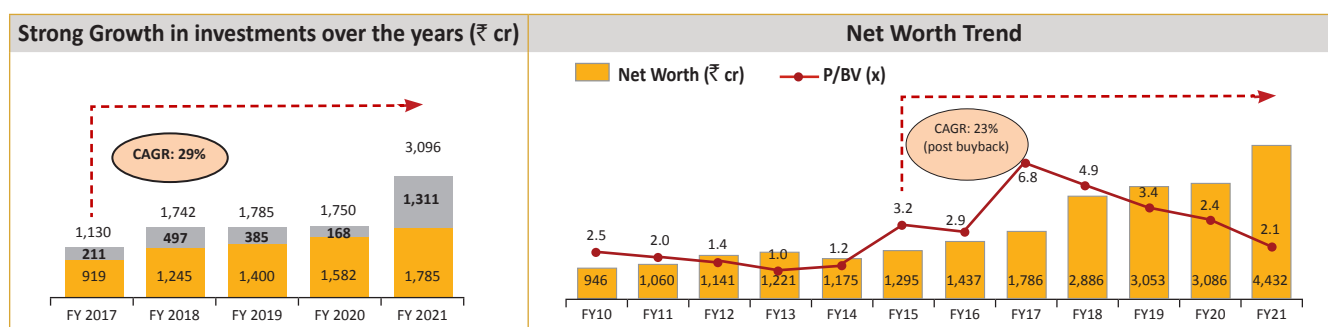


Fund based activities focusing on 'skin in the game' approach and enhancing Return on Equity

In line with the long term strategy to grow RoE sustainably, MOFSL had made strategic allocation of capital to long term RoE enhancing opportunities like Motilal Oswal Home Finance Ltd, and sponsor commitments to our mutual fund and private equity funds. As of Mar 2021, our total quoted equity investments stood at ₹ 2,180 crores. Our total investments including alternate investments stood at ₹ 3,096 crores as of Mar 2021. We witnessed highest ever gain on fund based investments in a year in FY2021 at ₹ 779 crores.

The reported ROE was 38% for the year and will grow followed by exits in private equity funds, as and when they reach their exit-stage.

Management Discussion and Analysis (Contd..)



Key Ratios

The ROE during the year FY2021 stood at 38% vs 6.6% in FY2020. ROE was lower in FY2020 primarily on account of MTM based loss. EBITDA and Net profit margins stood at 57% and 34% respectively in FY2021 (after intercompany adjustments). Debt to Equity ratio stood at 1.3x.

Opportunities and Threats

Opportunities

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

Threats

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

Strengths

Strong Brand name

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

Experienced top management

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

Integrated financial services provider

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

Independent and insightful research

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

Management Discussion and Analysis (Contd..)

- **One of largest distribution network – 2,500+ outlets across 550 cities**

MOFSL's financial products and services are distributed through a pan-India network. The business has grown from a single location to a nationwide network spread across 2,500+ business locations operated by business associates or directly through own branches in 550 cities. This extensive network provides opportunities to cross sell products and services, particularly as the company diversifies into new business streams. In addition to the geographical spread, MOFSL also offers an online channel to service customers.

- **Established leadership in Franchisee business**

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

- **Strong risk management**

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

- **State of art infrastructure**

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

- **Financial prudence**

MOFSL's operating margins continue to remain stable despite the fluctuations in market volumes and revenues. This is a result of creating a robust business model that can withstand the cyclical fluctuations in business volumes and simultaneously capture the opportunities provided by the structural growth of India. During the year, CRISIL Limited reaffirmed the Credit Rating of "CRISIL A1+" to the Commercial Paper Programme of ₹ 1500 crores (enhanced from ₹ 1300 crores) of the Company. CRISIL Limited reaffirmed the Credit Rating of "CRISIL A1+" to the Commercial Paper Programme of ₹ 2500 crores and "CRISIL A1+" to the Commercial Paper Programme of ₹ 800 crores (enhanced from ₹ 500 crores) of Motilal Oswal Finvest Limited, a subsidiary of the Company. CRISIL has also reaffirmed its "CRISIL AA-/CRISIL PP-MLD AA-r/Stable/CRISIL A1+" rating on the debt instruments and bank loan facilities of Motilal Oswal Home Finance Limited. ICRA Limited assigned the credit rating of "[ICRA] AA (Stable)" to the NCD programme of ₹ 100 crores and reaffirmed the credit rating of "[ICRA] AA(Stable)" to the NCD Programme of ₹ 200 crores of the company. ICRA has reaffirmed its "[ICRA]A+ (Stable)/ PP-MLD ICRA A+/Stable/ICRA A1+' rating on the debt instruments and withdrawn rating for bank loan facilities of Motilal Oswal Home Finance Limited. India Ratings and Research reaffirmed rating of "IND A1+" to Commercial Paper Programme of ₹ 1500 crores of Motilal Oswal Financial Services Limited. India rating also reaffirmed rating of "IND A1+" to Commercial Paper Programme of ₹ 3000 crores and assigned a new rating of "IND A1+" to Commercial Paper Programme of ₹ 300 crores of Motilal Oswal Finvest Limited. During the year, India Ratings has assigned a short-Term issuer rating of 'IND A1+' to Motilal Oswal Home Finance Limited. The ratings indicate a strong degree of safety regarding timely servicing of financial obligations.

Risks and concerns

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

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

Internal control systems and their adequacy

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

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

Report on Corporate Governance

REPORT ON CORPORATE GOVERNANCE

[As per regulation 34(3) read along with Schedule V(C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”)]

Corporate Governance Philosophy

The Company has set itself the objective of achieving excellence in its business. As a part of its growth strategy, the Company believes in adopting the ‘best practices’ that are followed in the area of Corporate Governance. The Company’s Philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

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

Board of Directors (“Board”)

Composition of Board:

The Company is in compliance with the provisions of Section 149 of the Companies Act, 2013 (“the Act”) and Regulation 17 of the Listing Regulations. As on March 31, 2021, the Board consists of Ten Directors comprising of Three Executive Directors, Two Non-Executive Directors and Five Independent Directors including two Woman Directors. The Company has a Non-Executive Chairman & he is Promoter of the Company and thus, 50% (Fifty Percent) of the total number of Directors are Independent. The Management of the Company is headed by Mr. Motilal Oswal, Managing Director & Chief Executive Officer of the Company, who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long-term objectives of enhancing stakeholders’ values are met.

All the Independent Directors have confirmed to the Board that they meet the criteria for Independence in terms of the definition of ‘Independent Director’ stipulated under Regulation 16(1)(b) of the Listing Regulations and Section 149(6) of the Act and are independent of the Management. These confirmations have been placed before the Board.

There were no material, financial and / or commercial transactions entered into between the Senior Management and the Company which could have potential conflict of interest with the Company at large. None of the Directors of the Company are inter-se related to each other.

Board Process:

The Board meets at regular intervals to discuss and decide on Company’s business policy and strategy apart from other normal business. The Board Meetings (including Committee Meetings) of the Company are scheduled after getting confirmation on dates from Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board’s approval is taken by passing resolution(s) by circulation, as permitted by law, which is noted in the subsequent Board Meeting.

The detailed Agenda together with the relevant notes to agendas is circulated to the Directors in advance. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions.

Where it is not practicable to circulate any document in advance or if the agenda is of a confidential nature, the same is placed at the meeting. In special and exceptional circumstances, consideration of additional or supplementary items is taken up with the approval of the Chair and majority of the Independent Directors. Senior Management Personnel are invited to the Board / Committee meeting(s) to provide additional inputs on the items being discussed by the Board / Committees thereof as and when necessary. The Chairman / Managing Director apprises the Board at every meeting on the overall performance of the Company, followed by the detailed presentation by Chief Financial Officer of the Company.

The Company Secretary is responsible for preparation of the Agenda and convening of the Board and Committee meetings. The Company Secretary attends all the meetings of the Board and its Committees, advises / assures the Board on Compliance and Governance principles and ensures appropriate recording of minutes of the meetings.

For facilitating circulation of Board folders in electronic form and reducing consumption of papers, the Company has adopted a web-based application for transmitting Agenda, Minutes and other papers relating to Board / Committee Meeting(s). The Directors of

Report on Corporate Governance (Contd..)

the Company receive the Board papers in electronic form through this application, which can be accessed only through iPad/MacBook. The application meets the high standards of security and integrity that is required for storage and transmission of Board / Committee Agenda and Minutes in electronic form.

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

The draft Minutes of the proceedings of the meetings of the Board / Committee(s) are circulated to all the members of the Board or the Committee for their perusal, within fifteen days from the date of the conclusion of the Meeting. Comments, if any, received from the Directors are incorporated in the Minutes, in consultation with the Chairman. The Minutes are approved by the members of the Board / Committee(s), prior to the next meeting and confirmed thereat.

Information to the Board:

The Board has complete access to the information within the Company, which inter alia includes–

- Annual revenue budgets and capital expenditure plans of the Company and its subsidiaries.
- Quarterly results and results of operations of subsidiaries.
- Financing plans of the Company.
- Minutes of the meetings of the Board of Directors and Committees of the Board.
- Minutes of the Board Meetings of subsidiaries.
- Details of potential acquisitions or collaboration agreement, if any.
- Material default, if any, in the financial obligations to and by the Company or substantial non-payment for services rendered, if any.
- Any issue, which involves possible public liability claims of substantial nature, including any judgment or order, if any, which may have strictures on the conduct of the Company.
- Developments in respect of human resources.
- Non-compliance of any regulatory, statutory nature or listing requirements and investor service such as non-payment of dividend, delay in share transfer, etc., if any.

Performance Evaluation:

In terms of provisions of the Act read with Rules issued there under and Regulations 17 and 19 of the Listing Regulations, the Board, on recommendation of the Nomination and Remuneration Committee, have evaluated the effectiveness of the Board. Accordingly, the performance evaluation of the Board, each Director and the Committees was carried out for the financial year ended March 31, 2021. The evaluation of the Directors was based on various aspects which, inter alia, included the level of participation in the Board Meetings, inputs provided to executive management on matters of strategic importance, familiarization with the business of the Company and its subsidiaries etc.

Meeting of Independent Directors:

Section 149(8) of the Act read with Schedule IV of the Act requires the Independent Directors of the Company to hold at least one meeting in a financial year, without the attendance of non-independent directors and senior management. The Independent Directors of the Company met twice i.e. on May 11, 2020 & December 24, 2020 during the year under review, pursuant to the provisions of the Act and the Listing Regulations. The Chairman of aforesaid Meetings of Independent Directors were Mr. Praveen Tripathi & Mr. Chandrashekhhar Karnik respectively.

Familiarization Programmes for Independent Directors:

The Company has familiarized the Independent Directors of the Company with Programmes which aims to provide them in depth insight and understanding of the businesses and operations of the Company and its subsidiaries, which enables and assists them in performing their role as Independent Directors of the Company. The Details of the familiarization

Report on Corporate Governance (Contd..)

programmes imparted to the Independent Directors has been disclosed on the website of the Company at https://www.motilaloswalgroup.com/Downloads/IR/248230074Familiarization-Programmes-for-Independent-Director_2021.pdf

Matrix setting out the Skills / expertise / competence of the Board of Directors:

The following is the list of core skills / expertise / competencies possessed by the Board of Directors of the Company, which are essential for the functioning of the Company in an effective manner:-

Sr. No.	Name of the Directors	Skills / Expertise / competences						
		Business & Industry	Leadership & Human Resource	Finance	Risk	Legal, Compliance & Governance	Marketing & Sales	Digital & Information Technology
1.	Mr. Raamdeo Agarawal	✓	✓	✓	✓	✓	✓	
2.	Mr. Motilal Oswal	✓	✓	✓	✓	✓	✓	✓
3.	Mr. Navin Agarwal	✓	✓	✓	✓	✓	✓	✓
4.	Mr. Ajay Menon	✓		✓	✓	✓	✓	✓
5.	Mr. Rajat Rajgarhia	✓		✓			✓	
6.	Mr. C. N. Murthy	✓	✓	✓		✓	✓	
7.	Mr. Pankaj Bhansali	✓		✓	✓	✓		
8.	Mrs. Divya Momaya	✓		✓	✓	✓	✓	✓
9.	Mr. Chandrashekhar Karnik	✓	✓	✓		✓	✓	
10.	Mrs. Swanubhuti Jain	✓		✓		✓	✓	✓

Board Meetings held during the year:

During the Financial Year ("FY") 2020-21, the Board met Five times i.e. on May 11, 2020, July 31, 2020, October 30, 2020, December 24, 2020 and January 28, 2021. The maximum gap between any two meetings was not more than one hundred and twenty days. The required quorum was present at all the above meetings. The meetings of the Board are generally held at the Registered Office of the Company.

Attendance & Other details:

The attendance of the members of the Board at the meetings held during the FY2020-21 and at the previous Annual General Meeting ("AGM") held on July 30, 2020 and also the number of other Directorships and Memberships / Chairpersonship of Committees held by them as on March 31, 2021 are as follows:

Name of the Director	Category	DIN	Board Meetings		Attendance at the previous AGM	Number of Directorships and Committee Membership/ Chairpersonship (including in Company)			No. of Independent Directorships ⁽³⁾ (including in Company)
			No. of meetings held during the year	No. of meetings attended		Directorship ⁽¹⁾	Member ⁽²⁾	Chairperson ⁽²⁾	
Mr. Raamdeo Agarawal	P, C & NED	00024533	5	5	Present	10	3	1	–
Mr. Motilal Oswal	P, MD&CEO	00024503	5	5	Present	10	4	1	–
Mr. Navin Agarwal	NED	00024561	5	5	Present	6	2	–	–
Mr. Ajay Menon	WTD	00024589	5	4	Present	5	1	1	–
Mr. Rajat Rajgarhia ⁽⁴⁾	WTD	07682114	3	3	NA	3	–	–	–
Mr. C. N. Murthy ⁽⁵⁾	ID	00057222	4	4	Present	1	1	–	1
Mr. Pankaj Bhansali ⁽⁵⁾	ID	03154793	4	4	Present	5	1	1	1
Mrs. Divya Momaya ⁽⁵⁾	ID	00365757	4	4	Present	4	2	–	2
Mr. Chandrashekhar Karnik ⁽⁶⁾	ID	00003874	3	3	NA	2	2	–	1
Mrs. Swanubhuti Jain ⁽⁷⁾	ID	09006117	1	1	NA	2	–	–	1

Report on Corporate Governance (Contd..)

Name of the Director	Category	DIN	Board Meetings		Attendance at the previous AGM	Number of Directorships and Committee Membership/ Chairpersonship (including in Company)			No. of Independent Directorships ⁽³⁾ (including in Company)
			No. of meetings held during the year	No. of meetings attended		Directorship ⁽¹⁾	Member ⁽²⁾	Chairperson ⁽²⁾	
Ms. Rekha Shah ⁽⁸⁾	ID	07072417	2	2	Present	NA	–	–	–
Mr. Vivek Paranjpe ⁽⁹⁾	ID	03378566	1	1	Present	NA	–	–	–
Mr. Praveen Tripathi ⁽⁹⁾	ID	03154381	1	1	Present	NA	–	–	–
Ms. Sharda Agarwal ⁽⁹⁾	ID	00022814	1	1	Present	NA	–	–	–

P – Promoter C – Chairman MD&CEO – Managing Director & Chief Executive Officer WTD – Whole-Time Director ID – Independent Director NED – Non-Executive Director

Notes:

- (1) Section 8 companies are excluded.
- (2) Memberships include Chairpersonship. Only memberships of Audit Committee and Stakeholders Relationship Committee are considered. This includes memberships in deemed public company.
- (3) Only Equity listed companies are considered.
- (4) Appointed as WTD w.e.f. July 31, 2020
- (5) Appointed as an ID w.e.f. July 01, 2020
- (6) Appointed as an ID w.e.f. September 16, 2020
- (7) Appointed as an ID w.e.f. December 24, 2020
- (8) Ceased to be ID w.e.f. October 01, 2020
- (9) Ceased to be ID w.e.f. July 30, 2020
- None of the Directors on the Board are Member of more than 10 Committees and Chairperson of more than 5 Committees across all listed entities in which they hold Directorship.
 - None of the Independent Directors hold office as an Independent Director in more than seven equity listed companies.
 - Further, no Executive Director of the Company is serving as an Independent Director in any company.

Details of Directorship in Listed Entities as on March 31, 2021:

The details of directorship held by Directors of the Company in other listed entities as on March 31, 2021 are as follows:-

Sr. No.	Name of the Director	Name of the Listed Entity*	Category of Directorship
1	Mrs. Divya Momaya	Arihant Superstructures Limited	Independent Director

*Equity Listed Entities are covered

During the year FY2020-21, Mrs. Rekha Shah, has been resigned from the Company as Independent Director of the Company w.e.f. October 01, 2020, due to increase in work commitments. Also Mrs. Shah confirms that there are no material reason for her resignation.

Committees of the Board:

With a view to have a more focused attention on the business and for better governance and accountability, the Board has constituted including but not limited to various below mentioned Committees under the Act and Listing Regulations for compliance and / or administrative purpose. All decisions pertaining to the constitution of the Committees, appointment of members and fixing of terms of reference for the Committee is taken by the Board of Directors. The Committees make specific recommendations to the Board on various matters whenever required. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval:-

- 1) Audit Committee;
- 2) Nomination and Remuneration Committee;
- 3) Stakeholders Relationship Committee;

- 4) Corporate Social Responsibility Committee;
- 5) Risk Management Committee;
- 6) Finance Committee
- 7) Business Responsibility Committee
- 8) Technology Committee

1) Audit Committee

The terms of reference of the Committee are as follows:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement are correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act.
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism / Vigil Mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

Report on Corporate Governance (Contd..)

20. To review the utilization of loans and / or advances from / investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary.

Composition, Meetings and Attendance:

During the FY2020-21, the Audit Committee met five times i.e. on May 11, 2020, July 31, 2020, October 30, 2020, December 24, 2020 and January 28, 2021. The maximum gap between any two meetings was not more than one hundred and twenty days. The details of the Composition of the Committee, number of meetings held and the attendance of the Members are given herein below:-

Name of the Member	Category	Designation in the Committee	No. of Meetings	
			Held	Attended
Mr. Praveen Tripathi ⁽¹⁾	ID	Chairman	1	1
Mr. Vivek Paranjpe ⁽¹⁾	ID	Member	1	1
Ms. Sharda Agarwal ⁽¹⁾	ID	Member	1	1
Ms. Rekha Shah ⁽²⁾	ID	Member	2	2
Mr. Pankaj Bhansali ⁽³⁾	ID	Chairman	4	4
Mr. C.N. Murthy ⁽³⁾	ID	Member	4	4
Mrs. Divya Momaya ⁽³⁾	ID	Member	4	4
Mr. Chandrashekhar Karnik ⁽⁴⁾	ID	Member	2	2

⁽¹⁾ Ceased to be Member w.e.f. July 01, 2020.

⁽²⁾ Ceased to be Member w.e.f. October 01, 2020

⁽³⁾ Appointed as Member w.e.f. July 01, 2020

⁽⁴⁾ Appointed as Member w.e.f. October 30, 2020

Mr. Murad Daruwalla, Partner of M/s. Walker Chandio & Co. LLP, Chartered Accountants, Statutory Auditors and Mr. Naren Aneja, Proprietor of M/s. Aneja & Associates, Internal Auditors are permanent invitees to the Audit Committee Meetings. The internal auditor reports directly to the Audit Committee.

2) Nomination and Remuneration Committee

The terms of reference of the Committee are as follows:

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 of such 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.
5. To decide on the commission payable to the Directors within the prescribed limit and as approved by the shareholders of the Company.
6. To devise the policy on Board's diversity.
7. To formulate, implement and administer Employee Stock Option Scheme(s) of the Company and grant stock options to the employees.
8. To recommend to the Board, all remuneration, in whatever form, payable to Senior Management.
9. 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.
10. To decide whether to extend or continue the term of appointment of the independent director on the basis of report of performance evaluation of independent director.
11. Such other powers to be exercised by NRC pursuant to circulars, notifications issued by Statutory & Regulatory authorities from time to time.

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Composition, Meetings and Attendance:

During the FY2020-21, the Committee met Five times i.e. on May 11, 2020, July 31, 2020, October 30, 2020, December 24, 2020 and January 28, 2021. The details of the Composition of the Committee, number of meetings held and the attendance of the Members are given herein below:-

Name of the Member	Category	Designation in the Committee	No. of Meetings	
			Held	Attended
Mr. Vivek Paranjpe ⁽¹⁾	ID	Chairman	1	1
Mr. Praveen Tripathi ⁽¹⁾	ID	Member	1	1
Mrs. Sharda Agarwal ⁽¹⁾	ID	Member	1	1
Mr. C. N. Murthy ⁽²⁾	ID	Chairman	4	4
Mr. Pankaj Bhansali ⁽²⁾	ID	Member	4	4
Mrs. Divya Momaya ⁽²⁾	ID	Member	4	4
Mr. Raamdeo Agarawal ⁽³⁾	C&NED	Member	5	5
Mr. Chandrashekhar Karnik ⁽⁴⁾	ID	Member	–	–

⁽¹⁾ Ceased to be Member w.e.f. July 01, 2020

⁽²⁾ Appointed as Member w.e.f. July 01, 2020

⁽³⁾ Ceased to be Member w.e.f. April 29, 2021

⁽⁴⁾ Appointed as Member w.e.f. April 29, 2021

Nomination and Remuneration Policy:

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

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

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

The Nomination and Remuneration Policy of the Company including the criteria for making payments to Directors, Key Managerial Personnel (“KMP”) and Senior Management is uploaded on the Website of the Company at <https://www.motilaloswalgroup.com/Downloads/IR/724496156Nomination-and-Remuneration-Policy.pdf>

Remuneration to Directors:

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

Mr. Motilal Oswal, Managing Director & Chief Executive Officer, Mr. Ajay Menon, Whole- Time Director and Mr. Rajat Rajgarhia, Whole-Time Director draws remuneration from the Company. Apart from the reimbursement of expenses incurred in discharge of their duties and the sitting fees and commission that the Independent Directors would be entitled to receive under the Act, none of the Independent Directors has any other material pecuniary relationship or transactions with the Company, its Promoters, its Directors, its Management, its Subsidiary Companies and its Associate Companies which would affect their independence.

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Remuneration to the Executive Directors

(Amount in ₹)

Name of the Director	Category	Salary ⁽¹⁾	Variable Pay	Perquisites	Total
Mr. Motilal Oswal	MD&CEO	(*)24,060,000	0	0	24,060,000
Mr. Ajay Menon	WTD	9,534,408	20,000,000	148,800	29,683,208
Mr. Rajat Rajgarhia ⁽²⁾	WTD	11,816,285	20,000,000	120,000	31,936,285
Mr. Navin Agarwal ⁽³⁾	NED	7,446,700	0	13,200	7,459,900
Total					93,139,393

(*) Including incentives of Rs. 60,000

⁽¹⁾ Based on policy formulated by the NRC and approved by the Board.

⁽²⁾ Appointed as WTD w.e.f. July 31, 2020

⁽³⁾ Appointed as NED w.e.f. July 31, 2020

- The aforesaid Managerial remuneration does not include Provision for Gratuity and Insurance Premiums for medical and life.
- The Executive Directors are provided with various benefits including reimbursement of expenses, leave travel concession etc.
- None of the Executive Directors of the Company have received the pension and severance fees from the Company. Also, the Company has not entered into the service contracts and there is no provision of notice period in the Company for Directors.

Remuneration paid to Non-Executive Directors

The Independent Directors are paid the sitting fees of ₹ 20,000/- for every Meeting of the Board and ₹ 10,000/- for every meeting of the Committees of the Board attended by them. The shareholders of the Company at the Annual General Meeting held on July 27, 2017 approved the payment of Commission up to an amount not exceeding 1% of the Net Profits of the Company computed in accordance with the provisions of Section 198 and other applicable provisions of the Act, to Independent Directors of the Company for period of five years with effect from April 1, 2017. The Nomination and Remuneration Committee at its Meeting held on April 29, 2021 approved the payment of Commission of ₹ 4,50,000/- to Mr. C. N. Murthy ₹ 3,00,000/- each to Mr. Chandrashekar Karnik, Mr. Pankaj Bhansali & Mrs. Divya Momaya respectively and ₹ 1,00,000/- to Mrs. Swanubhuti Jain, Independent Directors of the Company, for the FY2020-21. However, considering the tenure served by Mrs. Swanubhuti Jain in the FY2020-21 i.e. approx. 3 months, the Committee approved a Commission of ₹ 100,000/- on pro-rata basis to Mrs. Jain. Also since Mr. C.N. Murthy undertake various leadership training sessions for Senior Management of Motilal Oswal Group, the Committee approved the remuneration of ₹ 1,50,000/- by way of Commission for his service offered to Company in addition to ₹ 300,000/- for the FY2020-21. Mr. Raamdeo Agarawal, Non-Executive Non-Independent Director of the Company is not paid any sitting fees for attending Board Meetings & various Committee Meetings. However, pursuant to the recommendation of Nomination and Remuneration Committee, the Board at its meeting held on July 31, 2019 has approved the payment of remuneration of ₹ 12,00,000/- per annum by way of monthly commission of ₹ 1,00,000/- per month to Mr. Raamdeo Agarawal, Non-Executive Chairman of the Company. Mr. Navin Agarwal, the Non-Executive Director of the Company is in the Whole time employment of Motilal Oswal Asset Management Company Limited ("MOAMC"), a material subsidiary of the Company and draws remuneration from MOAMC. Also Mr. Navin Agrawal is not paid any sitting fees for attending Board Meetings & various Committee Meetings.

Details of the sitting fees & commission paid to the Non-Executive Directors for the FY2020-21 are given herein below:-

(Amount in ₹)

Name of the Director	Category	Sitting Fees for Board Meeting	Sitting Fees for Committee Meeting	Commission	Total
Mr. Raamdeo Agarawal	C & NED	—	—	12,00,000	1,200,000
Mr. Vivek Paranjpe ⁽¹⁾	ID	20,000	30,000	—	50,000
Mr. Praveen Tripathi ⁽¹⁾	ID	20,000	20,000	—	40,000
Ms. Sharda Agarwal ⁽¹⁾	ID	20,000	20,000	—	40,000
Ms. Rekha Shah ⁽²⁾	ID	40,000	20,000	—	60,000
Mr. C. N. Murthy ⁽³⁾	ID	80,000	90,000	4,50,000	6,20,000

Report on Corporate Governance (Contd..)

Name of the Director	Category	Sitting Fees for Board Meeting	Sitting Fees for Committee Meeting	Commission	Total
Mr. Pankaj Bhansali ⁽³⁾	ID	80,000	80,000	300,000	460,000
Mrs. Divya Momaya ⁽³⁾	ID	80,000	80,000	300,000	460,000
Mr. Chandrashekhar Karnik ⁽⁴⁾	ID	60,000	40,000	300,000	400,000
Mrs. Swanubhuti Jain ⁽⁵⁾	ID	20,000	–	100,000	120,000
Total		420,000	380,000	2,650,000	3,450,000

⁽¹⁾ Ceased to be ID w.e.f. July 30, 2020

⁽²⁾ Ceased to be ID w.e.f. October 01, 2020

⁽³⁾ Appointed as ID w.e.f. July 01, 2020

⁽⁴⁾ Appointed as ID w.e.f. September 16, 2020

⁽⁵⁾ Appointed as ID w.e.f. December 24, 2020

In accordance with the provisions of the Act and Listing Regulations, Independent Directors are not eligible for any employee stock options.

Shares held by the Non-Executive Directors

The details of the Equity Shares of the Company held by the Non-Executive Directors as on March 31, 2021 is given herein below:-

Name of the Director	Category	No. of Equity Shares held
Mr. Raamdeo Agarawal	NED	75,92,365
Mr. Navin Agrawal	NED	77,04,010
Mr. C.N. Murthy	ID	Nil
Mr. Pankaj Bhansali	ID	Nil
Mr. Chandrashekhar Karnik	ID	Nil
Mrs. Divya Momaya	ID	Nil
Mrs. Swanubhuti Jain	ID	Nil
Total		1,52,96,375

3) Stakeholders Relationship Committee

The terms of reference of the Committee are as follows:

- To address requests / resolve grievances of security holders including complaints related to transfer / transmission of securities, non-receipt of balance sheet, non-receipt of declared dividends / interests, etc.
- To monitor and transfer the amounts/shares transferable to Investor Education and Protection Fund ("IEPF").
- To approve transfer / transmissions of securities.
- Taking decision on waiver of requirement of obtaining the Succession Certificate / Probate of Will on case to case basis.
- To address the remat / demat requests of security holders for rematerialisation / dematerialisation of securities.
- To issue duplicate share / debenture certificate(s) reported lost, defaced or destroyed as per the laid down procedure and to resolve the grievances of security holders of the Company.
- Attending to complaints of security holders routed by SEBI (SCORES) / Stock Exchanges / RBI or any other Regulatory Authorities.
- Specifically look into the various aspects of interest of shareholders, debenture holders and other security holders.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

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11. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.
12. Any other matters that can facilitate better investor services and relations.

Composition, Meetings and Attendance:

During the FY2020-21, the Committee met once i.e. on January 28, 2021. The details of the Composition of the Committee, number of meeting(s) held and the attendance of the Members are given herein below:-

Name of the Member	Category	Designation in the Committee	No. of Meetings	
			Held	Attended
Ms. Rekha Shah ⁽¹⁾	ID	Chairperson	–	–
Mr. Raamdeo Agarawal ⁽²⁾	C & NED	Chairman	1	1
Mr. Motilal Oswal	MD&CEO	Member	1	1
Mr. Navin Agarwal	MD	Member	1	1
Mr. Chandrashekhar Karnik ⁽³⁾	ID	Member	1	1

⁽¹⁾ Ceased to be Member & Chairperson w.e.f. October 01, 2020

⁽²⁾ Appointed as Chairman w.e.f. October 30, 2020

⁽³⁾ Appointed as Member w.e.f. October 30, 2020

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

Details of queries and grievances received and attended by the Company during the FY2020-21 are given herein below:

Sr. No.	Nature of Complaint	Pending as on April 1, 2020	Received during the year	Disposed off during the year	Pending as on March 31, 2021
i.	SEBI / Stock Exchange Complaints	0	0	0	0
ii.	Non-receipt of Dividend warrant / Interest	–	1	1	–
iii.	Non-receipt of Share Certificate	–	–	–	–
iv.	Non-receipt of Annual Report	–	–	–	–
v.	Others	–	–	–	–
	Total	0	1	1	0

SEBI Complaints Redress System (SCORES)

Securities and Exchange Board of India (“SEBI”) administers a centralised web based complaints redress system (“SCORES”). It enables investors to lodge and follow up complaints and track the status of redressal online on the website at www.scores.gov.in. It also enables the market intermediaries and listed companies to receive the complaints from investors against them, redress such complaints and report redressal of such complaints. All the activities starting from lodging of a complaint till its disposal are carried online in an automated environment and the status of every complaint can be viewed online at any time. The Company has registered itself on SCORES and endeavors to resolve all investor complaints received through SCORES.

All complaints have been redressed to the satisfaction of the shareholders and none of them were pending as on March 31, 2021.

4) Corporate Social Responsibility Committee

The terms of reference of the Committee are as follows:

1. Formulate and recommend to the Board, a Corporate Social Responsibility (“CSR”) 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 (1).
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.
5. Formulate and recommend to the Board for its approval, an annual action plan in pursuance to the CSR policy.

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- Such other powers to be exercised by CSRC pursuant to circulars, notifications issued by Statutory & Regulatory Authorities from time to time.

Composition, Meetings and Attendance:

During the FY2020-21, the Committee met twice i.e. on May 11, 2020 and October 30, 2020. The details of the Composition of the Committee, number of meetings held and the attendance of the Members are given herein below:-

Name of the Member	Category	Designation in the Committee	No. of Meetings	
			Held	Attended
Mr. Motilal Oswal	MD	Chairman	2	2
Mr. Raamdeo Agarawal	C&NED	Member	2	2
Mr. Praveen Tripathi ⁽¹⁾	ID	Member	1	1
Mr. C.N. Murthy ⁽²⁾	ID	Member	1	1

⁽¹⁾ Ceased to be Member w.e.f. July 01, 2020

⁽²⁾ Appointed as Member w.e.f. July 01, 2020

The CSR Policy devised in accordance with Section 135 of the Act and the details about CSR Policy and initiatives and activities undertaken by the Company on CSR during the financial year 2020-21 is annexed as “Annexure-4” to the Board’s Report.

5) Risk Management Committee

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

The terms of reference of the Committee are as follows:

- Reviewing and approving the risk management policy and associated framework, processes and practices of the Company on an annual basis;
- Ensuring the appropriateness of the Company in taking measures to achieve prudent balance between risk and reward in both ongoing and new business activities;
- Evaluating significant risk exposure of the Company and assessing Management’s action to mitigate / manage the exposure in timely manner;
- Laying down the risk tolerance limits and Monitoring risk exposures at periodic intervals;
- Reporting to the Board on periodical basis;
- Assist the Board in effective operation of risk management system by performing specialized analyses and quality reviews;
- Maintaining a group-wise and aggregated view on the risk profile of the Company in addition to the solo and individual risk profile;
- Reviewing, investigating the instances reported for unethical behavior of employees or Senior Management Officials and taking suitable disciplinary action against such employees.
- Overseeing and Identifying the wilful defaulters;
- Monitoring and Reviewing of the Risk Management Plan including Cyber Security.
- Such other powers to be exercised by RMC pursuant to circulars, notifications issued by Statutory & Regulatory authorities from time to time.

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Composition:

During the FY2020-21, the Committee met twice i.e. on May 11, 2020 & September 10, 2020. The details of the Composition of the Committee, number of meeting(s) held and the attendance of the Members are given herein below:-

Name of the Member	Category	Designation in the Committee	No. of Meetings	
			Held	Attended
Mr. Motilal Oswal	MD	Chairman	2	2
Mr. Navin Agarwal	NED	Member	2	2
Mr. Ajay Menon	WTD	Member	2	2
Mr. Shalibhadra Shah	CFO	Member	2	2
Mr. Pankaj Bhansali ⁽¹⁾	ID	Member	–	–
Mr. Anupam Agal ⁽²⁾	SEVP	Member	–	–

CFO: Chief Financial Officer

SEVP: Senior Executive Group Vice President

⁽¹⁾ Appointed as Member w.e.f. April 29, 2021

⁽²⁾ Appointed as Member w.e.f. April 29, 2021

6) Finance Committee

The terms of reference of the Committee are as follows:

1. To review, evaluate and approve the Investments to be made by the Company;
2. To borrow monies from Banks, financial institution, Body Corporate(s) or any other person for funding capital requirement of the Company and its subsidiaries, the amount outstanding at any point of time not exceeding the overall limit of ₹ 7,500 crores;
3. To create Pledge / hypothecate / mortgage and / or charge on both movable and immovable assets not exceeding the overall limit of ₹ 10,000 crores;
4. To provide loans to any Body Corporate / Person not exceeding the overall limit of ₹ 2,000 crores and / or give guarantee or provide security in connection to loan to any other body corporate or person not exceeding ₹ 4,000 crores;
5. Allotment of Shares, Debentures and other securities;
6. Acquisition by way of subscription, purchase of otherwise the securities of any body corporate including investment in private equity funds and real estate funds not exceeding overall limits of ₹ 3,000 crores;
7. Affix common seal of the Company on instruments or deeds or on any document(s) as may be required in the presence of at least one Director or such other person as the Committee may appoint for the purpose;
8. Investments, Deployment, Liquidation and re-deployment of surplus funds of the Company, temporary or otherwise, from time to time, in units of mutual fund schemes, units of liquid funds, Discounting of Bills of Exchange, unit of collective investment schemes, inter-corporate deposits, derivatives, Foreign Exchange, Government Securities, national savings certificates, postal savings certificates, and subject to the provision of Section 186 of the Companies Act, 2013 and investment in any other marketable / financial instrument and any other instrument traded on the Stock Exchange(s) and Commodity Exchange(s) from time to time, the amount to be invested at any point of time not exceeding ₹ 5,100 crores;
9. Review and monitoring of the business policies and operational decisions as set by the Board, from time to time;
10. Supervision and review of the performance of various operational activities on an ongoing basis;
11. Authorise negotiations and arrangements for operational and administrative requirements;
12. Opening and closing current / cash credit / overdraft / fixed deposit or other accounts including depository accounts with any scheduled bank and / or depository participant, authorize the officials of the Company to operate the same and to vary the existing authorization in respect of these accounts;
13. Issue of Power of Attorneys / Delegation Letter to the Officials of the Company;

Report on Corporate Governance (Contd..)

14. Execute, sign, certify any agreement, MOU, undertaking, document, deed and other writings in relation to the day-to-day matters;
15. Authorise Officials of the Company to initiate legal action, sign documents / deeds / undertakings and other writings and represent the Company in litigation and settle any legal disputes in connections with any legal proceedings by or against the Company;
16. Registration, renewal / continuation of registration and continuing compliance and observance of various provisions of Shops & Establishment, Sales Tax, Service Tax, Professional tax and such other legislations and rules, regulations and directions made or issued there under;
17. To undertake all activities to act as sponsor and to decide quantum of investment and / or commitment in these funds, schemes, trusts and to do all such acts, deeds, and things as may be necessary in this regard;
18. Grant of authority to avail online payment gateway facility;
19. To take decisions with respect to matters of acquisition, disposal and utilization of premises (by way of sale, purchase, lease, leave & license or otherwise) for and on behalf of the Company;
20. To open, operate and close Bank Accounts / Demat Accounts;
21. To acquire broking & distribution business and other businesses of various entities, in one or more tranches, for total consideration value up to ₹ 25 crores and to sign, file and submit documents for obtaining regulatory approvals, if any, in this regard and carry out such other incidental & ancillary matters;
22. To sign and execute all forms and other documents for the foregoing purposes and to do all such acts as may be ancillary or incidental to the foregoing purposes;
23. Any other incidental or other matter in the ordinary course of business, including delegation of powers for routine matters, and / or may be delegated by the Board, from time to time.

Composition:

The details of the Composition of the Committee are given herein below:-

Name of the Member	Category	Designation in the Committee
Mr. Motilal Oswal	MD&CEO	Chairman
Mr. Raamdeo Agarawal	C&NED	Member
Mr. Navin Agarwal	NED	Member
Mr. Ajay Menon	WTD	Member

7) Business Responsibility Committee

The terms of reference of the Committee are as follows:

1. Frame and overview polices pertaining to principles of Business Responsibility as may be required from time to time.
2. Overview and Recommend the Business Responsibility Report to the Board.
3. Undertake various Environment, Social and Governance (ESG) initiatives.
4. Such other powers to be exercised by BRC pursuant to circulars, notifications issued by Statutory & Regulatory authorities from time to time.

Composition:

The details of the Composition of the Committee are given herein below:-

Name of the Member	Category	Designation in the Committee
Mr. Motilal Oswal	MD&CEO	Chairman
Mr. Sudhir Dhar	Group Head – Human Resources and Administration	Member
Mr. Navin Agarwal ⁽¹⁾	NED	Member

⁽¹⁾ Appointed as Member w.e.f. April 29, 2021

8) Technology Committee

The terms of reference of the Committee are as follows:

1. Review the implementation of the Cyber Security and Cyber Resilience Policy.
2. Review of current IT and Cyber Security and Cyber Resilience Capabilities.
3. Set goals for a target level of Cyber Resilience.
4. Establish plans to improve and strengthen Cyber Security and Cyber Resilience.
5. Any other ancillary matters related to the domain of Information Technology.

Composition:

The details of the Composition of the Committee are given herein below:-

Name of the Member	Category	Designation in the Committee
Mr. Pankaj Purohit	Head, IT	Chairman
Mr. Sehum Shah	VP- IT- Designated officer	Member
Mr. Manish Bobdey	VP- IT	Member
Mr. Atul Sashittal	Representative- Eduvanz Financing Private Limited	Member

IT: Information Technology

VP: Vice President

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 adopted a 'Policy against Sexual Harassment' as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act") and an Internal Complaints Committee has also been set up to redress complaints received regarding sexual harassment. As per the policy, any women employee may report her complaint to the Committee. We affirm that adequate access was provided to any complainant who wish to register a complaint under the policy.

Sr. No.	Category	No. of complaints filed during FY2020-21	No. of complaints disposed of during FY2020-21	No. of complaints pending as on end March 31, 2021
1.	Sexual Harassment	0	0	0
2.	Discriminatory employment	0	0	0

Management Discussion and Analysis

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

General Body Meetings

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

No.	Date	Venue	Time	Special Resolutions passed
13th AGM	September 27, 2018	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai – 400 025.	4.00 p.m.	i) Authorization to offer or invite subscription, issue and allot Secured / Unsecured Redeemable Non-Convertible Debentures ("NCDs") on Private Placement basis, aggregating up to ₹ 2,000 crores ii) Approval to Subsidiary, Motilal Oswal Asset Management Company Limited for selling, Leasing and Disposing of its Assets in excess of twenty percent of its total assets, respectively in any financial year

Report on Corporate Governance (Contd..)

No.	Date	Venue	Time	Special Resolutions passed
14th AGM	July 31, 2019	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai – 400 025.	4.00 p.m.	Issuance of Equity Shares on Preferential basis
15th AGM	July 30, 2020	Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") at Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai- 400025 (deemed venue)	4.00 p.m.	Approval to Material Wholly Owned Subsidiary, Motilal Oswal Finvest Limited, for Selling, Leasing and Disposing of its Assets in excess of twenty percent of its total assets, respectively in any financial year

Postal Ballot Resolution(s)

During the FY2020-21, the Company has not passed any resolution for obtaining approval of members through postal ballot.

Means of Communication:

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

The Company informs BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") about all price sensitive matters or such other matters which in its opinion are material and of relevance to the members and the same are also displayed on the Company's website. Further, in compliance to the provisions of Regulation 30 of the Listing Regulations, the Company has disclosed on its website, a duly approved Policy on Determination of Materiality of Events.

NSE Electronic Application Processing System (NEAPS) and BSE Corporate Compliance & Listing Centre ('Listing Centre'):

The NEAPS and BSE Listing Centre are a web-based application designed by NSE and BSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS and the Listing Centre.

General Shareholders' Information

Annual General Meeting Date, Time and Venue	Monday, August 09, 2021 at 4.00 p.m. Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400 025.
Financial Year	April 1, 2020 to March 31, 2021
Dividend Payout Date	The Company has paid interim dividend of ₹ 5/- per Equity Share.
Listing on Stock Exchanges	1. BSE 2. NSE The requisite Annual listing fees for financial year 2021-22 have been paid in full to BSE and NSE.
Stock Code / ISIN No.	BSE: 532892 NSE: MOTILALOSF
Equity:	
Debt:	Series A: INE338I07057 Series B: INE338I07065

Report on Corporate Governance (Contd..)

Market Price Data:

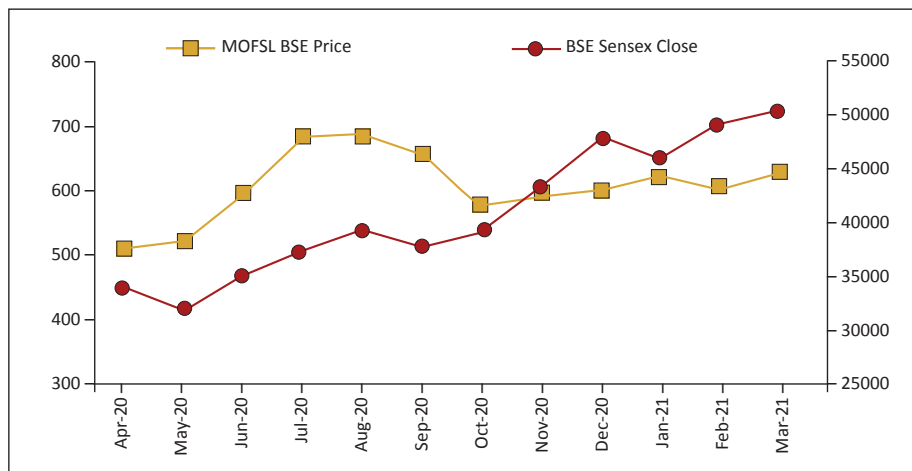
High, Low and Close Price during each month in the last financial year at BSE and NSE:-

Month	BSE (₹)		NSE (₹)	
	High Price	Low Price	High Price	Low Price
April, 2020	569.45	465.20	570.00	453.00
May, 2020	531.05	475.70	532.35	475.25
June, 2020	648.95	521.00	640.00	521.35
July, 2020	739.50	584.25	734.50	584.15
August, 2020	742.45	656.00	742.00	655.05
September, 2020	697.15	600.00	697.00	600.00
October, 2020	652.8	538.50	653.50	538.00
November, 2020	639.75	547.40	638.50	545.45
December, 2020	676.60	583.05	665.70	585.00
January, 2021	679.45	591.60	680.00	592.00
February, 2021	647.85	593.40	648.00	591.70
March, 2021	692.50	606.50	691.10	604.00

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

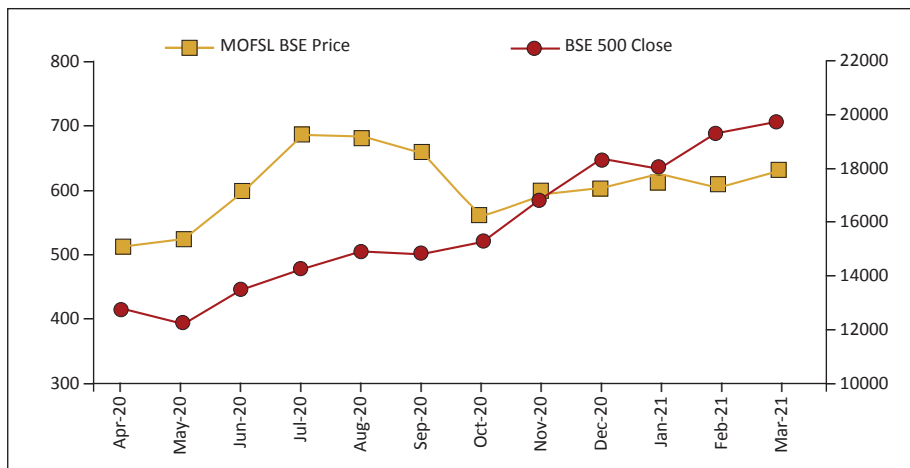
The Company is the constituent of the BSE – 500. The performance of the Company's shares relative to the BSE Sensex, BSE – 500 and S&P CNX Nifty is given in the chart below:-

MOFSL Share performance versus BSE Sensex

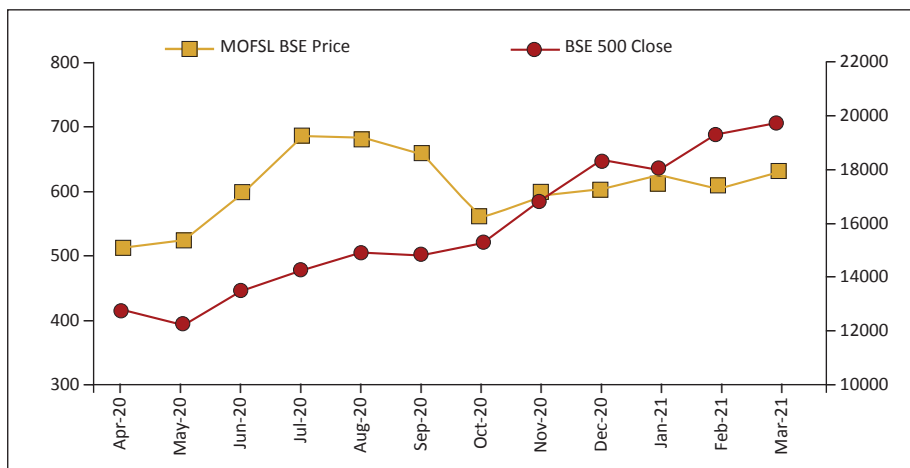


Report on Corporate Governance (Contd..)

MOFSL Share performance versus BSE – 500



MOFSL Share performance versus S&P CNX Nifty



In case the securities are suspended from trading, the Directors Report shall explain the reason thereof	Not Applicable
Registrar and Share Transfer Agent for Equity Shares	Link Intime India Private Limited C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai-400083. Tel: +91 22 49186000 Fax: +91 22 49186060 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in
Share Transfer System	The Board has delegated the authority for approving transfer, transmission etc. of the Company's securities to Stakeholders Relationship Committee. The Stakeholders Relationship Committee meets as and when required to consider the transfer, transmission of shares etc. and attend to shareholder grievances.

Report on Corporate Governance (Contd..)

Distribution of Shareholding:

Distribution of the shareholding of the equity shares of the Company by size and by ownership class as on March 31, 2021:

Number of Shares held	No. of Shareholders	Total No. of shares held in the category	% of shareholding
Up to 500	38,383	23,61,693	1.61
501 – 1000	934	7,17,408	0.49
1001 – 2000	496	7,28,363	0.50
2001 – 3000	163	4,14,484	0.29
3001 – 4000	94	3,33,872	0.23
4001 – 5000	68	3,23,094	0.22
5001 – 10000	131	9,64,378	0.66
10001 & Above	259	14,07,77,172	96.01
Total	40,528	14,66,20,374	100.00

Category wise Shareholding pattern as on March 31, 2021:

Sr. No.	Category	No. of Shares	% to Share Capital
1)	Promoters & promoter group	10,36,05,059	70.66
2)	Mutual Funds / Financial Institutions / Banks / Foreign Institutional Investors	2,03,03,097	13.85
3)	Public	1,10,54,943	7.54
4)	Directors	98,46,848	6.72
5)	Bodies Corporate	8,59,283	0.59
6)	Others	5,39,557	0.36
7)	NRIs/OCBs	4,11,587	0.28
	Total	14,66,20,374	100.00

Dematerialization of Shares and liquidity	As on March 31, 2021, 99.98% of the total equity share capital was held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited and 27,060 Equity shares were held in Physical form.
Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity	As on March 31, 2021, the Company did not have any outstanding GDRs/ADRs / Warrants or any Convertible instruments (excluding ESOPs).
Commodity price risk or foreign exchange risk and hedging activities	Not Applicable
Plant Locations	The Company is in the business of broking and distribution; therefore, it does not have any manufacturing plants.
Address for Correspondence	Link Intime India Pvt. Limited (Registrar and Transfer Agent) C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai-400083. Tel: +91 22 49186000 Fax: +91 22 49186060 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

Report on Corporate Governance (Contd..)

Name and Address of the Compliance Officer	Mr. Kailash Purohit <i>Company Secretary & Compliance Officer</i> Motilal Oswal Financial Services Limited Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot, Prabhadevi, Mumbai – 400025 Tel: +91-22-7193 4200 Fax: +91-22-5036 2365 E-mail: shareholders@motilaloswal.com
List of all credit ratings obtained along with any revisions thereto during the relevant financial year.	The details of credit rating obtained by the Company is included in Board's Report forming part of Annual Report of the Company

Disclosures:

- i) The Company has complied with all the requirements of regulatory authorities. No material penalties / strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital market during last three years.
- ii) **Whistle Blower Policy / Vigil Mechanism**
Pursuant to the provisions of Regulation 22 of the Listing Regulations and section 177 of the Act, the Company established a Vigil Mechanism / Whistle Blower Policy for Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy.
This mechanism provides for adequate safeguards against victimization of director(s) / employee(s) who avail the mechanism and makes provision for direct access to the Chairman of the Audit Committee. The policy has been uploaded on the website of the Company at [We affirm that no director / employee of the Company was denied access to the Audit Committee.](#)
- iii) The Company has complied with all the mandatory requirements of the Listing Regulations.
- iv) The Company has complied with the following non-mandatory requirements as prescribed in Regulation 27 Schedule II Part E of the Listing Regulations: -
- a) The Company is in the regime of unmodified financial statements.
- b) The internal auditor of the Company reports directly to the Audit Committee.
- v) The Company has complied with the Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations.
- vi) M/s. U. Hegde and Associates, Company Secretaries certified that none of the directors of the Company have been debarred or disqualified from being appointed or continuing as director of the Company by SEBI or Ministry of Corporate Affairs or any such statutory authority, is annexed to this Report as **"Annexure A"**.
- vii) Total fees paid to M/s. Walker Chandio & Co. LLP, Chartered Accountants, Statutory Auditors on consolidated basis is ₹ 101.61 Lakhs for the FY2020-21.
- viii) In terms of the amendments made to the Listing Regulations, the Board of Directors confirmed that during the financial year, it has accepted all recommendations received from its mandatory committees.
- ix) **Subsidiary Companies**
According to the Regulation 16(1)(c) of the Listing Regulations, a "Material subsidiary" shall mean a subsidiary, whose income or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. The Company has three Material subsidiaries namely Motilal Oswal Home Finance Limited ("MOHFL"), Motilal Oswal Asset Management Company Limited ("MOAMC") and Motilal Oswal Finvest Limited ("MOFL") as on March 31, 2021. The debentures of MOHFL & MOFL are listed on BSE and units of mutual funds of MOAMC are listed on NSE and BSE.
As required under the Listing Regulations, the Company has formulated policy for determining material subsidiaries which has been uploaded on the Company's website at <https://www.motilaloswalgroup.com/Downloads/IR/212618793Policy-on-Determination-of-Material-Subsidiaries.pdf>

x) **Related Party Transactions**

During the year under review, the Company had not entered into any materially significant transactions with any of the Directors, Management, Subsidiaries or Related parties.

Further, the details of all Related Party Transactions entered during the year under review are presented in the Note No. 51 forming part of standalone financial statement of the Company.

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

Further, as required under Regulation 23 of the Listing Regulations, the Company has formulated a Policy on Materiality and dealing with Related Party Transactions which has been uploaded on the Company's website at https://www.motilaloswalgroup.com/Downloads/IR/1568199502MOFSL_Policy-on-Materiality-and-Dealing-with-Related-Party-Transactions.pdf

xi) **CEO/CFO Certification**

The Chief Executive Officer and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations. The Chief Executive officer and Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations. The annual certificate given by the Chief Executive Officer and the Chief Financial Officer is annexed to this Report as "Annexure B".

xii) **Code of Conduct**

The Board has laid down the Code of Conduct for its Directors and for Senior Management of the Company. The Code has been posted on the Company's website at <https://www.motilaloswalgroup.com/Downloads/IR/1584990557Code-of-Conduct-for-Directors-and-Senior-Management.pdf>

All Board members and Senior Management have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management. A declaration signed by the Chief Executive Officer & Managing Director to this effect is annexed to this Report as "Annexure C".

xiii) **Disclosure of Accounting Treatment in Preparation of Financial Statements**

The Company has adopted Indian Accounting Standards (Ind AS) with effect from April 1, 2018 and the effective date of such transition is April 01, 2017, with comparative figures being restated to make them comparable. The financial statements have been prepared in accordance with the recognition and measurement principles laid down in Ind AS notified under Section 133 of Companies Act, 2013 read with relevant Rules issued thereunder and other accounting principles generally accepted in India.

xiv) **Details of utilization of funds raised through preferential allotment or qualified institutional placement as specified under Regulation 32(7A)**

During the period under review, the Company has not raised any funds through preferential allotment or qualified institutional placement.

Certificate of Non-Disqualification of Directors

ANNEXURE-A

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of **Motilal Oswal Financial Services Limited**
Motilal Oswal Tower, Rahimtullah Sayani Road,
Opp. Parel ST Depot, Mumbai 400025

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Motilal Oswal Financial Services Limited** having CIN L67190MH2005PLC153397 and having registered office at Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot, Mumbai 400025 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time). In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its Officers, I hereby certify that none of the Directors on the Board of the Company as stated below have been debarred or disqualified from being appointed or continuing as Directors of Company for the Financial Year ending March 31, 2021, by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of the Director	Date of appointment	DIN
1.	Mr. Raamdeo Agarwal (Non-Executive Chairman)	18-05-2005	00024533
2.	Mr. Motilal Oswal (Managing Director & Chief Executive Officer)	18-05-2005	00024503
3	Mr. Navin Agarwal (Non-Executive Director)	18-05-2005	00024561
4	Mr. Ajaykumar Menon (Whole-Time Director)	21-08-2018	00024589
5	Mr. Rajat Rajgarhia (Whole-Time Director)	31-07-2020	07682114
6	Mr. Pankaj Bhansali (Independent Director)	01-07-2020	03154793
7	Mr. C.N. Murthy (Independent Director)	01-07-2020	00057222
8	Mrs. Divya Momaya (Independent Director)	01-07-2020	00365757
9	Mr. Chandrashekar Karnik (Independent Director)	16-09-2020	00003874
10	Mrs. Swanubhuti Jain (Independent Director)	24-12-2020	09006117

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **U. HEGDE & ASSOCIATES**

Umashankar K. Hegde

Proprietor

Membership No.: A22133 # COP No-: 11161

UDIN: A022133C000208110

Place : Mumbai

Date : April 29, 2021

Chief Executive Officer and Chief Financial Officer Certificate

ANNEXURE-B

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATE

To,
The Board of Directors
Motilal Oswal Financial Services Limited

Dear Sir(s)/Madam(s),

- A. We have reviewed the financial statements read with the cash flow statement of Motilal Oswal Financial Services Limited for the quarter & year ended March 31, 2021 and that to the best of our knowledge and belief:
- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or in violation of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to taken to rectifying these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
1. that there were no significant changes in internal controls over financial reporting during the period
 2. that the Company has adopted Indian Accounting Standards (Ind AS) for accounting periods beginning on or after the April 1, 2018, with comparatives for the periods ending on March 31, 2018, or thereafter and there were no other significant changes in accounting policies made during the period and
 3. that there were no instances of significant fraud of which we have become aware.

Thanking you,

Yours faithfully,

For **Motilal Oswal Financial Services Limited**

Motilal Oswal
Managing Director & Chief Executive Officer
(DIN : 00024503)

Shalibhadra Shah
Chief Financial Officer

Place : Mumbai
Date : April 29, 2021

Managing Director & Chief Executive Officer Certificate

ANNEXURE-C

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

To,
The Members of
Motilal Oswal Financial Services Limited

I, Motilal Oswal, Managing Director & Chief Executive Officer of the Company, declare that all Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management of the Company for the financial year 2020-21.

For **Motilal Oswal Financial Services Limited**

Motilal Oswal
Managing Director & Chief Executive Officer
(DIN : 00024503)

Place : Mumbai
Date : April 29, 2021

Independent Auditor's Certificate on Corporate Governance

To,
The Members of
Motilal Oswal Financial Services Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 20 April 2021.
2. We have examined the compliance of conditions of corporate governance by Motilal Oswal Financial Services Limited ('the Company') for the year ended on 31 March 2021, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations').

Management's Responsibility

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2021.

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

Restriction on use

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For **Walker Chandiok & Co. LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Murad D. Daruwalla
Partner
Membership No.: 043334
UDIN: 21043334AAAABM2571

Place: Mumbai
Date: 29 April 2021

Business Responsibility Report

BUSINESS RESPONSIBILITY REPORT

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

Background

As per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (as amended from time to time), top 1000 listed entities (based on market capitalisation on BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”) are required to include a Business Responsibility Report (“BRR”) in the Annual Report.

Motilal Oswal Financial Services Limited (“MOFSL”) is a public limited company listed on BSE and NSE. MOFSL is a SEBI registered Trading Member registered with BSE, NSE, Multi Commodity Exchange of India Limited (“MCX”) and National Commodity & Derivatives Exchange Limited (“NCDEX”). MOFSL is also SEBI registered Depository Participant registered with Central Depository Services of India Limited (“CDSL”) and National Securities Depository Limited (“NSDL”). MOFSL execute transactions in capital markets / equity derivatives / commodity derivatives / currency derivatives segments on behalf of its clients which include retail customers (including high net worth individuals), mutual funds, foreign institutional investors, financial institutions and corporate clients. Besides stock broking, it also offers a bouquet of financial products and services to its client base. MOFSL is also registered with the SEBI as Research Analyst, Investment Advisor, Portfolio Manager and with various other bodies / agencies like IRDA, AMFI, CERSAI, KRA agencies (CVL, Dotex, NDML, CAMS and Karvy) etc. Further, MOFSL, along with its subsidiaries, offers a diversified range of financial products and services such as loan against shares, investment activities, private wealth management, broking and distribution, asset management business, housing finance, institutional equities, private equity and investment banking.

Our Business Responsibility (“BR”) Report includes our responses to questions on our practice and performance on key principles defined by Regulation 34(2)(f) of Listing Regulations, covering topics across environment, governance and stakeholder relationships. Further, the Company has also included separate section on **Environment, Social and Governance (ESG) initiatives** in the Annual Report of the Company.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. No.	Particulars	Company Information
1.	Corporate Identity Number (CIN) of the Company	L67190MH2005PLC153397
2.	Name of the Company	Motilal Oswal Financial Services Limited (MOFSL)
3.	Registered address	Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot, Prabhadevi, Mumbai-400025, India
4.	Website	www.motilaloswalgroup.com
5.	E-mail ID	shareholders@motilaloswal.com
6.	Financial Year reported	April 01, 2020 to March 31, 2021
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code: 6612 - Engaged in providing broking related activity
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	The Company is engaged in Broking business activity. Further, through its subsidiaries, offers a diversified range of financial products and services such as Loan against shares, Investment activities, Private wealth management, Asset management business, Housing finance, Institutional equities, Private equity and Investment banking.
9.	Total number of locations where business activity is undertaken by the Company	(a) Number of International Locations (Provide details of major 5) : Nil (b) Number of National Locations: 92
10.	Markets served by the Company	National

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sr. No.	Particulars	Company Information
1.	Paid up Capital (₹ in lakhs)	1,466
2.	Total Turnover (₹ in lakhs)	2,16,147
3.	Total Profit after Taxes (₹ In lakhs)	71,240

Business Responsibility Report (Contd..)

Sr. No.	Particulars	Company Information
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Please refer Annexure 4 of Board's Report forming part of the Annual Report for further details on CSR activities.
5.	List of activities in which expenditure in 4 above has been incurred	Please refer Annexure 4 of Board's Report forming part of the Annual Report.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company / Companies?

Yes. The details of all the subsidiary companies is included in Annexure 1 to the Board's Report.

2. Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)?

Yes, the Company's Business Responsibility Policy is applicable to all its 20 Subsidiary Companies (including step down subsidiaries) as on March 31, 2021. The policies and processes adopted across all the companies within Motilal Oswal Group ("MO Group") are largely uniform. Further, at group level, subsidiary companies participate in BR / CSR activities through Motilal Oswal Foundation.

3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]:

No, other business partners of the Company do not directly participate in the Company's BR initiatives. The Company endeavors to encourage its franchisees / suppliers / distributors (wherever possible) to participate in the initiatives towards BR and to adopt practices which would help them to carry out business in a fair manner.

SECTION D: BR INFORMATION

1. Details of Director / Directors responsible for BR:

(a) Details of the Director / Directors responsible for implementation of the BR policy / policies

The following members of the BR Committee are collectively responsible for implementation of the BR policies of the Company:-

Sr. No.	DIN	Name	Designation
1.	00024503	Mr. Motilal Oswal	Managing Director & Chief Executive Officer
2.	00024561 ⁽¹⁾	Mr. Navin Agarwal	Non-Executive Director
3.	Not Applicable ⁽²⁾	Mr. Sudhir Dhar	Group Head - Human Resources & Administration

⁽¹⁾ Appointed as Member w.e.f. April 29, 2021

⁽²⁾ He is not a Director on the Board of the Company

(b) Details of the BR head

Sr. No.	Particulars	Details
1.	DIN ⁽¹⁾	Not Applicable
2.	Name	Mr. Sudhir Dhar
3.	Designation	Group Head - Human Resources & Administration
4.	Telephone Number	+91 22 7193 4200
5.	E-mail ID	chrosoffice@motilaloswal.com

⁽¹⁾ He is not a Director on the Board of the Company

Business Responsibility Report (Contd..)

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

(a) Details of compliance

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for	Y	NA#	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	–	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards?	The policies adopted by the Company are in conformity with the applicable rules and regulations.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Policies wherever stated have been approved by the Board / Committee of the Board / Senior Management of the Company and followed across entities within MO Group.								
5.	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	–	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online	As per regulatory requirement, the policies of the Company have been uploaded on the website of the Company at www.motilaloswalgroup.com								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes								
8.	Does the Company have in-house structure to implement the policy / policies?	Yes, the Company has constituted the BR Committee to implement the policies								
9.	Does the Company have a grievance redressal mechanism related to the stakeholders' grievances related to the policy / policies?	Y	–	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The evaluation of policies are carried out by internal & statutory Auditors during audit process at an appropriate interval.								

Considering the business of the Company, Principle 2 is not applicable

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

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the principles.	–	–	–	–	–	–	–	–	–
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specific principles.	–	–	–	–	–	–	–	–	–
3.	The Company does not have financial or manpower resources available for the task.	–	–	–	–	–	–	–	–	–
4.	It is planned to be done within the next six months.	–	–	–	–	–	–	–	–	–
5.	It is planned to be done within next one year.	–	–	–	–	–	–	–	–	–
6.	Any other reason (please Specify).	–								

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

P1 - Business should conduct and govern themselves with Ethics, Transparency and Accountability

P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

P3 - Businesses should promote the wellbeing of all employees

P4 - Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

Business Responsibility Report (Contd..)

P5 - Business should respect and promote human rights

P6 - Business should respect, protect and make efforts to restore the environment

P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in responsible manner

P8 - Businesses should support inclusive growth and equitable development

P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

3. Governance related to BR

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

This Report is reviewed by the Board of Directors on an annual basis.

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

The BRR has been made available on the website of the Company at www.motilaloswalgroup.com. The BRR is reviewed and published annually.

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

Yes

- Ethics form a core part of the Company's core principles. Moreover, the Company has a separate whistle blower policy and it extends to all its subsidiaries.
- The Company has adopted a Code of Conduct for the Company's Directors and Senior Management (including employees) which is available on the intranet / internet of the Company and is applicable to all companies within MO Group.
- We also expect our clients to abide by these principles in their dealings with us.
- Further, the Company is abided to take suitable action if any, fraud has been communicated by the auditor of Company.
- Company in order to have an ethical business model of working also emphasis on non-cash transaction.
- The Company also has an exhaustive manual and online portal on human resources which covers all aspects pertaining to employment with Group which encourages principles of ethics, transparency and accountability. Further, the Company arranges lot of training, conduct seminars for employees to abide by the Company's policies in true spirit.

The Whistle Blower Policy / Vigil Mechanism of the Company is uploaded on the website of the Company at <https://www.motilaloswalgroup.com/Downloads/IR/1677814951Vigil-MechanismWhistle-Blower-Policy.pdf> and Code of Conduct of the Company is uploaded on the website of the Company at <https://www.motilaloswalgroup.com/Downloads/IR/1584990557Code-of-Conduct-for-Directors-and-Senior-Management.pdf>

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

The status of investor complaints are given below:-

Particulars	Number of Investor Complaints
Pending as on April 1, 2020	0
Received during the financial year 2020-21	1
Disposed off during the financial year 2020-21	1
Remaining unresolved as on March 31, 2021	0

Further, the Company has not received any whistle blower complaints during financial year 2020-21.

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

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

The Company is into business of stock broking & other financial activities. Customers of the Company are provided online trading facilities through internet and offline trading through Branches & customer care. All operations are carried out online

through active support of branches & authorised persons i.e. franchisees, under regulatory environment. All operations are in compliance with relevant rules & regulations. The Company has digital platforms for client on-boarding, engagement and servicing, HR operations, accounting etc. These secured digital platforms ensure privacy of information and are environmentally sustainable

Considering the nature of the business of the Company the said principle may not be strictly applicable. However, the Company endeavours to serve social and economic opportunities.

Further, the Company emphasizes on reducing dependence on paper communications and encourage use of electronic means of communication which serves towards environmental protection and sustainable growth. The Company has planted trees and shrubs in and around the office building to restore the environment. Further, around 1000+ trees were planted by employees through various volunteer programs and live plants are used as an art décor in the Company.

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

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

However, the Company is equipped with rainwater harvesting system and recycles waste water to reuse as flush water and in watering plants. Further, sensors in water taps are used to reduce wastage of water.

Further, there is thermal insulator which help in reducing the heat transfer thereby improving cooling inside the building and hence reducing power consumption.

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

Since the Company is not involved in any manufacturing activity, the reporting on sustainable sourcing is not applicable. The Company's major material requirements are related to office infrastructure, administration and IT related equipments and services. Although, there is very limited procurement requirement, the Company takes various initiatives to have responsible sourcing.

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

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

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

Since the Company is not involved in any manufacturing activity, the reporting on recycle mechanism is not applicable. However, there is segregation of dry and wet waste and the solid waste management is done by recycling paper, tissue, plastic bottles and cardboard waste.

Further, the IT wastes are outsourced to vendor which disposes off the wastes as per proper waste disposal mechanism. Also the old papers and documents are scrapped in such a manner such that they may be recycled. Further, food wastage awareness drive is conducted in head office.

Principle 3 – Business should promote the wellbeing of all employees

1. Please indicate the Total number of employees:

The total numbers of employees as on March 31, 2021 – 5,902.

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

Nil

3. Please indicate the Number of permanent women employees:

The total number of women employees as on March 31, 2021 - 1438.

4. Please indicate the Number of permanent employees with disabilities:

The number of employees with disabilities as on March 31, 2021 - 2.

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

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

Business Responsibility Report (Contd..)

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

Not Applicable

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

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

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

- (a) Permanent Employees: 87% of our permanent employees (including women employees) have received skill up-gradation training in the last year. Employees based in India, undergo fire drill and fire safety training every year. However, considering lockdown, since employees were working from home, none of the employees based in India, underwent fire drill and fire safety training in financial year 2020-21.
- (b) Permanent Women Employees: 84% of our women employees (except employees who were on long medical leave) have undergone the skill up-gradation training.
- (c) Casual / Temporary / Contractual Employees: There are no casual / temporary / contractual employees in the Company.
- (d) Employees with Disabilities: None of the employees with disabilities had undergone the skill up-gradation training in financial year 2020-21.

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

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

Yes. The Company has identified its stakeholders. These include, but are not limited to shareholders, employees, clients, investors, shareholders, government & regulatory bodies, business partners, media and the wider community.

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

Yes, the Company’s CSR Monitoring Cell identifies disadvantaged, vulnerable & marginalized stakeholders through its dedicated team and directs the CSR activities of the Company towards such stakeholders.

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

The Company engages with each of its stakeholders through a variety of forums. The details of the engagement with such stakeholders has been laid out in the CSR report of the Company in Annexure 4 to the Board’s Report forming part of Annual Report.

Principle 5 – Business should respect and promote human rights.

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

Yes. The Policy on human rights extend to Company and its Group Company. Further, the Company encourage others to follow to extend possible while having relation with Company.

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

The Company has not received any complaint governing this principle.

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

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

Presently, the Policy related to Principle 6 is applicable to the MO Group.

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

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

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

Further, the Company has stopped the usage of plastic cups, bottles and straws for beverages and instead has distributed ceramic coffee mugs to all the employees and reusable cutlery is used in cafeteria.

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

Yes, the Company, on a periodic basis, assess various risks affecting the Company and its stakeholders including environmental risks.

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

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

However, the employees of the Company undertakes various clean-up programs e.g. cleaning beaches, national parks etc.

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

The Company uses LED lights on all floors which consumes 45% less power. The office space is provided with motion sensors to ensure that the lights are on only when the person is present thereby saving electricity. Further, the Company's building is covered with aluminium fins all around. These fins do not allow the sun rays to permeate through the glass directly. 65% to 70% of direct sun rays are refracted and hence minimum power is utilized for cooling.

The Company has opted for efficient processes in order to minimize adverse impact on the environment. High priority is given towards energy efficiency for selecting or changing over to new system to have less carbon emission initiatives.

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

Not Applicable

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

Nil

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

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

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

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

Not applicable

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

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

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

The Company being in the business of providing financial services, conducts various investor programs from time to time viz. Annual Global Investor Conference (AGIC) etc.

Business Responsibility Report (Contd..)

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

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

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

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

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

The Company has spent an amount of ~INR 1,158 lakhs at group level in the Financial Year 2020-21 towards programs / projects through various NGOs and other organizations in three areas of its focus, namely Education, Medical Treatment and Preventing Hunger by Meals Distribution.

For further details, kindly refer Note 47 of Consolidated Financial Statement.

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

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

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

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

The percentage of customer complaints pending as on the end of financial year – 2.19%

Further, the status of customer complaints are given below:-

Particulars	Number of Customer Complaints
Pending as on April 1, 2020	45
Received during the financial year 2020-21	3,244
Disposed off during the financial year 2020-21	3218
Remaining unresolved as on March 31, 2021	71

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

The Company was engaged in Broking Business during financial year 2020-21 and hence this is not applicable.

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

In the ordinary course of business, some customer may have grievance / disputes against MOFSL / its subsidiaries. MOFSL and its subsidiaries always endeavour to maintain cordial relationship with its customer and attach utmost importance to verify / investigate the matters and arrive at an amicable settlement, but in some cases where it is not possible, MOFSL pursues legal resolution for the same.

4. Did your Company carry out any consumer survey / consumer satisfaction trends?

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

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

Raamdeo Agarawal
Chairman
(DIN: 00024533)

Place : Mumbai
Date : April 29, 2021

STANDALONE FINANCIAL STATEMENTS



Independent Auditor's Report

To the Members of Motilal Oswal Financial Services Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

1. We have audited the accompanying standalone financial statements of **Motilal Oswal Financial Services Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. 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 Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Information Technology system for the financial reporting process</p> <p>The Company is highly dependent on its information technology (IT) systems for carrying on its operations which require large volume of transactions to be processed on a daily basis. Further, the Company's accounting and financial reporting processes are dependent on the automated controls enabled by IT systems which impacts key financial accounting and reporting items such as Brokerage income, Trade receivable ageing amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.</p> <p>We have focused on user access management, change management, segregation of duties, developer access to the production environment and changes to IT environment. Further, we also focussed on key automated process controls relevant for financial reporting.</p> <p>Accordingly, since our audit strategy has focused on key IT systems and controls due to pervasive impact on the financial statements and performing testing of automated process controls and general controls; we have determined the same as a key audit matter for current year audit.</p>	<p>Our key audit procedures with the involvement of our IT specialists included, but were not limited to, the following:</p> <ul style="list-style-type: none">• Obtained an understanding of the Company's IT environment and conducted risk assessment and identified IT applications, databases and operating systems that are relevant to our audit. Also, obtained an understanding of key automated controls operating over such identified IT applications;• Tested the design and operating effectiveness of the Company's IT controls over IT applications as identified above;• For the IT applications identified above, tested sample of key IT general controls particularly logical access, password management, change management and aspects of IT operational controls. Tested that requests for access to systems were appropriately reviewed and authorised; tested controls around Company's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization;

Independent Auditor's Report (Contd..)

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> • Tested related interfaces, configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for Brokerage income, Trade receivable ageing for evaluating completeness and accuracy; and • Where deficiencies were identified, tested compensating controls or performed alternative procedures.
<p>Valuation of equity investments carried at fair value</p> <p>Refer note 2.6 for significant accounting policies and note 54 for financial disclosures</p> <p>As at 31 March 2021, the Company held investment in Shubham Housing Development Finance company Private Limited amounting to ₹ 58.63 crores which represents 0.65 % of the total assets of the Company as at 31 March 2021.</p> <p>This investment is not traded in the active market. The fair valuation of this investment is determined by a management-appointed independent valuation expert based on discounted cash flow method. The process of computation of fair valuation of investment includes use of unobservable inputs and management judgements and estimates which are complex.</p> <p>The key assumptions underpinning management's assessment of fair value of this investment, includes application of liquidity discounts; calculation of discounting rates and the estimation of projections of revenues, projections of future cash flows and growth rates.</p> <p>The valuation of this investment was considered to be one of the areas which required significant auditor attention and was one of the matters of most significance in the standalone financial statements due to the materiality of total value of investment to the standalone financial statements and the complexity involved in the valuation of this investment.</p>	<p>Our audit procedures in relation to valuation of investment with the involvement of our valuation experts included, but were not limited to, the following:</p> <p>Design/Controls:</p> <ul style="list-style-type: none"> • Obtained a detailed understanding of the management's process and controls for determining the fair valuation of this investment. The understanding was obtained by performance of walkthroughs which included inspection of documents produced by the Company and discussion with those involved in the process of valuation; • Evaluated the design and the operational effectiveness of relevant key controls over the valuation process, including the Company's review and approval of the estimates and assumptions used for the valuation including key authorization and data input controls, independent price verification performed by the management expert and model governance and valuation. <p>Substantive tests:</p> <ul style="list-style-type: none"> • Assessed the appropriateness of the valuation methodology used for the of this investment in accordance with the Company's policy and tested the mathematical accuracy of the management's model adopted; • Obtained the valuation report from management's expert and assessed the expert's competence, objectivity and independence in performing the valuation of these investments; • Assessed the appropriateness of the valuation model used by the management and the assumptions used relating to projected cash flows and the discounting factor. • Ensured the appropriateness of the carrying value of these investments in the financial statements and the gain or loss recognised in the financial statements as a result of such fair valuation; and • Ensured the appropriateness and adequacy of disclosures in accordance with the applicable accounting standards.

Independent Auditor's Report (Contd..)

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report (Contd..)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
17. Further to our comments in Annexure I, as required by section 143(3) of the Act, we report, to the extent applicable, 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 of the accompanying standalone financial statements;
 - 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 standalone financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 29 April 2021 as per Annexure II expressed unmodified opinion;
 - 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company, as detailed in note 38(c) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2021;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

Independent Auditor's Report *(Contd..)*

- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021.
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Murad D. Daruwalla

Partner

Membership No.: 043334

UDIN: 21043334AAAABK6351

Place: Mumbai

Date: 29 April 2021

Independent Auditor's Report (Contd..)

Annexure I to the Independent Auditor's Report of even date to the members of Motilal Oswal Financial Services Limited on Standalone Financial Statement for the Year ended 31 March 2021

ANNEXURE I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant, and Equipment.
- (b) The Company has a regular program of physical verification of its Property, Plant, and Equipment under which all Property, Plant, and Equipment are verified once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, fixed assets were verified by the Company during the year except for certain assets amounting to ₹ 400 Lakhs which could not be verified by the management on account of the ongoing Covid-19 pandemic restrictions and the management has planned to physically verify such assets during the financial year ending 31 March 2022. No material discrepancies were noticed on verification performed in the current year.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, Plant and Equipment') are held in the name of the Company.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:
 - (a) in our opinion the terms and conditions of grant of such loans are not, p rima facie, prejudicial to the company's interest;
 - (b) the schedule of repayment of the principal and the payment of the interest has not been stipulated and hence we are unable to comment as to whether repayments/receipts of the principal amount and the interest are regular;
 - (c) there is no overdue amount in respect of loans granted to such companies.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub - section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income - tax, sales-tax, goods and service tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Undisputed amounts payable in respect of stamp duty, which were outstanding at the year-end for period of more than six months from the date they become payable are as follows:

Statement of arrears of statutory dues outstanding for more than six months

Name of the statute	Nature of the dues	Amount (₹ in lakhs)	Period to which the amount relates	Due Date	Date of Payment
Indian Stamp Act, 1899	Stamp Duty	104	FY 2016-17	Not Available as Stamp Duty is collected in States where Payment and Levy Mechanism is not established.	Not paid as on 29 April 2021
Indian Stamp Act, 1899	Stamp Duty	150	FY 2017-18		Not paid as on 29 April 2021
Indian Stamp Act, 1899	Stamp Duty	196	FY 2018-19		Not paid as on 29 April 2021
Indian Stamp Act, 1899	Stamp Duty	184	FY 2019-20		Not paid as on 29 April 2021
Indian Stamp Act, 1899	Stamp Duty	75	FY 2020-21		Not paid as on 29 April 2021

Independent Auditor's Report (Contd..)

- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of due	Amount (₹ in Lacs)	Amount Paid under Protest (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	6	15	2009-10	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	41	20	2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	133	19	2013-14	Income Tax Appellate Tribunal.
Income Tax Act, 1961	Income Tax	2,064	168	2014-15	Income Tax Appellate Tribunal.
Income Tax Act, 1961	Income Tax	1,081	92	2015-16	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	1,452	137	2016-17	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2,773		2017-18	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	564	-	2018-19	Commissioner of Income Tax (Appeals)

- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or government or any dues to debenture-holders during the year.
- (ix) In our opinion, the Company has applied moneys raised by way of the term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer/ further public offer (including debt instruments).
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the standalone financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Murad D. Daruwalla

Partner

Membership No.: 043334

UDIN: 21043334AAAABK6351

Place: Mumbai

Date: 29 April 2021

Annexure II to the Independent Auditor's Report of even date to the members of Motilal Oswal Financial Services Limited on the Standalone Financial Statements for the year ended 31 March 2021

ANNEXURE II

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Motilal Oswal Financial Services Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to the standalone financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Standalone Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of Company's internal financial controls with reference to standalone financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') 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 with reference to standalone financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes obtaining an understanding of such internal financial controls, 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

6. A company's internal financial controls with reference to standalone financial statements 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 controls with reference to standalone financial statements include 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.

Independent Auditor's Report (Contd..)

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statement and such controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Murad D. Daruwalla

Partner

Membership No.: 043334

UDIN: 21043334AAAABK6351

Place: Mumbai

Date: 29 April 2021

Balance Sheet

Particulars	Note	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
I. ASSETS			
1. Financial assets			
(a) Cash and cash equivalents	4	57,017	67,668
(b) Bank balance other than (a) above	5	214,745	52,640
(c) Receivables			
(i) Trade receivables	6	61,197	47,831
(ii) Other receivables		160	820
(d) Loans	7	77,258	19,963
(e) Investments	8	386,310	378,019
(f) Other financial assets	9	66,192	13,325
Sub - total financial assets (A)		862,879	580,266
2. Non - financial assets			
(a) Current tax assets (net)	10	2,355	1,338
(b) Investment Property	11	7,755	7,813
(c) Property, plant and equipment	12A	22,474	20,785
(d) Other intangible assets	12B	2,357	2,139
(e) Other non - financial assets	13	2,494	4,249
Sub - total non - financial assets (B)		37,435	36,324
Total assets (A+B)		900,314	616,590
II. LIABILITIES AND EQUITY			
Liabilities			
1. Financial liabilities			
(a) Payables			
(i) Trade payables			
(i) total outstanding dues of micro enterprise and small enterprise		–	–
(ii) total outstanding dues of creditors other than micro enterprise and small enterprise	14	279,780	156,675
(b) Debt securities	15	160,572	106,659
(c) Borrowings (Other than debt securities)	16	47,337	36,313
(d) Deposits	17	45	12
(e) Other financial liabilities	18	37,739	29,199
Sub - total financial liabilities (A)		525,473	328,858
2. Non - financial liabilities			
(a) Current tax liabilities (net)	19	–	583
(b) Provisions	20	10,914	7,999
(c) Deferred tax liabilities (net)	21	7,812	1,161
(d) Other non - financial liabilities	22	2,976	1,575
Sub - total non - financial liabilities (B)		21,702	11,318
3. Equity:			
(a) Equity share capital	23	1,466	1,481
(b) Other equity	24	351,673	274,933
Sub - total equity (C)		353,139	276,414
Total Liabilities and equity (A+B+C)		900,314	616,590

The accompanying notes 1 to 63 form an integral part of the financial statements

This is the Balance Sheet referred to in our report of even date

For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Murad D. Daruwalla
Partner
Membership Number: 043334

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

Motilal Oswal
Managing Director and Chief Executive Officer
DIN : 00024503

Shalibhadra Shah
Chief Financial Officer

Navin Agarwal
Director
DIN : 00024561

Kailash Purohit
Company Secretary

Place : Mumbai
Date : 29th April 2021

Place : Mumbai
Date : 29th April 2021

Statement of Profit and Loss

Particulars	Note	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
REVENUE FROM OPERATIONS			
(i) Interest income	25	18,538	17,291
(ii) Dividend income	26	2,299	13,986
(iii) Rental income	27	1,890	2,084
(iv) Fees and commission income	28		
- Brokerage and fees income		124,161	79,538
- Other commission income		10,157	10,937
(v) Net gain on fair value changes	29	53,748	–
(vi) Other operating income	30	5,354	3,113
1) Total revenue from operations		216,147	126,949
2) Other income	31	2,284	3,690
3) Total Income (1 + 2)		218,431	130,639
EXPENSES			
(i) Finance cost	32	12,770	12,924
(ii) Fees and commission expense	33	52,380	33,310
(iii) Impairment on financial instruments	34	1,640	1,439
(iv) Net loss on fair value changes	29	–	15,849
(v) Employee benefits expense	35	38,588	31,171
(vi) Depreciation, amortisation and impairment	36	3,651	2,984
(vii) Other expenses	37	16,857	13,552
4) Total expenses		125,886	111,229
5) Profit/(loss) before exceptional items and tax (3-4)		92,545	19,410
6) Exceptional Items		8,810	–
7) Profit before tax (5 - 6)		83,735	19,410
Tax expense	53		
(i) Current tax		8,975	7,056
(ii) Deferred tax expense/(credit)		3,474	(7,326)
(iii) (Excess)/ short provision for earlier years		46	–
8) Total tax expenses		12,495	(270)
9) Profit for the year (7-8)		71,240	19,680
Other comprehensive income/ (loss)			
(i) Items that will not be reclassified to profit or loss			
(a) Actuarial gain/(loss) on post retirement benefit plans		163	57
(b) Fair value gain/(loss) of investment		27,411	(4,489)
(c) Tax impact on the above		(3,177)	499
10) Other comprehensive income/ (loss)		24,397	(3,933)
Total comprehensive income for the year (9 + 10)		95,637	15,747
Earnings per share (Face Value ₹ 1 per equity share)	41		
Basic (amount in ₹)		48.42	13.39
Diluted (amount in ₹)		47.60	13.09

The accompanying notes 1 to 63 form an integral part of the financial statements

This is the Statement of Profit and Loss referred to in our report of even date

For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Murad D. Daruwalla
Partner
Membership Number: 043334

Place : Mumbai
Date : 29th April 2021

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

Motilal Oswal
Managing Director and Chief Executive Officer
DIN : 00024503

Shalibhadra Shah
Chief Financial Officer

Place : Mumbai
Date : 29th April 2021

Navin Agarwal
Director
DIN : 00024561

Kailash Purohit
Company Secretary

Cash Flow Statement

Particulars	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	83,735	19,410
Adjustment for:		
Unrealised (gain)/loss	(42,916)	28,188
Employee stock option scheme cost	1,849	1,323
Interest expense	360	261
Depreciation, amortisation and impairment	3,651	2,984
Dividend income	(2,299)	(13,986)
Profit on sale of investment	(10,832)	(12,339)
Gain on partnership firm	(44)	(89)
Profit on sale of Property, plant and equipment	–	(93)
Impairment on financial instruments	1,640	1,439
Operating profit	35,144	27,098
Adjustment for working capital changes		
Adjustment for working capital changes		
1) Increase/(decrease) in provision	3,079	660
2) Increase/(decrease) in borrowings	11,024	(65,867)
4) Increase/(decrease) in other financial liabilities	7,744	(10,266)
5) Increase/(decrease) in trade payables	123,105	42,046
6) (Increase)/decrease in loans	(57,295)	32,400
7) Increase/(decrease) in debt securities	53,914	66,887
8) (Increase)/decrease in other non financial liabilities	1,401	390
9) (Increase)/decrease in other financial assets	(52,867)	(9,895)
10) (Increase)/decrease in other non financial asset	1,754	(1,868)
11) (Increase)/decrease in trade receivables	(14,346)	68,334
12) (Increase)/decrease in fixed deposit	(162,105)	(21,963)
13) (Increase)/decrease in liquid investment	60,209	(41,768)
Cash generated/(used) from operations	10,761	86,188
Direct taxes paid (net)	(10,622)	(7,788)
Net cash generated/(used) from operating activities (A)	139	78,400
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of investment	44,409	6,864
Purchase of equity shares in subsidiary company	(12,874)	(25,380)
Purchase of Investments	(18,832)	(19,429)
Purchase of Property, plant and equipment	(4,531)	(4,853)
Sale of Property, plant and equipment	2	162
Sale of Investment Property	–	397
Purchase of intangibles and intangible asset under development	(973)	(1,278)
Dividend Income	2,299	13,986
Net cash generated/(used) from investing activities (B)	9,500	(29,531)

Cash Flow Statement (Contd..)

Particulars	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES		
Cash Payment of lease liability and interest	(1,228)	(1,092)
Increase in lease liabilities (net)	1,665	3,182
Proceeds from issue of equity shares	5	11
Premium on issue of equity shares	1,416	3,410
Proceeds from deposits received	33	6
Dividend paid (including Dividend distribution tax)	(7,327)	(12,493)
Increase/(decrease) in Unpaid Dividend	–	(24)
Buyback of shares(including buyback tax)	(14,854)	–
Net cash generated/(used) from financing activities ('C)	(20,290)	(7,000)
Net increase/(decrease) in cash and cash equivalents during the year (A +B +C)	(10,651)	41,869
Cash and cash equivalents as at beginning of the year		
Cash in hand	26	31
Cheque on hand	–	–
Scheduled bank - In current account	31,064	14,993
Fixed deposit with banks (Maturity within 3 months)	36,578	10,775
Total	67,668	25,799
Cash and cash equivalents as at end of the year :		
Cash in hand	32	26
Cheque on hand	–	–
Scheduled bank - In current account	34,750	31,064
Fixed deposit with banks (Maturity within 3 months)	22,235	36,578
Total	57,017	67,668
Reconciliation of cash and cash equivalents as above with cash and bank balances		
Cash and cash equivalents as at end of the year as per above	34,782	31,090
Add:- Fixed deposit with banks (Maturity within 3 months)	22,235	36,578
Total Cash and bank balances equivalents as at end of the year	57,017	67,668

Notes :

- The above Statement of Cash Flows has been prepared under indirect method as set out in Ind AS 7, 'Statement of Cash Flows', as specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standard) Rules, 2015 (as amended).
- Figures in brackets indicate cash outflows.

This is the Cash Flow Statement referred to in our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Murad D. Daruwalla
Partner
Membership Number: 043334

Place : Mumbai
Date : 29th April 2021

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

Motilal Oswal
Managing Director and Chief Executive Officer
DIN : 00024503

Shalibhadra Shah
Chief Financial Officer

Place : Mumbai
Date : 29th April 2021

Navin Agarwal
Director
DIN : 00024561

Kailash Purohit
Company Secretary

Statement of Changes in Equity

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

(a) Equity share capital

Particulars	Equity share capital	
	Number of shares	Amount ₹ in Lakhs
As at 01 April 2019	145,680,358	1,457
Changes during the year due to exercise of ESOS	1,055,432	11
Changes during the year due to preferential issue	1,330,928	13
As at 01 April 2020	148,066,718	1,481
Changes during the year due to exercise of ESOS	462,800	5
Changes during the year due to buyback of shares	(1,909,144)	(19)
As at 31 March 2020	146,620,374	1,466

(b) Other Equity

₹ in Lakhs

Particulars	Reserves and Surplus							Other comprehensive income		Total
	Capital Redemption Reserve	Capital Reserve	Securities Premium	Share based payment reserve	General reserve	Debenture redemption reserve	Retained earnings	Equity instruments through other comprehensive income	Actuarial gain/(losses) on post retirement benefit plans	
Balance as at 01 April 2019	71	14	51,103	3,428	14,749	3,353	174,782	10,039	360	257,899
Due to exercise of options	-	-	1,018	-	-	-	-	-	-	1,018
Additions during the year	-	-	12,457	1,323	3,353	-	19,680	(3,976)	43	32,880
Transfer to general reserve	-	-	-	-	-	(3,353)	-	-	-	(3,353)
Dividends	-	-	-	-	-	-	(12,493)	-	-	(12,493)
Transfer to Securities premium	-	-	-	(1,018)	-	-	-	-	-	(1,018)
Balance as at 31 March 2020	71	14	64,578	3,733	18,102	-	181,969	6,063	403	274,933
Balance as at 01 April 2020	71	14	64,578	3,733	18,102	-	181,969	6,063	403	274,933
Due to exercise of options	-	-	624	-	-	-	-	-	-	624
Additions during the year	-	-	1,416	1,849	-	-	71,240	24,275	122	98,902
Buyback of Shares	19	-	(12,034)	-	-	-	(2,820)	-	-	(14,835)
Dividends	-	-	-	-	-	-	(7,327)	-	-	(7,327)
Transfer to Securities premium	-	-	-	(624)	-	-	-	-	-	(624)
Balance as at 31 March 2021	90	14	54,584	4,958	18,102	-	243,062	30,338	525	351,673

The accompanying notes 1 to 63 form an integral part of the financial statements

For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Murad D. Daruwalla
Partner
Membership Number: 043334

Place : Mumbai
Date : 29th April 2021

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

Motilal Oswal
Managing Director and Chief Executive Officer
DIN : 00024503

Shalibhadra Shah
Chief Financial Officer

Place : Mumbai
Date : 29th April 2021

Navin Agarwal
Director
DIN : 00024561

Kailash Purohit
Company Secretary

Notes to Financial Statement

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

NOTE 1: CORPORATE INFORMATION

Motilal Oswal Financial Services Limited (“MOFSL” or ‘the Company’) is a public limited company and incorporated under the provisions of Companies Act. The Company is domiciled in India and the addresses of its registered office and principal place of business are disclosed in the introduction to the annual report.

The Company is registered with Securities and Exchange Board of India (‘SEBI’) under the Stock brokers and sub brokers Regulations, 1992 and is a member of Bombay Stock Exchange Limited, National Stock Exchange of India Limited, Multi Commodity Exchange of India Ltd. and National Commodity and Derivatives Exchange Limited. The Company acts as a stock broker and commodities broker to execute proprietary trades and also trades on behalf of its clients which include retail customers (including high net worth individuals), mutual funds, foreign institutional investors, financial institutions and corporate clients. It is registered with Central Depository Services (India) Limited and National Securities Depository Limited in the capacity of Depository Participant and also registered with SEBI in capacity of Research Analyst and Investment Advisor.

The Financial statements were approved for issuance by the Company’s Board of Director on 29 April 2021.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

(i) Compliance with Ind AS

The financial statements of the Company comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (“the Act”) read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act.

The financial statements have been prepared using the significant accounting policies and measurement bases summarized as below. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain Financial instruments are measured at fair value;
- Assets held for sale – measured at fair value less cost to sell;
- Defined benefit plans – plan assets measured at fair value; and
- Share based payments

(iii) Preparation of financial statements

The Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. As per the format prescribed under Division III of Schedule III to the Companies Act, 2013 on 11 October 2018, the Company presents the Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity in the order of liquidity. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in note 57.

(iv) Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) and disclosures as of the date of financial statements and the reported amounts of revenue and expenses for the reporting period. Actual results could differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are recognized in the period in which the Company becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised and future periods. The estimates and judgments that have significant impact on carrying amount of assets and liabilities at each balance sheet date are discussed at note 3.

(v) Determining whether an arrangement contains a lease

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgment in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

2.2 Revenue Recognition

The Company recognizes revenue from contracts with customers based on a five step model as set out in Ind AS 115, Revenue from Contracts with Customers, to determine when to recognize revenue and at what amount. Revenue is measured based on the consideration specified in the contract with a customer. Revenue from contracts with customers is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognised when (or as) the Company satisfies a performance obligation by transferring a promised service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

When (or as) a performance obligation is satisfied, the Company recognizes as revenue the amount of the transaction price (excluding estimates of variable consideration) that is allocated to that performance obligation.

The Company applies the five-step approach for recognition of revenue:

- Identification of contract(s) with customers;
- Identification of the separate performance obligations in the contract;
- Determination of transaction price;
- Allocation of transaction price to the separate performance obligations; and
- Recognition of revenue when (or as) each performance obligation is satisfied.

(i) Brokerage fee income

It is recognised on trade date basis and is exclusive of goods and service tax and securities transaction tax (STT) wherever applicable.

(ii) Research and advisory income

Research and advisory income is accounted for on an accrual basis in accordance with the terms of the respective agreements entered into between the Company and the counter party.

(iii) Interest income

Interest income is recognized on accrual basis.

(iv) Dividend income

Dividend income is recognized in the Statement of profit and loss on the date that the Company's right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be reliably measured. This is generally when the shareholders approve the dividend.

(v) Portfolio management commission income

Portfolio management commissions is recognised on an accrual basis in accordance with the terms of the agreement entered with asset management company.

(vi) Rental income

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

(vii) Profit and loss from partnership firm / LLP

Profit and loss from partnership firm / LLP are accounted on accrual basis and as per terms of respective Partnership / LLP agreement.

2.3 Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Current and deferred tax is recognized in Statement of profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current Tax

Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current tax assets and current tax liabilities are off set when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries and associates where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

2.4 Leases

For any new contracts entered into on or after 1 April 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

The Company has adopted Ind AS 116 "Leases" using the cumulative catch-up approach. Company has recognized Right of Use assets as at 1 April 2019 for leases previously classified as operating leases and measured at an amount equal to lease liability (adjusted for related prepayments/ accruals). The Company has discounted lease payments using the incremental borrowing rate for measuring the lease liability.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in Statement of profit and loss on a straight-line basis over the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease

liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in statement of profit and loss.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract

2.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.6 Financial instruments

Initial recognition and measurement:

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in Statement of profit and loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognizes the difference as follows:

- a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.
- b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in Statement of profit and loss.

Fair value of financial instruments:

Some of the Company's assets and liabilities are measured at fair value for financial reporting purpose. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value measurements under Ind AS are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs) that the Company can access at measurement date.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 54.

Notes to Financial Statement (Contd..)

Financial assets

(i) Classification and subsequent measurement

The Company has applied Ind AS 109 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

1. Financial assets carried at amortised cost

a financial asset is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

2. Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All investments in equity instruments classified under financial assets are initially measured at fair value, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as revenue from operations in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognized in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'Revenue from operations' in the Statement of Profit and Loss.

3. Investments in mutual funds

Investments in mutual funds are measured at fair value through profit and loss (FVTPL).

(ii) Impairment

The Company recognizes impairment allowances using Expected Credit Losses ("ECL") method on all the financial assets that are not measured at FVTPL:

ECL are probability-weighted estimate of credit losses. They are measured as follows:

- Financials assets that are not credit impaired – as the present value of all cash shortfalls that are possible within 12 months after the reporting date.
- Financials assets with significant increase in credit risk - as the present value of all cash shortfalls that result from all possible default events over the expected life of the financial assets.
- Financials assets that are credit impaired – as the difference between the gross carrying amount and the present value of estimated cash flows.

Financial assets are written off/fully provided for when there is no reasonable of recovering financial assets in its entirety or a portion thereof.

However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Profit and Loss.

(iii) Derecognition

A financial asset is derecognised only when:

The Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Notes to Financial Statement (Contd..)

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Financial liabilities

(i) Initial recognition and measurement

All financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs.

(ii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss is measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

(iii) Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.8 Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognized in accordance with the principles of Ind AS 115.

2.9 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition and installation of the assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of profit and loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful life prescribed under Schedule II to the Companies Act, 2013. The Company provides pro-rata depreciation from the month in which the asset is first put to use, till date the assets are sold or disposed. Leasehold improvements are amortised over the term of underlying lease.

Assets	Useful life
Leasehold Improvements	Over the primary lease period or useful life. Whichever is less.
Furniture and Fixtures	10 years
Office Equipments	5 years
Computers	3 years
Vehicles	8 to 10 years

Notes to Financial Statement (Contd..)

Derecognition:

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in the statement of profit and loss when the asset is derecognized.

2.10 Intangible assets

Measurement at recognition:

Intangible assets are recognized where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortization and impairment, if any.

Expenditure incurred on acquisition/development of intangible assets which are not put/ready to use at the reporting date is disclosed under intangible assets under development. The Company amortizes intangible assets on a straight-line basis over the five years commencing from the month in which the asset is first put to use. The Company provides pro-rata amortization from the day the asset is put to use.

Assets	Useful life
Computer Software	5 years
Custom Right	5 years

Derecognition:

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in the statement of profit and loss when the asset is derecognized.

2.11 Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not used by the group for business purposes, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

2.12 Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount of asset is the higher of its fair value or value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects the current market assessment of time value of money and the risks specific to it. 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 and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An Impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the assets carrying amount would have been determined, net of depreciation or amortization, had no impairment loss been recognised.

2.13 Provisions and contingencies:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

2.14 Employee benefits

(i) Short-term obligations

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related services are rendered. The Company recognises 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.

(ii) Post-employment obligations

Defined contribution plan:

Contribution paid/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.

Defined benefits plan:

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 unrecognised 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 in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

(iii) Other long-term employee benefits obligations

Heritage club benefit

Heritage club benefits are recognised as liability at the present value of defined benefits obligation as at the Balance Sheet date. The defined obligation benefit is calculated at the Balance Sheet date by an independent actuary using the projected unit credit method.

Compensated absences

The Company does not have a policy of encashment of unavailed leaves for its employees but are permitted to carry forward subject to a prescribed maximum day. 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.

2.15 Share-based payments

Employee Stock Option Scheme (ESOS)

The Employees Stock Options Scheme ("the Scheme") has been established by the Company. The Scheme provides that employees are granted an option to subscribe to equity share of the Company that vests on the satisfaction of vesting conditions. The fair value of options granted under ESOS is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined reference to the fair value of the options granted excluding the impact of any service conditions. Information about the valuation techniques and inputs used in determining the sale value of assets and liabilities disclosed in note 52.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the service conditions. It recognizes the impact of the revision to original estimates, if any, in Statement of profit and loss, with a corresponding adjustment to equity.

2.16 Foreign currency translation

(i) Functional and presentation currency

Items included in financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is MOFSL's functional and presentation currency.

Notes to Financial Statement (Contd..)

(ii) Translation and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in Statement of profit and loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non - monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognized in Statement of profit and loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognized in other comprehensive income.

2.17 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.18 Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the period (excluding other comprehensive income) attributable to equity share holders of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus element in equity shares issued during the year.

b) Diluted earnings per share

Diluted earnings per share is computed by dividing the net profit 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 except where the results are anti-dilutive.

2.19 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirements.

2.20 Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

2.21 Recent accounting developments

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 01 April 2021. Key amendments relating to Division III which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Statement of changes in equity: Disclosure shall be made regarding the changes in equity due to prior period errors and restated balance at the beginning of the reporting year and similarly disclose the same for the previous reporting period. Additionally, the details of other equity shall also be given for prior reporting period.
- Disclosure of shareholding of all promoters: A company shall now be required to disclose the shareholding of all promoters. The details shall include change in shareholding taken place during the year. The meaning of the promoter has to be taken from the definition provided in the Companies Act, 2013 which is different from the definition provided in the SEBI (ICDR) Regulations, 2009.
- Ageing Schedule: Companies are required to disclose ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development in specified format prescribed under amendment.
- Disclosure related to funds borrowed from banks and financial institutions: If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then a disclosure providing details of utilisation of funds shall also be required to be provided.

Notes to Financial Statement (Contd..)

- Revaluation of property: The reconciliation of gross and net carrying amount of both intangible and tangible assets at the beginning and end of the reporting period, along with other separate disclosures related to additions, disposals, acquisitions, depreciation, impairment, etc. shall also disclose separately details related to the amount of change due to revaluation, where there is a change of more than 10% in aggregate of the net carrying amount of the asset.

The company is also required to disclose whether the property, plant or equipment has been revalued by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

- Specific disclosure: Amendment requires to disclose transaction/ events under various additional regulatory requirements such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held, etc.

Statement of profit and loss:

Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

NOTE 3 : KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on ongoing basis. Any changes to accounting estimates are recognized prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

- (a) Provision and contingent liability: On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.
- (b) Allowance for impairment of financial asset: The Company applies expected credit loss model (ECL) for measurement and recognition of impairment loss. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. At each reporting date, the Company assesses whether the loans have been impaired. The Company is exposed to credit risk when the customer defaults on his contractual obligations. For the computation of ECL, the loan receivables are classified into three stages based on the default and the aging outstanding. The Company recognises life time expected credit loss for trade receivables and has adopted simplified method of computation as per Ind AS 109. The Company considers outstanding overdue for more than 90 days for calculation of expected credit loss.
- (c) Recognition of deferred tax assets: Deferred tax assets are recognised for unused tax-loss carry forwards and unused tax credits to the extent that realisation of the related tax benefit is probable. The assessment of the probability with regard to the realisation of the tax benefit involves assumptions based on the history of the entity and budgeted data for the future.
- (d) Defined benefit plans: The cost of defined benefit plans and the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long - term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.
- (e) Stock based compensation: The Company account for stock-based compensation by measuring and recognizing as compensation expense the fair value of all share-based payment awards made to employees based on estimated grant date fair values. The determination of fair value involves a number of significant estimates. The Company uses the Black Scholes option pricing model to estimate the value of employee stock options which requires a number of assumptions to determine the model inputs. These include the expected volatility of Company's stock and employee exercise behavior which are based on historical data as well as expectations of future developments over the term of the option. As stock-based compensation expense is based on awards ultimately expected to vest. Management's estimate of exercise is based on historical experience but actual exercise could differ materially as a result of voluntary employee actions and involuntary actions which would result in significant change in our stock-based compensation expense amounts in the future.

Notes to Financial Statement (Contd..)

- (f) Property, plant and equipment and Intangible Assets: Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values as per schedule II of the Companies Act, 2013 or are based on the Company's historical experience with similar assets and taking into account anticipated technological changes, whichever is more appropriate.
- (g) Leases - The Company evaluates if an arrangement qualifies to be a lease as per IND AS 116.
- The Company determines lease term as a non-cancellable period of a lease, together with both the period covered by an option to extend the lease if the Company is reasonably certain to exercise lessee options.
 - The determination of the incremental borrowing rate used to measure lease liabilities.

NOTE 4: CASH AND CASH EQUIVALENTS

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Cash on hand	32	26
Balance with banks		
- In current accounts	34,750	31,064
- Fixed deposit with banks (Maturity within 3 months)	22,235	36,578
Total	57,017	67,668

NOTE 5: BANK BALANCE OTHER THAN (4) ABOVE

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Earmarked balances (unpaid dividend account)	44	44
Fixed deposit with banks (with original maturity more than 3 months)*	47,612	44,902
Fixed deposits (maturity more than 12 months)*	167,089	7,694
	214,745	52,640

*Fixed deposits of ₹ 16,719 lakhs are pledged with exchange and banks for meeting margin requirements and for obtaining bank guarantee respectively.

NOTE 6: RECEIVABLES

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Trade receivables		
Considered good - secured*	45,796	33,671
Considered good - unsecured	17,013	15,263
Less: Allowances for impairment losses	(1,612)	(1,103)
	61,197	47,831
Other receivables		
Rent Receivables others	-	-
Receivable from subsidiary companies	160	820
Total	160	820

Notes to Financial Statement (Contd..)

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

*Secured against securities given as collateral by the customer

NOTE 7: LOANS

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
(A) Loans - At amortised cost		
Loans repayable on demand	14	14
Loan to employees	147	167
Margin trading facility	77,308	19,849
Total (A) Gross	77,469	20,030
Less : Impairment loss allowance	(211)	(67)
Total (A) Net	77,258	19,963
(B) Secured/Unsecured		
Secured by tangible assets	77,308	19,849
Unsecured	161	181
Total (B) Gross	77,469	20,030
Less : Impairment loss allowance	(211)	(67)
Total (B) Net	77,258	19,963
(C) Loans in India		
Public sector		
Others	77,469	20,030
Total (C) Gross	77,469	20,030
Less : Impairment loss allowance	(211)	(67)
Total (C) Net	77,258	19,963
Stage wise break up of loans		
(i) Low credit risk (Stage 1)	77,258	19,963
(ii) Significant increase in credit risk (Stage 2)	—	—
(iii) Credit impaired (Stage 3)	—	—
Total	77,258	19,963

NOTE 8: INVESTMENTS

Particulars	Subsidiary/ others	Shares / Units		Amount as at	
		31-Mar-2021	31-Mar-2020	31-Mar-2021	31-Mar-2020
		Number	Number	₹ in Lakhs	₹ in Lakhs
1) Investment at amortised cost					
(a) Investment in subsidiaries					
Motilal Oswal Finvest Limited	Subsidiary	58,928,703	49,360,089	67,035	55,035
Motilal Oswal Securities International Private Limited	Subsidiary	4,569,200	4,569,200	457	457
Motilal Oswal Wealth Management Limited	Subsidiary	813,200	813,200	1,521	1,521
Motilal Oswal Asset Management Company Limited	Subsidiary	668,163,624	668,163,624	13,981	13,981

Notes to Financial Statement (Contd..)

Particulars	Subsidiary/ others	Shares / Units		Amount as at	
		31-Mar-2021	31-Mar-2020	31-Mar-2021	31-Mar-2020
		Number	Number	₹ in Lakhs	₹ in Lakhs
Motilal Oswal Trustee Company Limited	Subsidiary	100,000	100,000	10	10
Motilal Oswal Capital Markets (Honkong) Private Limited	Subsidiary	6,000,000	6,000,000	412	412
Motilal Oswal Capital Markets (Singapore) Pte. Limited	Subsidiary	1,361,111	1,361,111	1,041	1,041
Motilal Oswal Home Finance Limited (Formerly known as Aspire Home Finance Corporation Limited)	Subsidiary	4,836,267,897	4,836,267,897	56,633	56,633
Motilal Oswal Commodities Brokers Private Limited	Subsidiary	410,044	410,044	90	90
Motilal Oswal Investment Advisors Limited	Subsidiary	1,000,000	1,000,000	4,137	4,137
MOPE Investment Advisors Private Limited	Subsidiary	51,274	51,274	1,260	1,260
Motilal Oswal Fincap Private Limited	Subsidiary	3,000,000	3,000,000	300	300
Glide Tech Investment Advisory Private Limited	Subsidiary	4,000,000	1,000,000	400	100
TM Investment Technologies Pvt Ltd	Subsidiary	5,744,705	–	574	–
Motilal Oswal Finsec IFSC Ltd	Subsidiary	2,400,000	2,400,000	240	240
Total				148,091	135,217
(b) Investment in equity shares					
Central Depository Services India Limited	Others	100	100	0	0
Total				0	0
2) Investment at fair value through other comprehensive income					
Investment in equity shares					
AU Finance (India) Limited*	Others	3,281,796	3,281,796	40,296	16,584
Investment through Portfolio Management Services (PMS)					
(a) Next Trillion Dollar Opportunity Strategy					
Bajaj Finance Ltd.	Others	–	5,075	–	112
City Union Bank Ltd.	Others	–	171,016	–	221
Federal Bank Limited	Others	–	186,835	–	77
ICICI Bank Ltd	Others	97,402	97,402	567	315
State Bank of India	Others	67,267	–	245	–
J&K Bank	Others	–	109,353	–	14
Kotak Mahindra Bank Ltd.	Others	61,827	63,211	1,084	819
Max Financial Service Ltd.	Others	62,453	62,453	537	240
Colgate Palmolive (India) Limited	Others	14,203	14,203	221	178
Emami Limited	Others	51,147	42,176	249	72
Glaxosmithkline Consumer Healthcare Ltd	Others	–	2,637	–	263
Page Industries Ltd.	Others	1,416	2,686	429	456
Godrej Indus	Others	49,711	49,711	271	141
Voltas Ltd	Others	114,731	114,731	1,150	547
Gland Pharma Ltd.	Others	15,398	–	382	–
Alkem Laboratories Ltd.	Others	5,274	8,431	146	196
Ipca lab Ltd.	Others	19,585	23,748	373	331
Bharat Forge Ltd.	Others	31,470	44,601	188	105
Bosch Ltd.	Others	1,582	1,582	223	149
Eicher Motors Ltd.	Others	15,830	15,830	412	207
L&T technology Services Ltd.	Others	19,835	19,835	526	230

Notes to Financial Statement (Contd..)

Particulars	Subsidiary/ others	Shares / Units		Amount as at	
		31-Mar-2021	31-Mar-2020	31-Mar-2021	31-Mar-2020
		Number	Number	₹ in Lakhs	₹ in Lakhs
Tech Mahindra Limited	Others	34,954	34,954	347	198
Tata Consultancy Services Ltd.	Others	5,833	–	185	–
Larsen & Tourbro Infotech Ltd.	Others	4,511	–	183	–
AEGIS Logistics Limited	Others	76,167	76,167	227	106
Hindustan Petroleum Corporation Ltd.	Others	73,780	73,780	173	140
Container Corporation of India Ltd.	Others	38,560	38,560	231	128
Bayer Cropscience Limited	Others	3,126	3,125	167	108
Birla Corporation Ltd.	Others	13,397	–	128	–
Cummins India Ltd.	Others	22,498	22,498	207	74
Larsen & Tourbo Ltd.	Others	8,371	–	119	–
ITC Ltd.	Others	78,918	–	172	–
Engineers In	Others	–	46,627	–	28
Cash & Cash Equivalent	Others	–	–	48	19
(b) Business Opportunity Fund					
Eicher Motors Ltd	Others	3,086	–	80	–
Maruti Suzuki India Ltd	Others	949	–	65	–
ICICI Bank Ltd	Others	29,232	–	170	–
HDFC Bank Ltd	Others	10,657	–	159	–
Kotak Mahindra Bank	Others	7,916	–	139	–
Blue Star Ltd	Others	7,337	–	69	–
Hindustan Unilever Ltd	Others	3,177	–	77	–
Asian Paints Ltd.	Others	2,423	–	61	–
Tata Consultancy Services Ltd	Others	4,942	–	157	–
Larsen & Toubro Infotech Ltd	Others	2,625	–	106	–
MAX Financial Services Ltd	Others	23,854	–	205	–
HDFC Life Insurance Company Ltd	Others	14,540	–	101	–
Safari Industries (India) Ltd.	Others	7,440	–	45	–
Phoenix Mills Ltd	Others	5,057	–	39	–
Cash & Cash Equivalents	Others	–	–	9	–
Total				50,968	22,058
3) Investment at fair value through profit and loss					
(a) Investments in real estate funds					
India Realty Excellence Fund II LLP	Others	–	–	2,461	3,525
India Realty Excellence Fund III	Others	9,199,429	9,991,452	10,901	11,824
India Realty Excellence Fund IV	Others	300,000	3,500,000	334	6,932
Total				13,696	22,281
(b) Investment in equity shares					
Shubham Housing Development Finance Company Private Limited	Others	21,377	21,377	518	462
Shriram New Horizons Limited	Others	750,000	750,000	1,013	1,013
Total				1,531	1,475
(c) Investment in preference shares and debentures					
Compulsory Convertible preference shares of Shubham Housing Development Finance Company Private Limited	Others	220,260	220,260	5,345	2,735
Total				5,345	2,735

Notes to Financial Statement

Particulars	Subsidiary/ others	Shares / Units		Amount as at	
		31-Mar-2021	31-Mar-2020	31-Mar-2021	31-Mar-2020
		Number	Number	₹ in Lakhs	₹ in Lakhs
(d) Investment in units of mutual funds					
Motilal Oswal MoSt Focused 25 Fund	Others	41,108,111	41,108,111	13,534	8,357
Most Focused 30 Fund	Others	74,114,633	74,114,633	26,297	15,377
Most Shares N100 ETF	Others	18,330	18,330	171	108
Most Focused Multicap 35 Fund Growth	Others	94,048,178	136,823,821	31,642	26,569
Most Shares M50 ETF	Others	59,499	59,499	86	50
MOST Shares Midcap 100 ETF	Others	507,650	507,650	130	64
Most Focused Long Term Fund	Others	190,816	190,816	46	28
Motilal Oswal Nifty Midcap 150 Index Fund - Direct Growth Option	Others	353,715	353,715	56	28
Motilal Oswal Nifty 500 Fund - Direct Growth Option	Others	92,658	92,658	13	7
Motilal Oswal Nifty Bank Index Fund - Direct Growth Option	Others	22,044	22,044	3	2
Motilal Oswal Nifty Smallcap 250 Index Fund - Direct Growth Option	Others	19,498	19,498	3	1
Motilal Oswal Nifty 50 Index Fund - Direct Growth Option	Others	200,704	200,704	24	14
Motilal Oswal Nifty Next 50 Index Fund - Direct Growth Option	Others	69,847	69,847	8	5
Axis Technology ETF	Others	194,160	–	500	–
Total				72,513	50,610
(e) Investment in alternative investment funds					
Motilal Oswal Focused Growth Opportunities Fund	Others	4,999,750	7,280,244	500	785
Motilal Oswal Focused Growth Opportunities Fund (Carry units)	Others	–	25,287	–	5
Motilal Oswal Focused Multicap Opportunities Fund	Others	10,172,664	10,172,664	1,257	749
Motilal Oswal Focused Multicap Opportunities Fund (Carry units)	Others	82,500	82,500	10	6
Motilal Oswal Select Opportunities Fund	Others	–	10,085,273	–	930
Motilal Oswal Select Opportunities Fund (Carry units)	Others	–	100,000	–	10
Motilal Oswal Focused Business Advantage Fund	Others	10,000,000	10,000,000	1,665	991
Motilal Oswal Focused Business Advantage Fund (Carry units)	Others	100,000	100,000	32	12
Motilal Oswal Focused Emergence Fund	Others	10,267,557	11,719,700	1,121	599
Motilal Oswal Business Advantage Fund Series-II	Others	4,549,882	–	533	–
Motilal Oswal Multicap Equity Fund	Others	999,950	–	1,193	–
Motilal Oswal Rising India Fund	Others	9,749,870	9,749,870	1,555	909
Motilal Oswal Select Opportunities Fund Series II	Others	9,626,104	3,000,000	1,190	218
Motilal Oswal Equity Opportunities Fund Series II	Others	2,999,850	–	360	–
Motilal Oswal Equity Opportunities Fund	Others	10,234,936	8,118,297	1,424	649
Total				10,840	5,863
(f) Investment in private equity funds					
India Business Excellence Fund I	Others	475	475	5,698	4,601
India Business Excellence Fund II	Others	682,500	682,500	11,169	7,810
India Business Excellence Fund II (Carry units)	Others	1,022	1,022	10	10
India Business Excellence Fund III	Others	868,496	2,976,095	13,982	15,461

Notes to Financial Statement (Contd..)

Particulars	Subsidiary/ others	Shares / Units		Amount as at	
		31-Mar-2021	31-Mar-2020	31-Mar-2021	31-Mar-2020
		Number	Number	₹ in Lakhs	₹ in Lakhs
Contrarian Vriddhi Fund I LLP	Others	625	1,000	178	180
Total				31,037	28,062
Total (I)				334,022	268,301
(g) Investment in units of liquid mutual funds					
Birla Sunlife Cash Plus Direct Plan Growth	Others	–	2,814,162	–	8,993
ICICI pru money market - Direct plan	Others	–	4,478,928	–	13,158
Kotak floater short term - Direct plan Growth	Others	–	263,772	–	10,590
UTI money market fund - Direct Growth	Others	212,741	–	5,096	–
Aditya Birla Sun life Money Manager Fund-Direct Growth	Others	3,550,214	–	10,195	–
Invesco India Money Market Fund Direct Plan Growth	Others	103,851	–	2,539	–
Kotak Money Market Fund	Others	293,548	–	10,177	–
Nippon India Money Market Fund - Direct Growth Plan Growth Option	Others	395,589	–	12,741	–
HDFC Liquid Fund -Direct Plan - Growth Option	Others	–	462,880	–	18,083
HDFC Overnight Fund - Direct Plan - Growth	Others	–	336,837	–	10,002
SBI Savings Fund Direct Plan Growth	Others	37,242,641	15,453,896	12,735	5,002
SBI Liquid Fund Direct Plan Growth	Others	–	321,835	–	10,006
Nippon India Liquid Fund Direct Plan Growth Plan	Others	–	206,307	–	10,007
Nippon India Overnight Fund Direct Growth Plan	Others	–	9,330,743	–	10,002
Mirae Asset Cash Management Fund - Direct Plan - Growth	Others	–	119,427	–	2,502
Axis Liquid Direct Fund - Growth	Others	–	456,713	–	10,067
L&T Liquid Fund Direct Plan Growth Option	Others	–	91,928	–	2,501
Total (II)				53,483	110,913
Total (I+II)	(A)			387,505	379,214
Investment in India				386,052	377,761
Investment Outside India				1,453	1,453
Total	(B)			387,505	379,214
Less Allowance for impairment loss				1,195	1,195
Total				386,310	378,019

*The Company has designated its equity investments as FVOCI on the basis that these are not held for trading and held for strategic.

NOTE 9: OTHER FINANCIAL ASSETS

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Electricity and other deposits	1,292	1,206
Deposits with exchange	64,452	11,453
Receivable from exchanges	448	666
Total	66,192	13,325

Notes to Financial Statement (Contd..)

NOTE 10: CURRENT TAX ASSETS (NET)

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Advance tax (net of provision for tax of ₹ 46,093 lakhs (Previous year: ₹ 29,565 lakhs))	2,355	1,338
Total	2,355	1,338

NOTE 11: INVESTMENT PROPERTY

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Balance at the beginning of the year	7,813	8,279
Deduction during the year	–	(410)
Depreciation for the year	(58)	(56)
Total	7,755	7,813
Fair value of Investment property		
Building	42,856	32,264
Estimation of fair value		
The fair value of investment property have been determined by an independent valuer, who has professional experience as well as adequate expertise in the location and category of the investment property. The value is determined based on the rate prescribed by government authorities for commercial property. The resultant fair value estimates for investment property is included in level 2.		
Amounts recognised in the statement of profit and loss in relation to investment		
Rental Income from investment property (Refer note 27)	1,890	2,084
Direct operating expenses arising from investment property that generated rental income during the period	–	–
Direct operating expenses arising from investment property that did not generate rental income during the period	–	–

NOTE 12 : PROPERTY PLANT AND EQUIPMENTS

Current year

Particulars	Gross block				Accumulated depreciation / amortization				Net block	
	Balance as at 1 April 2020	Additions	Disposals	Balance as at 31 March 2021	Balance as at 1 April 2020	Additions	Disposals	Balance as at 31 March 2021	Balance as at 31 March 2020	Balance as at 31 March 2021
Property, plant and equipment										
Land	2,667	–	–	2,667	–	–	–	–	2,667	2,667
Buildings	19,550	1,069	–	20,619	6,917	626	–	7,543	12,633	13,076
Plant and machinery	7,953	1,422	4	9,371	6,199	653	2	6,850	1,754	2,521
Furniture and fixtures	2,549	74	–	2,623	1,781	99	–	1,880	768	743
Vehicles	857	101	–	958	595	51	–	646	261	312
Office equipments	4,004	200	–	4,204	3,474	235	–	3,709	530	495
Right of use (Office Premise)	3,181	1,665	–	4,846	1,010	1,176	–	2,186	2,171	2,660
Total (A)	40,761	4,531	4	45,288	19,976	2,840	2	22,814	20,785	22,474

Notes to Financial Statement (Contd..)

Particulars	Gross block				Accumulated depreciation / amortization				Net block	
	Balance as at 1 April 2020	Additions	Disposals	Balance as at 31 March 2021	Balance as at 1 April 2020	Additions	Disposals	Balance as at 31 March 2021	Balance as at 31 March 2020	Balance as at 31 March 2021
Intangible assets										
Goodwill	90	–	–	90	90	–	–	90	–	–
Computer software	5,436	973	–	6,409	3,714	674	–	4,388	1,722	2,021
BSE/MCX Cards	648	–	–	648	648	–	–	648	–	–
Custom Right	1,108	–	–	1,108	691	81	–	772	417	336
Total (B)	7,282	973	–	8,255	5,143	755	–	5,898	2,139	2,357
Total (A) + (B)	48,043	5,504	4	53,543	25,119	3,595	2	28,712	22,924	24,831

Previous Year

Particulars	Gross block				Accumulated depreciation / amortization				Net block	
	Balance as at 1 April 2019	Additions	Disposals	Balance as at 31 March 2020	Balance as at 1 April 2019	Additions	Disposals	Balance as at 31 March 2020	Balance as at 31 March 2019	Balance as at 31 March 2020
Property, plant and equipment										
Land	2,667	–	–	2,667	–	–	–	–	2,667	2,667
Buildings	19,217	443	110	19,550	6,412	510	5	6,917	12,805	12,633
Plant and machinery	7,261	692	–	7,953	5,694	505	–	6,199	1,566	1,754
Furniture and fixtures	2,390	159	–	2,549	1,692	89	–	1,781	698	768
Vehicles	799	58	–	857	523	72	–	595	276	262
Office equipments	3,684	320	–	4,004	3,273	201	–	3,474	412	530
Right of use (Office Premise)	–	3,181	–	3,181	–	1,010	–	1,010	0	2,171
Total (A)	36,018	4,853	110	40,761	17,594	2,387	5	19,976	18,424	20,785
Intangible assets										
Goodwill	90	–	–	90	90	–	–	90	–	–
Computer software	4,584	852	–	5,436	3,180	534	–	3,714	1,404	1,722
BSE/MCX Cards	648	–	–	648	648	–	–	648	–	–
Custom Right	684	424	–	1,108	684	7	–	691	–	417
Total (B)	6,006	1,276	–	7,282	4,602	541	–	5,143	1,404	2,139
Total (A) + (B)	42,024	6,129	110	48,043	22,196	2,928	5	25,119	19,828	22,924

NOTE 13: OTHER NON - FINANCIAL ASSETS

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Capital advances	473	466
For supply of services	999	1,180
Prepaid expenses	650	504
Others	372	1,160
Tax receivables	–	939
Total	2,494	4,249

Notes to Financial Statement (Contd..)

NOTE 14: PAYABLES

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Trade payables		
(i) total outstanding dues of micro enterprise and small enterprise (Refer note no. 45)	–	–
(ii) total outstanding dues of creditors other than micro enterprise and small enterprise	279,780	156,675
	<u>279,780</u>	<u>156,675</u>

NOTE 15: DEBT SECURITIES

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
At Amortised cost		
Commercial paper (Unsecured)		
(i) from banks	–	–
(ii) from other parties	130,572	91,659
Others (Secured)		
Redeemable non-convertible debenture*	30,000	15,000
Total (A)	<u>160,572</u>	<u>106,659</u>
Debt securities in India	160,572	106,659
Debt securities outside India	–	–
Total (B)	<u>160,572</u>	<u>106,659</u>

*Redeemable non-convertible debenture

Series A/ F.Y.21/ F.Y.24 - 19500 Lakhs, Redemption date - 06th November 2023, Coupon rate - 7.60% PA

Series B/ F.Y.21/ F.Y.24 - 10500 Lakhs, Redemption date - 05th February 2024, Coupon rate - 7.25% PA

Assets Cover available in case of Non Convertible Debt Securities :

Pari - passu charge on all present and future trade receivables and or Margin trading facility receivables of the Company with a minimum cover of 1.05 times of NCD's outstanding and Interest/Coupon due on the NCD's.

NOTE 16: BORROWINGS (OTHER THAN DEBT SECURITIES)

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
At Amortised cost		
Term loans		
(i) from banks (secured)*##	–	6,500
(ii) from other parties (secured)*###	–	10,000
Demand loans		
(i) from banks (Secured)*	47,237	11,433
(ii) from related parties (unsecured)	100	8,380
	<u>47,337</u>	<u>36,313</u>

Notes to Financial Statement (Contd..)

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Borrowing in India	47,337	36,313
Borrowing outside India	—	—
Total	47,337	36,313

*Term loan from banks is secured against units of mutual funds and approved list of shares and securities. Demand loans from banks and other parties are secured against the property, plant and equipment and trade receivables of the company respectively.

It consists of loan of ₹ 6,500 lakhs from Kotak Mahindra Bank Limited which is repaid on 12 June 2020.

It consist of loan of ₹ 10,000 lakhs from NBFC which is repaid on 10 June 2020.

NOTE 17: DEPOSITS

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Security deposit (against premises given on lease)	45	12
Total	45	12

NOTE 18: OTHER FINANCIAL LIABILITIES

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Margin money	29,423	22,006
Interest accrued but not due on borrowings	788	946
Unpaid dividend (refer Note (a) below)	44	44
Accrued salaries and benefits	123	62
Other payables (includes payable to vendors)	3,499	2,818
Other provisions (includes provision for expenses)	662	897
Book overdraft	53	76
Lease liability (Refer note 43)	3,147	2,350
Total	37,739	29,199

NOTE 19: CURRENT TAX LIABILITIES

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Provision for income taxes (net of advance tax of ₹ Nil (Previous year: ₹ 6,473 lakhs))	—	583
	—	583

Notes to Financial Statement (Contd..)

NOTE 20: PROVISIONS

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Provision for employee benefits		
Compensated absences	592	462
Gratuity and heritage obligation (Refer note 42)	1,917	1,756
Service charges	21	21
ExGratia /Incentive payable (Refer note 42)	8,384	5,760
Total	10,914	7,999

NOTE 21: DEFERRED TAX LIABILITIES

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Deferred Tax Liabilities (net) (refer note 53)	7,812	1,161
Total	7,812	1,161

NOTE 22: OTHER NON - FINANCIAL LIABILITIES

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Advance received from customers	818	1,575
Withholding and other taxes payables	1,508	–
Prepaid Brokerage	650	–
	2,976	1,575

NOTE 23: SHARE CAPITAL

	As at 31-Mar-2021		As at 31-Mar-2020	
	Number of shares	₹ in lakhs	Number of shares	₹ in lakhs
Authorised				
Equity shares of ₹ 1 each (previous year ₹ 1 each)	925,000,000	9,250	925,000,000	9,250
Preference shares of ₹ 100 (Previous year ₹ 100 each)	5,650,000	5,650	5,650,000	5,650
	930,650,000	14,900	930,650,000	1,490,000,000
Issued, subscribed and paid up				
Equity shares of ₹ 1 each fully paid up (previous year ₹ 1 each)	146,620,374	1,466	148,066,718	1,481
Of the above 8,55,91,163 shares (Previous year 8,49,21,363) held by holding company Passionate Investment Management Private Limited				
	146,620,374	1,466	148,066,718	1,481

Notes to Financial Statement (Contd..)

23.1 Terms/rights attached to shares

Equity shares :

The Company has one class of equity shares having a par value of ₹ 1 each (previous year: having a par value of ₹ 1 each). Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all the preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2021, dividend recognized as distribution to equity shareholders was ₹ 5.00 per share consisting of interim dividend of ₹ 5.00 per share for year ended 31 March 2021. The total dividend appropriated amounts to ₹ 7,327 lakhs (Previous Year: ₹ 12,491 lakhs) and dividend distribution tax of Nil (Previous year: ₹ 2567.50 lakhs) has been paid by utilizing credit of dividend distribution tax of Nil (Previous year ₹ 2567.50 lakhs and by paying through bank Nil (Previous year Nil).

Preference shares :

The Company has only one class of preference shares having a par value of ₹ 100 each and there are no preference shares issued and subscribed as on 31 March 2021 and 31 March 2020.

23.2 Reconciliation of number of shares outstanding

	As at 31-Mar-2021		As at 31-Mar-2020	
	Number of shares	In ₹	Number of shares	In ₹
At beginning of the year	148,066,718	1,481	145,680,358	1,457
Stock options exercised under the ESOS	462,800	5	1,055,432	11
Preferential Issue*	–	–	1,330,928	13
Buyback of Shares	(1,909,144)	(19)	–	–
At the end of the year	146,620,374	1,466	148,066,718	1,481

* Note: Shares were allotted for consideration other than cash.

23.3 Shares holder having more than 5% equity holding in the Company

Name of shareholder	As at 31-Mar-2021		As at 31-Mar-2020	
	No. of shares held	% of holding	No. of shares held	% of holding
Passionate Investment Management Private Limited	85,591,163	58.38	84,921,363	57.35
Mr. Motilal Oswal	8,191,072	5.59	8,525,972	5.76
Mr. Raamdeo Agarawal	7,704,010	5.25	7,927,265	5.35
Mr. Navin Agarwal	7,592,365	5.18	7,368,010	4.98

23.4 Shares held by holding company

Name of shareholder	As at 31-Mar-2021		As at 31-Mar-2020	
	No. of shares held	% of holding	No. of shares held	% of holding
Passionate Investment Management Private Limited	85,591,163	58.38	84,921,363	57.35

23.5 During the year ended March 31, 2021, the Company has concluded the buyback of 19,09,144 equity shares as approved by the Board of Directors on March 21, 2020. This has resulted in a total cash outflow of ₹ 14,854 lakhs (including buyback transaction cost). In line with the requirement of the Companies Act 2013, an amount of ₹ 12,034 lakhs and ₹ 2,820 lakhs has been utilised from the securities premium account and retained earnings respectively. Further, capital redemption reserves of ₹ 19 lakhs (representing the nominal value of the shares bought back) has been created as an apportionment from securities premium. Consequent to such buyback, share capital has reduced by ₹ 19 lakhs. Company has not issued any bonus shares during the year or preceding to year 31 March 2021.

Notes to Financial Statement (Contd..)

NOTE 24: RESERVE & SURPLUS

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Capital redemption Reserve		
Balance at the beginning of the reporting period	71	71
Add: Buyback of Shares	19	–
Balance at the end of the reporting period	90	71
Capital Reserve		
Balance at the beginning of the reporting period	14	14
Balance at the end of the reporting period	14	14
Securities premium		
Balance at the beginning of the year	64,578	51,103
Add: during the year	1,416	12,457
Add: Transfer from ESOS Reserve	624	1,018
Less: Buyback of shares	(12,034)	–
Balance as at end of the year	54,584	64,578
Share option outstanding account		
Balance at the beginning of the reporting period	3,733	3,428
Transfer to securities premium	(624)	(1,018)
Option granted during the year	1,849	1,323
Balance at the end of the reporting period	4,958	3,733
General reserve		
Balance at the beginning of the reporting period	18,102	14,748
Transfer from debenture redemption reserve	–	3,354
Balance at the end of the reporting period	18,102	18,102
Debenture Redemption Reserve		
Balance at the beginning of the reporting period	–	3,354
Transfer to general reserve	–	(3,354)
Balance at the end of the reporting period	–	–
Retained earnings		
Balance at the beginning of the reporting period	181,969	174,782
Transfer from Statement of Profit and Loss	71,240	19,680
Interim dividend	(7,327)	(5,920)
Final dividend	–	(6,571)
Dividend distribution tax	–	(2)
Buyback Transaction cost	(2,820)	–
Balance at the end of the reporting period	243,062	181,969
Other comprehensive income		
Balance at the beginning of the reporting period	6,466	10,399
Add : Other comprehensive income for the year	24,397	(3,933)
	30,863	6,466
	351,673	274,933

Notes to Financial Statement (Contd..)

Capital redemption reserve

The capital redemption reserve is created to be utilised towards redemption of preference shares. The reserve will be utilised in accordance with provision of the Act.

Capital reserve

It is made out of capital profits earned. The same is not available for profit distribution.

Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

Share option outstanding account

Share based payment expense pertaining to outstanding portion of the option not yet exercised.

General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to statement of profit and loss. General reserve is used to transfer to debenture redemption reserve.

Retained earnings

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

Other comprehensive income

Other comprehensive income consist of remeasurement gains/ losses on defined benefit plans, gain /(loss) of equity instruments carried through FVTOCI.

NOTE 25: INTEREST INCOME

	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
On financial assets measured at amortised cost		
Interest on loans	185	708
Interest on deposits with banks	6,292	3,743
Other interest income on :		
Margin funding	4,362	4,802
Delayed payment by customers	7,699	8,038
Total	18,538	17,291

NOTE 26: DIVIDEND INCOME

	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
Dividend income		
From investments	61	95
From subsidiary companies	2,238	13,891
Total	2,299	13,986

Notes to Financial Statement (Contd..)

NOTE 27: RENT INCOME

	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
Rent income from operating leases	1,890	2,084
Total	1,890	2,084

NOTE 28: FEES AND COMMISSION INCOME

	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
Brokerage and fees income		
Brokerage income	118,433	75,858
Research and advisory fees	1,269	1,139
Depository income	4,459	2,541
	124,161	79,538
Other commission income		
Portfolio management fees and commission	10,157	10,937
Total	10,157	10,937

NOTE 29: NET GAIN ON FAIR VALUE CHANGES

	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
Net gain /(loss) on financial instruments at fair value through profit or loss		
Realised	10,832	12,339
Unrealised gain/ (loss)	42,916	(28,188)
Total	53,748	(15,849)

NOTE 30: OTHER OPERATING INCOME

	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
Partnership gain from private equity fund		
From Fund	44	89
Other operating revenue		
Others	5,310	3,024
Total	5,354	3,113

NOTE 31: OTHER INCOME

	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
Interest on staff loans	2	10
Profit/(loss) on sale of fixed assets	—	93
Business support and other miscellaneous income (Refer note 46)	2,282	3,587
Total	2,284	3,690

Notes to Financial Statement (Contd..)

NOTE 32: FINANCE COST

	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
On instruments measured at amortized cost		
Interest on borrowings	4,007	3,399
Interest on debt securities	6,866	8,397
Other borrowing cost	1,537	867
Interest on lease liability (Refer note 43)	360	261
Total	12,770	12,924

NOTE 33 : FEES AND COMMISSION EXPENSE

	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
Brokerage sharing with intermediaries	51,004	32,317
Depository charges	945	365
Advisory and other fees	431	628
Total	52,380	33,310

NOTE 34: IMPAIRMENT ON FINANCIAL INSTRUMENTS

	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
Trade Receivables	652	90
Bad debts	988	1,349
Total	1,640	1,439

NOTE 35 : EMPLOYEE BENEFITS EXPENSE

	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
Salary, bonus and allowances	35,607	28,413
Share based payments (Refer note 52)	1,262	1,062
Contribution to provident and other funds (refer note 50)	1,045	625
Gratuity and other long term benefits	375	504
Staff welfare expenses	299	567
Total	38,588	31,171

NOTE 36: DEPRECIATION AND AMORTIZATION EXPENSES

	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
Depreciation on Property, plant & equipment	1,662	1,377
Amortisation on other intangible assets	755	541
Depreciation on investment property	58	56
Depreciation on lease (Refer note 43)	1,176	1,010
Total	3,651	2,984

Notes to Financial Statement (Contd..)

NOTE 37 : OTHER EXPENSES

	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
Rent (Refer Note 43)	534	338
Business Support	1,276	-
Rates and taxes	227	239
Insurance	375	307
Legal and professional fees	1,327	1,244
Remuneration to auditors (Refer note 40)	34	29
Advertisement expenses	441	540
Marketing and brand promotion	4,442	2,472
Printing and Stationary	359	549
Communication and data charges	2,002	1,361
Travelling, lodging and boarding expenses	932	1,786
Repairs - building	110	55
Repairs and maintenance - others	244	286
Computer maintenance and software charges	1,227	852
Power and fuel	552	660
Foreign exchange (Gain)/Loss	4	3
Service charges	485	594
Expenditure on Corporate Social Responsibility (Refer note 60)	788	695
Donations	19	18
Miscellaneous expenses	1,479	1,524
Total	16,857	13,552

NOTE 38: CONTINGENT LIABILITY AND COMMITMENT (TO THE EXTENT NOT PROVIDED FOR)

Particulars	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Contingent liabilities:		
(i) Guarantees / securities given (Refer note a)	102,429	108,834
(ii) Demand in respect of income tax matters for which appeal is pending (Refer note b)	2,761	6,116
(iii) Claim against the company (Refer note c)	1,060	1,023
Capital commitments:		
(i) Estimated amount of contracts remaining to be executed on capital account (net of advances)	2,470	1,002
(ii) Uncalled liability on shares and other investments partly paid:		
1) India Realty Excellence Fund III	-	-
2) India Business Excellence Fund III	1,129	12,797
3) India Realty Excellence Fund IV	200	3,500

(a) Guarantees and securities given

- The Company has given Corporate Guarantees of ₹ 74,339 lakhs (Previous year: ₹ 84,749 lakhs) to Banks and NCD holders for its subsidiary Motilal Oswal Home Finance Limited.
- The Company has provided bank guarantees aggregating to ₹ 28,090 lakhs as on 31 March 2021 for the following purposes to:

Notes to Financial Statement (Contd..)

- i) National Stock exchange - ₹ 12.500 lakhs for meeting margin requirements.
- ii) Bombay Stock exchange - ₹ 10,000 lakhs for meeting margin requirements.
- iii) MCX - ₹ 4,000 lakhs for meeting margin requirements.
- iv) Unique Identification Authority - ₹ 25 lakhs for security deposit
- v) Hindalco Industries Limited - ₹ 1,500 lakhs for margin deposit
- vi) Municipal Corporation of Greater Mumbai - ₹ 5 lakhs for security deposit.
- vii) Bombay High Court - ₹ 54.96 lakhs for security deposit
- viii) Bank of Maharashtra - ₹ 5 lakhs for security deposit

The Company has pledged fixed deposits with banks aggregating of ₹ 14,868 lakhs for obtaining bank guarantee.

- (b) Demand in respect of income tax matters for which appeal is pending is ₹ 2,761.01 lakhs (Previous year ₹ 6115..92 lakhs). This is disputed by the Company and hence not provided for in the books of accounts. The Company has paid demand by way of deposit of ₹ 484 lakhs (Previous year ₹ 484 lakhs) till date. Above liability does not include interest u/s 234B and 234C as the same depends on the outcome of the demand.

The Company is contesting the demands and the management believes that its position will likely be upheld in the appellant process. No tax expenses has been accrued in the financial statement for the tax demand raised. The management believes that ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

- (c) Claims against the Company:

Pending against forum	Number of cases as on 31-Mar-2021	As at 31-Mar-2021	Number of cases as on 31-Mar-2020	As at 31-Mar-2020
Civil cases	25	1,060	25	1,023
Consumer court cases	—	—	—	—
Arbitration cases	—	—	—	—
Total	25	1,060	25	1,023

Note :

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

The proceedings/ Appeals held at Supreme court/ High court/District court are considered as "Civil cases".

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

- (d) The Hon'ble Supreme Court has, in a recent decision dated 28 February 2019, ruled that special allowance would form part of basic wages for computing the Provident Fund (PF) contribution. While the Company is evaluating the implications of the order, the company taken impact of its PF contribution prospectively and would record any further effect in its financial statements, on receiving additional clarity on the subject.

NOTE 39: SEGMENT REPORTING

As per IND AS 108 para 4, Segment has been disclosed in Consolidated financial statement, Hence no separate disclosure has been given in standalone financial statements of the Company.

NOTE 40: REMUNERATION TO AUDITORS (EXCLUSIVE OF TAXES)

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
As Auditors:		
Statutory audit	28	24
Tax audit	—	—

Notes to Financial Statement (Contd..)

	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
In other capacity:		
Out of pocket expenses	—	—
Certification	6	5
Total	34	29

NOTE 41: EARNINGS PER EQUITY SHARE:

	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
Net profit attributable to equity shareholders for calculation of Basic EPS [A] (₹ in lakhs)	71,240	19,680
Weighted average number of equity shares issued [B] (face value of ₹ 1 each) (In numbers)	147,131,648	147,023,376
Basic earnings per share [A/B] (₹)	48.42	13.39
Net profit attributable to equity shareholders for calculation of diluted EPS [C] (₹ in lakhs)	71,240	19,680
Weighted average of equity shares issued (face value of ₹ 1 each) (In numbers) [D]	147,131,648	147,023,376
Weighted number of additional equity shares outstanding for diluted EPS (In numbers) [E]	2,540,785	3,301,812
Weighted number of equity shares outstanding for diluted EPS (In numbers) [F=E+D]	149,672,433	150,325,188
Diluted earnings per share [C/F] (₹)	47.60	13.09

NOTE 42: PROVISIONS MADE FOR THE YEAR ENDED 31 MARCH 2021 COMPRISES OF:

Particulars	Opening balance as at 1 April 2020	Provided during the year	Provision reversed / paid during the year	Closing balance As at 31 March 2021
Ex-gratia	5,760	8,384	5,760	8,384
Provision for gratuity	1,612	251	77	1,786
Heritage benefits	143	—	12	131
Compensated absences	462	592	462	592
Total	7,977	9,227	6,311	10,893

Particulars	Opening balance as at 1 April 2019	Provided during the year	Provision reversed / paid during the year	Closing balance As at 31 March 2020
Ex-gratia	5,823	5,760	5,823	5,760
Provision for gratuity	1,366	398	152	1,612
Heritage benefits	116	27	—	143
Compensated absences	72	462	72	462
Total	7,377	6,647	6,047	7,977

NOTE 43: LEASE

The Company has taken various office premises on operating lease for the period which ranges from 12 months to 106 months with an option to renew the lease by mutual consent on mutually agreeable terms.

Information about leases for which the company is a lessee are presented below:

Notes to Financial Statement (Contd..)

(A) Right of use assets for the year ended 31 March 2021

Particulars	Amount ₹ in Lakhs
Balance as at 1 April 2020	2,171
Adjustment on transition to Ind AS 116	–
Movement during the year	1,665
Depreciation on Right-Of-Use (ROU) assets	(1,176)
Balance as at 31 March 2021	2,660

(B) Lease liabilities for the year ended 31 March 2021

Particulars	Amount ₹ in Lakhs
Balance as at 1 April 2020	2,350
Adjustment on transition to In AS 116	-
Movement during the year	1,665
Add: Interest cost accrued during the period	360
Less: Payment of lease liabilities	(1,228)
Balance as at 31 March 2021	3,147

(C) Maturity analysis - Discounted Cashflows of Contractual maturities of lease liabilities as at 31 March 2021

Particulars	As at 31 March 2021 ₹ in Lakhs
Less than three months	298
Three to twelve months	740
One to five years	1,645
More than five years	464
Total	3,147

(D) Amount recognised in statement of profit & loss for the year ended 31 March 2021

Particulars	Amount ₹ in Lakhs
Interest cost on lease liabilities	360
Depreciation on right of use assets	1,176
Rental Expenses recorded for short-term lease payments and payments for leases of low-value assets not included in the measurement of the lease liability	534

(E) Amount recognised in statement of cash flows for the year ended 31 March 2021

Particulars	Amount ₹ in Lakhs
Cash payments for the principal & interest portion of the lease liability within financing activities	(1,228)
Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities.	534

Notes to Financial Statement (Contd..)

NOTE 44: RATINGS ASSIGNED BY CREDIT RATING AGENCIES

- 1) Crisil Limited reaffirmed the Credit Rating of "CRISIL A1+" (pronounced 'CRISIL A One Plus') to the Commercial Paper Programme of ₹ 1,50,000 lakhs (Previous year 1,30,000 lakhs) of the Company.
- 2) India Ratings and Research affirmed the Credit Rating of "IND A1+" (pronounced 'IND A One Plus') to the Commercial Paper Programme of ₹ 1,50,000 lakhs (Previous year 1,30,000 lakhs) of the Company.
- 3) ICRA has affirmed the rating of "ICRA AA" rating with stable outlook (pronounced ICRA double A rating with stable outlook) to the long term debt programme of the Company for ₹ 30,000 lakhs in the current year (Previous year ₹ 35,000 lakhs). These ratings indicate strong degree of safety regarding timely servicing of financial obligations.

NOTE 45: DUE TO MICRO AND SMALL ENTERPRISES

The Company has sent letters to vendors to confirm whether they are covered under Micro, Small and Medium Enterprise Development Act 2006 as well as they have filed required memorandum with prescribed authority. Based on and to the extent of the information received by the Company from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, the relevant particulars as at the year end are furnished below:

Particulars	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
The Principal amount remaining unpaid at the year end	—	—
The Interest amount remaining unpaid at the year end	—	—
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 year (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 year end	—	—
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 year end	—	—

NOTE 46: BUSINESS SUPPORT

The company provides business support to its subsidiaries, fellow subsidiaries for activities like finance, accounting, human resources, information technology, back office operations, corporate planning, administrative services and various other services for which it recovers business support charges.

NOTE 47: FOREIGN CURRENCY TRANSACTIONS

(i) Expenditure in foreign currency (On accrual basis)

Particulars	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
Travelling lodging and boarding expenses	19	201
Marketing commission	3	6
Membership fees	12	—
Computer maintenance and software charges	294	266
Lodging and boarding expenses	0	10
Training charges	—	25
Advisory and other fees	282	378
Total	610	886

Notes to Financial Statement (Contd..)

(ii) Income in foreign currency (On accrual basis)

Particulars	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
Research and advisory fees	1,093	1,132
Total	1,093	1,132

NOTE 48: UNHEDGED FOREIGN CURRENCY EXPOSURE

a) Receivables

Particulars	Currency	As at 31-Mar-2021	As at 31-Mar-2020
Foreign currency exposure outstanding	USD (USA Dollar)	0.43	0.93
	INR (Indian Rupees)	31.23	68.00
	GBP (Pound Sterling)	0.00	–
	INR (Indian Rupees)	0.15	–
	SGD (Singapore Dollar)	1.91	–
	INR (Indian Rupees)	104.25	–
Foreign currency receivable in next 5 years including interest	USD (USA Dollar)	0.43	0.93
	INR (Indian Rupees)	31.23	68.00
	GBP (Pound Sterling)	0.00	–
	INR (Indian Rupees)	0.15	–
	SGD (Singapore Dollar)	1.91	–
	INR (Indian Rupees)	104.25	–
Unhedged foreign currency exposure	USD (USA Dollar)	0.43	0.93
	INR (Indian Rupees)	31.23	68.00
	GBP (Pound Sterling)	0.00	–
	INR (Indian Rupees)	0.15	–
	SGD (Singapore Dollar)	1.91	–
	INR (Indian Rupees)	104.25	–

b) Payables

Particulars	Currency	As at 31-Mar-2021	As at 31-Mar-2020
Foreign currency exposure outstanding	USD (USA Dollar)	0.29	0.85
	INR (Indian Rupees)	21.48	63.48
	HKD (Hongkong Dollar)	4.31	4.21
	INR (Indian Rupees)	40.60	40.60
	SGD (Singapore Dollar)	2.91	4.00
	INR (Indian Rupees)	158.68	210.06
Foreign currency receivable in next 5 years including interest	USD (USA Dollar)	0.29	0.85
	INR (Indian Rupees)	21.48	63.48
	HKD (Hongkong Dollar)	4.31	4.21
	INR (Indian Rupees)	40.60	40.60
	SGD (Singapore Dollar)	2.91	4.00
	INR (Indian Rupees)	158.68	210.06

Notes to Financial Statement (Contd..)

Particulars	Currency	As at 31-Mar-2021	As at 31-Mar-2020
Unhedged foreign currency exposure	USD (USA Dollar)	0.29	0.85
	INR (Indian Rupees)	21.48	63.48
	HKD (Hongkong Dollar)	4.31	4.21
	INR (Indian Rupees)	40.60	40.60
	SGD (Singapore Dollar)	2.91	4.00
	INR (Indian Rupees)	158.68	210.06

c) Investments

Particulars	Currency	As at 31-Mar-2021	As at 31-Mar-2020
Foreign currency exposure outstanding	HKD (Hongkong Dollar)	60.00	60.00
	INR (Indian Rupees)	412.02	412.02
	SGD (Singapore Dollar)	22.50	22.50
	INR (Indian Rupees)	1,040.88	1,040.88
Foreign currency receivable in next 5 years including interest	HKD (Hongkong Dollar)	NA	NA
	INR (Indian Rupees)	NA	NA
	SGD (Singapore Dollar)	NA	NA
	INR (Indian Rupees)	NA	NA
Unhedged foreign currency exposure	HKD (Hongkong Dollar)	60.00	60.00
	INR (Indian Rupees)	412.02	412.02
	SGD (Singapore Dollar)	22.50	22.50
	INR (Indian Rupees)	1,040.88	1,040.88

NOTE 49: PROPOSED DIVIDEND

The Board of Directors at its meeting held on 29 April 2021 has declared a final dividend of ₹ 5/- per equity share (on face value of ₹ 1/- per equity share) for the Financial year 2020-21.

NOTE 50 : EMPLOYEE BENEFITS

Disclosure pursuant to Ind AS -19 "Employee benefits" is given as below:

Defined contribution plan:

Contribution to defined contribution plans, recognised as expense for the year is as under :

Particulars	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
Employers' contribution to provident fund	1,045	625

Defined benefit plan:

The Company provides for gratuity benefit which is a defined benefit plan covering all its eligible employees. This plan is unfunded. The gratuity benefits are subject to a maximum limit of upto ₹ 20,00,000.

The following table set out the status of the gratuity plan as specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014 (as amended) under Ind AS 19 "Employee benefits" and the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

Notes to Financial Statement (Contd..)

(₹ in Lakhs)

Particulars	Gratuity (unfunded)		Other long term benefits	
	Year ended 31-Mar-2021	Year ended 31-Mar-2020	Year ended 31-Mar-2021	Year ended 31-Mar-2020
I) Actuarial assumptions				
Mortality	IALM (2012-014) Ultimate	IALM (2012-014) Ultimate	IALM (2012-014) Ultimate	IALM (2012-014) Ultimate
Discount Rate (per annum)	3.93%	4.80%	3.93%	4.80%
Rate of escalation in salary (per annum)	9.70%	10.64%		
Expected rate of return on plan assets (per annum)	–	–		
Employee Attrition Rate (Past Service)	PS: 0 to 40 : 54.43%	PS: 0 to 40 : 50.05%	PS: 0 to 40 : 54.43%	PS: 0 to 40 : 50.05%
Expected average remaining service	0.84	1	0.84	1
I) Changes in present value of obligations (PVO)				
PVO at beginning of period	1,612	1,366	143	116
Interest cost	60	78	–	–
Current service cost	416	366	(12)	27
Past service cost - (non vested benefits)	–	–	–	–
Past service cost - (vested benefits)	–	–	–	–
Transfer In-Liability	11	14	–	–
Transfer Out-Liability	(74)	(3)	–	–
Benefits paid	(77)	(152)		
Contributions by plan participants	–	–	–	–
Business Combinations	–	–	–	–
Curtailments	–	–	–	–
Settlements	–	–	–	–
Actuarial (Gain)/Loss on obligation	(163)	(57)	–	–
PVO at end of period	1,786	1,612	131	143
II) Interest expense				
Interest cost	60	78	–	–
III) Fair value of plan assets				
Fair Value of Plan Assets at the beginning	–	–	–	–
Interest income	–	–	–	–
IV) Net Liability				
PVO at beginning of period	1,612	1,366	–	–
Fair Value of the Assets at beginning report	–	–	–	–
Net Liability	1,612	1,366	–	–
V) Net Interest				
Interest Expenses	60	78	–	–
Interest Income	–	–	–	–
Net Interest	60	78	–	–
VI) Actual return on plan assets				
Less Interest income included above	–	–	–	–
Return on plan assets excluding interest income	–	–	–	–
VII) Actuarial (Gain)/loss on obligation				
Due to Demographic Assumption	(36)	(54)	–	–
Due to Financial Assumption	9	54	–	–
Due to Experience	(136)	(57)	–	–
Total Actuarial (Gain)/Loss	(163)	(57)	–	–

Notes to Financial Statement (Contd..)

(₹ in Lakhs)

Particulars	Gratuity (unfunded)		Other long term benefits	
	Year ended 31-Mar-2021	Year ended 31-Mar-2020	Year ended 31-Mar-2021	Year ended 31-Mar-2020
VIII) Fair Value of Plan Assets				
Opening Fair Value of Plan Asset	–	–	–	–
Adjustment to Opening Fair Value of Plan Asset	–	–	–	–
Return on Plan Assets excl. interest income	–	–	–	–
Interest Income	–	–	–	–
Contributions by Employer	77	152	–	–
Contributions by Employee	–	–	–	–
Benefits Paid	(77)	(152)	–	–
Fair Value of Plan Assets at end	–	–	–	–
IX) Past Service Cost Recognised				
Past Service Cost- (non vested benefits)	–	–	–	–
Past Service Cost -(vested benefits)	–	–	–	–
Average remaining future service till vesting of the benefit	–	–	–	–
Recognised Past service Cost- non vested benefits	–	–	–	–
Recognised Past service Cost- vested benefits	–	–	–	–
Unrecognised Past Service Cost- non vested benefits	–	–	–	–
X) Amounts to be recognized in the balance sheet and statement of profit & loss account				
PVO at end of period	1,786	1,612	–	–
Fair Value of Plan Assets at end of period	–	–	–	–
Funded Status	(1,786)	(1,612)	–	–
Net Asset/(Liability) recognized in the balance sheet	(1,786)	(1,612)	–	–
XI) Expense recognised in the statement of profit and loss				
Current service cost	416	366	(12)	27
Net Interest	60	78	–	–
Past service cost - (non vested benefits)	–	–	–	–
Past service cost - (vested benefits)	–	–	–	–
Curtailement Effect	–	–	–	–
Settlement Effect	–	–	–	–
Unrecognised past service cost - non vested benefits	–	–	–	–
Actuarial (Gain)/Loss recognized for the period	–	–	–	–
Expense recognized in the statement of profit and loss	476	444	(12)	27
XII) Other Comprehensive Income (OCI)				
Actuarial (Gain)/Loss recognized for the period	(163)	(57)	–	–
Asset limit effect	–	–	–	–
Return on Plan Assets excluding net interest	–	–	–	–
Unrecognized Actuarial (Gain)/Loss from previous period	–	–	–	–
Total Actuarial (Gain)/Loss recognized in (OCI)	(163)	(57)	–	–

Notes to Financial Statement (Contd..)

(₹ in Lakhs)

Particulars	Gratuity (unfunded)		Other long term benefits	
	Year ended 31-Mar-2021	Year ended 31-Mar-2020	Year ended 31-Mar-2021	Year ended 31-Mar-2020
XIII) Movement in liability recognized in balance sheet				
Opening net liability	1,612	1,366	143	116
Adjustment to opening balance	–	–	–	–
Transfer In-Liability	11	14	–	–
Transfer Out-Liability	(74)	(3)	–	–
Expenses as above	476	444	(12)	27
Contribution paid	(77)	(152)	–	–
Other Comprehensive Income(OCI)	(163)	(57)	–	–
Closing net liability	1,786	1,612	131	143
XIV) Projected Service Cost 31 Mar 2021	442	416	–	–
XV) Asset Information				
Cash and Cash Equivalents	–	–	–	–
Gratuity Fund	–	–	–	–
Debt Security - Government Bond	–	–	–	–
Equity Securities - Corporate debt securities	–	–	–	–
Other Insurance contracts	–	–	–	–
Property	–	–	–	–
Total Itemized Assets	–	–	–	–
XVI) Sensitivity Analysis				
	DR: Discount Rate		ER : Salary escalation rate:	
	PVO DR +1%	PVO DR +1%	PVO ER +1%	PVO ER +1%
PVO	1,761	1,812	1,800	1,772

XVII) Expected Payout

Year	Expected	Expected	Expected	Expected	Expected	Expected Outgo
	Outgo First	Outgo Second	Outgo Third	Outgo Fourth	Outgo Fifth	Six to ten years
Pay-outs	898	473	255	133	70	65

XVIII) Asset Liability Comparisons

Year	31/03/2017	31/03/2018	31/03/2019	31/03/2020	31/03/2021
PO at End of period	44	77	1,366	1,612	1,786
Plan Assets	–	–	–	–	–
Surplus / (Deficit)	(44)	(77)	(1,366)	(1,612)	(1,786)
Experience adjustments on plan assets					

NOTE 51 : RELATED PARTY DISCLOSURE

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

As per Ind AS 24 - Related Party Disclosures, specified under section 133 of the Companies Act, 2013, read with The Companies (Indian Accounting Standards) Rules, 2015, the name of related party where control exists / able to exercise significant influence along with the transactions and year end balances with them as identified and certified by the management are as follows:

II. List of related parties and their relationship

a) Holding Company

- Passionate Investment Management Private Limited

Notes to Financial Statement (Contd..)

b) Subsidiary / Step-down subsidiaries companies

- Motilal Oswal Investment Advisors Limited (formerly known as Motilal Oswal Investment Advisors Private Limited)
- MOPE Investment Advisors Private Limited
- Motilal Oswal Commodities Broker Private Limited
- Motilal Oswal Finvest Limited (formerly known as Motilal Oswal Capital Markets Limited)
- Motilal Oswal Wealth Management Limited
- MO Alternate investment Advisors Private Limited (formerly known as Motilal Oswal Fincap Private Limited)
- Motilal Oswal Asset Management Company Limited
- Motilal Oswal Asset Management (Mauritius) Private Limited
- Motilal Oswal Trustee Company Limited
- Motilal Oswal Capital Market (Hong Kong) Private Limited
- Motilal Oswal Capital Markets (Singapore) Pte. Limited
- Motilal Oswal Securities International Private Limited
- Motilal Oswal Real Estate Investment Advisors Private Limited
- Motilal Oswal Real Estate Investment Advisors II Private Limited
- Motilal Oswal Home Finance Limited (Formerly known as Aspire Home Finance Corporation Limited)
- India Business Excellence Management Company
- Motilal Oswal Capital Limited
- Motilal Oswal Finsec IFSC Limited
- Glide Tech Investment Advisory Private Limited
- TM Investment Technologies Private Limited

c) Associate/Joint Venture

- India Realty Excellence Fund II LLP
- India Business Excellence Fund III (Till 29 September 2020)

d) Key management personnel

- | | |
|------------------------------------|--|
| – Mr. Motilal Oswal | Managing Director and Chief executive officer |
| – Mr. Raamdeo Agarawal | Non-Executive Chairman |
| – Mr. Navin Agarawal | Non-Executive Director (Managing Director till July 30,2020) |
| – Mr. Praveen Tripathi | Independent Director (Till July 30, 2020) |
| – Mr. Vivek Paranjpe | Independent Director (Till July 30, 2020) |
| – Mrs. Rekha Utsav Shah | Independent Director (Till October 01, 2020) |
| – Mrs. Sharda Agarwal | Independent Director (Till July 30, 2020) |
| – Mr. Chitradurga Narasimha Murthy | Independent Director (Appointed from July 01,2020) |
| – Mr. Pankaj Bhansali | Independent Director (Appointed from July 01,2020) |
| – Mrs. Divya Sameer Momaya | Independent Director (Appointed from July 01,2020) |
| – Mr. Chandrashekhar Anant Karnik | Independent Director (Appointed from September 16,2020) |
| – Mrs. Swanubhuti Jain | Independent Director (Appointed from December 24,2020) |

e) Relatives of Key management personnel

- | | |
|--------------------------|--|
| – Vimla Oswal | – Spouse of Managing Director and Chief executive officer |
| – Vimaladevi Salecha | – Sister of Managing Director and Chief executive officer |
| – Rajendra Gopilal Oswal | – Brother of Managing Director and Chief executive officer |
| – Suneeta Agarawal | – Spouse of Non-Executive Chairman |
| – Vaibhav Agarwal | – Son of Non-Executive Chairman |
| – Vedika Karnani | – Daughter in law of Non-Executive Chairman |

Notes to Financial Statement (Contd..)

- Dr. Karoon Ramgopal Agarawal – Brother of Non-Executive Chairman
- Vinay R. Agrawal – Brother of Non-Executive Chairman
- Sukhdeo Ramgopal Agarawal – Brother of Non-Executive Chairman
- Govinddeo R. Agarawal – Brother of Non-Executive Chairman
- Satish Agrawal – Brother of Non-Executive Chairman
- Suman Agrawal – Sister of Non-Executive Chairman
- Anita Anandmurthy Agrawal – Sister of Non-Executive Chairman

f) Enterprises in which Key Managerial Personnel have control

- OSAG Enterprises LLP

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

- Raamdeo Agarawal (HUF)
- Textile Exports Private Limited
- Motilal Oswal Foundation (Trust)
- Motilal Oswal HUF

III. Transactions with related parties

₹ in Lakhs

Nature of transaction	Name of the related party	Subsidiaries / step-down / fellow subsidiaries*		Holding Company		Key managerial personnel/relative of key managerial personnel /associates		Total	
		For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20
Interest (Income)/ Expense	Motilal Oswal Wealth Management Limited	–	(3)	–	–	–	–	–	(3)
	Motilal Oswal Home Finance Limited	(9)	(210)	–	–	–	–	(9)	(210)
	Motilal Oswal Wealth Management Limited	60	–	–	–	–	–	–	–
	Motilal Oswal Asset Management Company Limited	87	–	–	–	–	–	–	–
	Motilal Oswal Home Finance Limited	830	–	–	–	–	–	–	–
	Motilal Oswal Finvest Limited	(176)	(441)	–	–	–	–	(176)	(441)
	Motilal Oswal Finvest Limited	899	259	–	–	–	–	899	259
	Motilal Oswal Investment Advisors Limited	–	(39)	–	–	–	–	–	(39)
	Motilal Oswal Real Estate Investment Advisors II Private Limited	–	(1)	–	–	–	–	–	(1)
	MOPE Investment Advisors Private Limited	–	(13)	–	–	–	–	–	(13)
Total interest received		(185)	(707)	–	–	–	–	(185)	(707)
Total interest paid		1,876	259	–	–	–	–	899	259

Notes to Financial Statement (Contd..)

₹ in Lakhs

Nature of transaction	Name of the related party	Subsidiaries / step-down / fellow subsidiaries*		Holding Company		Key managerial personnel/relative of key managerial personnel /associates		Total	
		For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20
Managerial remuneration paid**	Mr.Motilal Oswal	–	–	–	–	241	240	241	240
	Mr.Raamdeo Agarawal	–	–	–	–	–	168	–	168
	Mr.Navin Agarwal	–	–	–	–	75	1,778	75	1,778
Total managerial remuneration paid		–	–	–	–	316	2,186	316	2,186
Director sitting fees	Mr. Praveen Tripathi	–	–	–	–	1	2	1	2
	Mr. Vivek Paranjpe	–	–	–	–	0	2	0	2
	Mrs. Rekha Utsav Shah	–	–	–	–	1	2	1	2
	Mrs. Sharda Agarwal	–	–	–	–	0	2	0	2
	Mr. Chitradurga Narasimha Murthy	–	–	–	–	2	–	2	–
	Mr. Pankaj Bhansali	–	–	–	–	2	–	2	–
	Mrs. Divya Sameer Momaya	–	–	–	–	2	–	2	–
	Mr. Chandrashekhar Anant Karnik	–	–	–	–	1	–	1	–
	Mrs. Swanubhuti Jain	–	–	–	–	0	–	0	–
Total director sitting fees paid		–	–	–	–	9	8	9	8
Director Commission	Mr. Praveen Tripathi	–	–	–	–	–	8	–	8
	Mr. Vivek Paranjpe	–	–	–	–	–	8	–	8
	Mrs. Rekha Utsav Shah	–	–	–	–	–	10	–	10
	Mrs. Sharda Agarwal	–	–	–	–	–	8	–	8
	Mr. Raamdeo Agarawal	–	–	–	–	12	6	12	6
	Mr. Chitradurga Narasimha Murthy	–	–	–	–	3	–	3	–
	Mr. Pankaj Bhansali	–	–	–	–	3	–	3	–
	Mrs. Divya Sameer Momaya	–	–	–	–	3	–	3	–
	Mr. Chandrashekhar Anant Karnik	–	–	–	–	3	–	3	–
	Mrs. Swanubhuti Jain	–	–	–	–	3	–	3	–
Total director commission paid		–	–	–	–	27	40	27	40
Referral fees/ advisory fees (received)	Motilal Oswal Real Estate Investment Advisors II Private Limited	–	(26)	–	–	–	–	–	(26)
	Motilal Oswal Real Estate Investment Advisors II Private Limited Referral fees IREF 4	(31)	(30)	–	–	–	–	(31)	(30)

Notes to Financial Statement (Contd..)

₹ in Lakhs

Nature of transaction	Name of the related party	Subsidiaries / step-down / fellow subsidiaries*		Holding Company		Key managerial personnel/relative of key managerial personnel /associates		Total	
		For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20
Referral fees / advisory fees paid	Motilal Oswal Investment Advisors Limited	-	-	-	-	-	-	-	-
	Motilal Oswal Real Estate Investment Advisors II Private Limited	-	-	-	-	-	-	-	-
	Motilal Oswal Securities International Private Limited	92	147	-	-	-	-	92	147
	Motilal Oswal Home Finance Limited	392	-	-	-	-	-	392	-
	Motilal Oswal Capital Market (Singapore) Pte Limited	263	305	-	-	-	-	263	305
Total referral fees/advisory fees (received)		(31)	(56)	-	-	-	-	(31)	(56)
Total referral fees/advisory fees paid		747	452	-	-	-	-	747	452
Placement fees	MOPE Investment Advisors Private Limited	(311)	(677)	-	-	-	-	(311)	(677)
	Motilal Oswal Real Estate Investment Advisors II Private Limited	(63)	(218)	-	-	-	-	(63)	(218)
Total placement fees (received)		(374)	(895)	-	-	-	-	(374)	(895)
Business support service (Received)/Paid	Passionate Investment Management Private Limited	-	-	(1)	(1)	-	-	(1)	(1)
	OSAG Enterprises LLP	-	-	-	-	(1)	(1)	(1)	(1)
	OSAG Enterprises LLP	-	-	-	-	-	57	-	57
	Motilal Oswal Securities International Private Limited	(2)	(2)	-	-	-	-	(2)	(2)
	Motilal Oswal Wealth Management Limited	(588)	(806)	-	-	-	-	(588)	(806)
	Motilal Oswal Home Finance Limited	(219)	(225)	-	-	-	-	(219)	(225)
	Motilal Oswal Asset Management Company Limited	(582)	(1,214)	-	-	-	-	(582)	(1,214)
	Motilal Oswal Investment Advisors Limited	(240)	(720)	-	-	-	-	(240)	(720)
	MOPE Investment Advisors Private Limited	(218)	(195)	-	-	-	-	(218)	(195)

Notes to Financial Statement (Contd..)

₹ in Lakhs

Nature of transaction	Name of the related party	Subsidiaries / step-down / fellow subsidiaries*		Holding Company		Key managerial personnel/relative of key managerial personnel /associates		Total	
		For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20
	MO Alternate investment Advisors Private Limited	(6)	(2)	–	–	–	–	(6)	(2)
	Motilal Oswal Finvest Limited	(24)	(24)	–	–	–	–	(24)	(24)
	Glide Tech Investment Advisory Private Limited	(8)	(3)	–	–	–	–	(8)	(3)
	Motilal Oswal Finsec IFSC Limited	(22)	–	–	–	–	–	(22)	–
	TM Investment Technologies Pvt Ltd	(1)	–	–	–	–	–	(1)	–
	Motilal Oswal Finvest Limited	1,276	–	–	–	–	–	1,276	–
	Motilal Oswal Real Estate Investment Advisors II Private Limited	(105)	(105)	–	–	–	–	(105)	(105)
Total Business support service received		(2,015)	(3,296)	(1)	(1)	(1)	(1)	(2,017)	(3,298)
Total Business support service paid		1,276	–	–	–	–	57	1,276	57
Training fees	MO Alternate investment Advisors Private Limited	67	66	–	–	–	–	67	66
Total Training fees (paid)		67	66	–	–	–	–	67	66
Set up fees	MOPE Investment Advisors Private Limited	–	(6)	–	–	–	–	–	(6)
	Motilal Oswal Real Estate Investment Advisors II Private Limited	–	(75)	–	–	–	–	–	(75)
Total Set up fees		–	(81)	–	–	–	–	–	(81)
Brokerage on mutual fund	Motilal Oswal Asset Management Company Limited	–	(50)	–	–	–	–	–	(50)
Total Brokerage on mutual fund		–	(50)	–	–	–	–	–	(50)
Brokerage sharing	Motilal Oswal Wealth Management Limited	1,698	1,036	–	–	–	–	1,698	1,036
Total Brokerage sharing		1,698	1,036	–	–	–	–	1,698	1,036
Marketing commission	Motilal Oswal Wealth Management Limited	(14)	(9)	–	–	–	–	(14)	(9)
Total Marketing commission		(14)	(9)	–	–	–	–	(14)	(9)

Notes to Financial Statement (Contd..)

₹ in Lakhs

Nature of transaction	Name of the related party	Subsidiaries / step-down / fellow subsidiaries*		Holding Company		Key managerial personnel/relative of key managerial personnel /associates		Total	
		For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20
Portfolio management service distribution fees	Motilal Oswal Asset Management Company Limited	(3,976)	(5,402)	-	-	-	-	(3,976)	(5,402)
Total Portfolio management service distribution fees		(3,976)	(5,402)	-	-	-	-	(3,976)	(5,402)
Alternate Investment Fund income	Motilal Oswal Asset Management Company Limited	(1,587)	(444)	-	-	-	-	(1,587)	(444)
Total Alternate Investment Fund income		(1,587)	(444)	-	-	-	-	(1,587)	(444)
Rent (received) / paid	Motilal Oswal Real Estate Investment Advisors Private Limited	(0)	(0)	-	-	-	-	(0)	(0)
	Motilal Oswal Investment Advisors Limited	(210)	(210)	-	-	-	-	(210)	(210)
	MOPE Investment Advisors Private Limited	(190)	(190)	-	-	-	-	(190)	(190)
	Motilal Oswal Asset Management Company Limited	(585)	(585)	-	-	-	-	(585)	(585)
	MO Alternate investment Advisors Private Limited	(0)	(0)	-	-	-	-	(0)	(0)
	Motilal Oswal Wealth Management Limited	110	110	-	-	-	-	110	110
	Motilal Oswal Home Finance Limited	(169)	(349)	-	-	-	-	(169)	(349)
	Motilal Oswal Wealth Management Limited	(575)	(575)	-	-	-	-	(575)	(575)
	Passionate Investment Management Private Limited	-	-	(1)	(1)	-	-	(1)	(1)
	Glide Tech Investment Advisory Private Limited	(8)	(3)	-	-	-	-	(8)	(3)
	Motilal Oswal Real Estate Investment Advisors II Private Limited	(102)	(102)	-	-	-	-	(102)	(102)
	Textile Exports Private limited	-	-	-	-	-	16	-	16
	Motilal Oswal Securities International Private Limited	(7)	(7)	-	-	-	-	(7)	(7)

Notes to Financial Statement (Contd..)

₹ in Lakhs

Nature of transaction	Name of the related party	Subsidiaries / step-down / fellow subsidiaries*		Holding Company		Key managerial personnel/relative of key managerial personnel /associates		Total	
		For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20
	Motilal Oswal Home Finance Limited	11	–	–	–	–	–	11	–
	TM Investment Technologies Pvt Ltd	(1)	–	–	–	–	–	(1)	–
	Motilal Oswal Finvest Limited	(24)	(24)	–	–	–	–	(24)	(24)
Total rent (received)		(1,871)	(2,045)	(1)	(1)	–	–	(1,872)	(2,046)
Total rent paid		121	110	–	–	–	16	121	126
Brokerage	Motilal Oswal	–	–	–	–	3	6	3	6
	Raamdeo Agarawal	–	–	–	–	1	7	1	7
Total Brokerage		–	–	–	–	4	13	4	13
Reimbursement of expenses (received)/paid	Motilal Oswal Wealth Management Limited	47	84	–	–	–	–	47	84
	Motilal Oswal Investment Advisors Limited	17	30	–	–	–	–	17	30
	MOPE Investment Advisors Private Limited	15	28	–	–	–	–	15	28
	Motilal Oswal Real Estate Investment Advisors II Private Limited	8	15	–	–	–	–	8	15
	Motilal Oswal Asset Management Company Limited	48	85	–	–	–	–	48	85
	Motilal Oswal Home Finance Limited	14	51	–	–	–	–	14	51
	Glide Tech Investment Advisory Private Limited	1	1	–	–	–	–	1	1
	Motilal Oswal Finvest Limited	2	4	–	–	–	–	2	4
Total reimbursement of expenses (received)		–	–	–	–	–	–	–	–
Total reimbursement of expenses paid		152	298	–	–	–	–	152	298
Partnership gain accrued	India Realty Excellence Fund II LLP	–	–	–	–	(36)	89	(36)	89
Total partnership gain accrued		–	–	–	–	(36)	89	(36)	89
Gain on sale of investment	India Realty Excellence Fund II LLP	–	–	–	–	–	121	–	121
Total Gain on sale of investment		–	–	–	–	–	121	–	121

Notes to Financial Statement (Contd..)

₹ in Lakhs

Nature of transaction	Name of the related party	Subsidiaries / step-down / fellow subsidiaries*		Holding Company		Key managerial personnel/relative of key managerial personnel /associates		Total	
		For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20
Donation	Motilal Oswal Foundation (Trust)	–	–	–	–	788	472	788	472
Total donation paid		–	–	–	–	788	472	788	472
Commission for Pledge/Bank Gurantee	Motilal Oswal Asset Management Company Limited	68	68	–	–	–	–	68	68
	Motilal Oswal Home Finance Limited	(201)	(208)	–	–	–	–	(201)	(208)
Total Commission for Pledge		(133)	(140)	–	–	–	–	(133)	(140)
Other borrowing Cost	Motilal Oswal Wealth Management Limited	79	–	–	–	–	–	79	–
Total Other borrowing cost paid		79	–	–	–	–	–	79	–
Dividend (received)/paid	Motilal Oswal	–	–	–	–	426	798	426	798
	Raamdeo Agarawal	–	–	–	–	396	774	396	774
	Motilal Oswal–HUF	–	–	–	–	0	0	0	0
	Raamdeo Agarawal (HUF)	–	–	–	–	33	55	33	55
	Suneeta Agarawal	–	–	–	–	15	25	15	25
	Vimla Oswal	–	–	–	–	6	11	6	11
	Rajendra Gopilal Oswal	–	–	–	–	3	5	3	5
	Dr. Karoon Ramgopal Agarawal	–	–	–	–	5	9	5	9
	Vinay R. Agrawal	–	–	–	–	5	9	5	9
	Sukhdeo Ramgopal Agarawal	–	–	–	–	4	7	4	7
	Govinddeo R. Agarawal	–	–	–	–	3	5	3	5
	Suman Agrawal	–	–	–	–	5	9	5	9
	Satish Agrawal	–	–	–	–	4	7	4	7
	Anita Anandmurthy Agrawal	–	–	–	–	4	7	4	7
	Vimladevi Salecha	–	–	–	–	0	0	0	0
	Vedika Karnani	–	–	–	–	5	4	5	4
	Vaibhav Raamdeo Agarwal	–	–	–	–	5	4	5	4
	Osag Enterprises LLP	–	–	–	–	0	0	0	0
	Passionate Investment Management Private Limited	–	–	4,246	6,965	–	–	4,246	6,965
	MOPE Investment Advisors Private Limited	(87)	(1,473)	–	–	–	–	(87)	(1,473)

Notes to Financial Statement (Contd..)

₹ in Lakhs

Nature of transaction	Name of the related party	Subsidiaries / step-down / fellow subsidiaries*		Holding Company		Key managerial personnel/relative of key managerial personnel / associates		Total	
		For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20
	Motilal Oswal Asset Management Company Limited	–	(12,418)	–	–	–	–	–	(12,418)
	Motilal Oswal Finvest Limited	(118)	–	–	–	–	–	(118)	–
	Motilal Oswal Wealth Management Limited	(2,033)	–	–	–	–	–	(2,033)	–
Total dividend (received)		(2,238)	(13,891)	–	–	–	–	(2,238)	(13,891)
Total dividend paid		–	–	4,246	6,965	919	1,729	5,165	8,694

** Managerial remuneration does not include provision for gratuity and Insurance premiums for medical and life.

Note: Income/Liability figures are shown in brackets.

III. Transactions with related parties

₹ in Lakhs

Nature of transaction	Name of the related party	Subsidiaries / step-down / fellow subsidiaries*		Holding Company		Key managerial personnel / relative of key managerial personnel / associates		Total	
		For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20
Subscription/ purchase of equity shares	TM Investment Technologies Pvt Ltd	574	–	–	–	–	–	574	–
	Motilal Oswal Finvest Private Limited	12,000	25,000	–	–	–	–	12,000	25,000
	Motilal Oswal Wealth Management Limited	–	295	–	–	–	–	–	295
	Motilal Oswal Asset Management Company Limited	–	7,480	–	–	–	–	–	7,480
	MOPE Investment Advisors Private Limited	–	1,255	–	–	–	–	–	1,255
	Glide Tech Investment Advisory Private Limited	300	100	–	–	–	–	300	100
	Motilal Oswal Finsec IFSC Limited	–	240	–	–	–	–	–	240
Total		12,874	34,370	–	–	–	–	12,874	34,370
Loans given / (received)	Motilal Oswal Real Estate Investment Advisors II Private Limited	–	641	–	–	–	–	–	641
	Motilal Oswal Asset Management Company Limited	(21,000)	–	–	–	–	–	(21,000)	–

Notes to Financial Statement (Contd..)

₹ in Lakhs

Nature of transaction	Name of the related party	Subsidiaries / step-down / fellow subsidiaries*		Holding Company		Key managerial personnel / relative of key managerial personnel / associates		Total	
		For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20
	Motilal Oswal Finvest Limited	(983,510)	317,521	–	–	–	–	(983,510)	317,521
	Motilal Oswal Investment Advisors Limited	–	420	–	–	–	–	–	420
	MOPE Investment Advisors Private Limited	–	775	–	–	–	–	–	775
	Motilal Oswal Wealth Management Limited	(5,750)	1,025	–	–	–	–	(5,750)	1,025
	Motilal Oswal Home Finance Limited	(140,580)	108,300	–	–	–	–	(140,580)	108,300
Total Loans given / (received)		(1,150,840)	428,682	–	–	–	–	(1,150,840)	428,682
Loans repayment (received) / given	Motilal Oswal Real Estate Investment Advisors II Private Limited	–	(691)	–	–	–	–	–	(691)
	Motilal Oswal Asset Management Company Limited	21,000	–	–	–	–	–	21,000	–
	Motilal Oswal Finvest Limited	991,890	(327,182)	–	–	–	–	991,890	(327,182)
	MOPE Investment Advisors Private Limited	–	(2,000)	–	–	–	–	–	(2,000)
	Motilal Oswal Investment Advisors Limited	–	(2,190)	–	–	–	–	–	(2,190)
	Motilal Oswal Wealth Management Limited	5,650	(1,325)	–	–	–	–	5,650	(1,325)
	Motilal Oswal Home Finance Limited	140,580	(108,300)	–	–	–	–	140,580	(108,300)
Total loans repayment (received)/given		1,159,120	(441,688)	–	–	–	–	1,159,120	(441,688)
Outstanding balances:									
	Motilal Oswal Asset Management Company Limited	(13)	–	–	–	–	–	(13)	–
	Motilal Oswal Finvest Limited	0	(8,384)	–	–	–	–	0	(8,384)
	Motilal Oswal Wealth Management Limited	(113)	–	–	–	–	–	(113)	–
Total loan and advances (payable)		(126)	(8,384)	–	–	–	–	(126)	(8,384)
Total loan and advances receivable		0	–	–	–	–	–	0	–

Notes to Financial Statement (Contd..)

₹ in Lakhs

Nature of transaction	Name of the related party	Subsidiaries / step-down / fellow subsidiaries*		Holding Company		Key managerial personnel / relative of key managerial personnel / associates		Total	
		For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20
Other receivables / (payable)	Motilal Oswal Investment Advisors Limited	33	21	-	-	-	-	33	21
	MOPE Investment Advisors Private Limited	-	(4)	-	-	-	-	-	(4)
	MOPE Investment Advisors Private Limited	105	23	-	-	-	-	105	23
	Motilal Oswal Wealth Management Limited	-	5	-	-	-	-	-	5
	Motilal Oswal Wealth Management Limited	(352)	(328)	-	-	-	-	(352)	(328)
	Motilal Oswal Commodities Broker Private Limited	34	34	-	-	-	-	34	34
	Motilal Oswal Real Estate Investment Advisors II Private Limited	75	114	-	-	-	-	75	114
	Motilal Oswal Asset Management Company Limited	980	567	-	-	-	-	980	567
	Motilal Oswal Asset Management Company Limited	-	(31)	-	-	-	-	-	(31)
	Motilal Oswal Finvest Limited	(115)	-	-	-	-	-	(115)	-
	Motilal Oswal Finvest Limited	-	1	-	-	-	-	-	1
	Motilal Oswal Capital Markets (Singapore) Pte. Limited	104	85	-	-	-	-	104	85
	Motilal Oswal Capital Markets (Singapore) Pte. Limited	(153)	(202)	-	-	-	-	(153)	(202)
	Motilal Oswal Capital Markets (Hongkong) Private Limited	(41)	(41)	-	-	-	-	(41)	(41)
	MO Alternate investment Advisors Private Limited	(19)	(5)	-	-	-	-	(19)	(5)
	Glide Tech Investment Advisory Private Limited	10	6	-	-	-	-	10	6
	Motilal Oswal Securities International Private Limited	-	-	-	-	-	-	-	-
	Motilal Oswal Securities International Private Limited	(2)	(9)	-	-	-	-	(2)	(9)
	Passionate Investment Management Private Limited	-	-	(1)	-	-	-	(1)	-

Notes to Financial Statement (Contd..)

₹ in Lakhs

Nature of transaction	Name of the related party	Subsidiaries / step-down / fellow subsidiaries*		Holding Company		Key managerial personnel / relative of key managerial personnel / associates		Total	
		For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20
	OSAG Enterprises LLP	–	–	–	–	34	1	34	1
	Motilal Oswal Real Estate Investment Advisors Private Limited	0	0	–	–	–	–	0	0
	Motilal Oswal Finsec IFSC Limited	19	–	–	–	–	–	19	–
	TM Investment Technologies Pvt Ltd	1	–	–	–	–	–	1	–
	Motilal Oswal Home Finance Limited	(619)	(17)	–	–	–	–	(619)	(17)
	Motilal Oswal Home Finance Limited	–	104	–	–	–	–	–	104
Total others (payables)		(1,301)	(637)	(1)	–	–	–	(1,301)	(637)
Total others receivables		1,361	960	–	–	34	1	1,395	961
Corporate guarantee given (to the extent of outstanding amount)	Motilal Oswal Home Finance Limited	74,339	84,749	–	–	–	–	74,339	84,749
Total corporate guarantees		74,339	84,749	–	–	–	–	74,339	84,749
Rent deposits (liabilities) / assets	Motilal Oswal Wealth Management Limited	55	55	–	–	–	–	55	55
Total rent deposits assets		55	55	–	–	–	–	55	55

Outstanding balance in respect of investments in related parties

₹ in Lakhs

Nature of transaction	Name of the related party	Subsidiaries / step-down / fellow subsidiaries*		Holding Company		Key managerial personnel / relative of key managerial personnel / associates		Total	
		For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20
Investments	Motilal Oswal Commodities Broker Private Limited	90	90	–	–	–	–	90	90
	Motilal Oswal Investment Advisors Limited	4,137	4,137	–	–	–	–	4,137	4,137
	MOPE Investment Advisors Private Limited	1,260	1,260	–	–	–	–	1,260	1,260
	MO Alternate investment Advisors Private Limited	118	118	–	–	–	–	118	118

Notes to Financial Statement (Contd..)

₹ in Lakhs

Nature of transaction	Name of the related party	Subsidiaries / step-down / fellow subsidiaries*		Holding Company		Key managerial personnel / relative of key managerial personnel / associates		Total	
		For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20
	Motilal Oswal Home Finance Limited	56,633	56,633	–	–	–	–	56,633	56,633
	Motilal Oswal Finvest Limited	67,035	55,035	–	–	–	–	67,035	55,035
	Motilal Oswal Securities International Private Limited	457	457	–	–	–	–	457	457
	Motilal Oswal Wealth Management Limited	1,521	1,521	–	–	–	–	1,521	1,521
	Motilal Oswal Asset Management Company Limited	13,981	13,981	–	–	–	–	13,981	13,981
	Motilal Oswal Trustee Company Limited	10	10	–	–	–	–	10	10
	Motilal Oswal Capital Markets (Honkong) Private Limited	412	412	–	–	–	–	412	412
	Glide Tech Investment Advisory Private Limited	400	100	–	–	–	–	400	100
	Motilal Oswal Finsec IFSC Limited	240	240	–	–	–	–	240	240
	Motilal Oswal Capital Markets (Singapore) Pte Limited	1,041	1,041	–	–	–	–	1,041	1,041
	TM Investment Technologies Pvt Ltd	574	–	–	–	–	–	574	–
	India Business Excellence Fund III	–	–	–	–	13,982	15,461	13,982	15,461
	India Realty Excellence Fund II LLP	–	–	–	–	2,461	3,525	2,461	3,525

NOTE 52 : DISCLOSURE RELATING TO EMPLOYEE STOCK OPTION PURCHASE PLAN

Details of stock options : The Company has four employees stock option schemes

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

The Scheme was approved by Board of Directors on 18 October 2007 and by the shareholders on 4 December 2007 by postal ballot and is for issue of 2,500,000 options representing 2,500,000 Equity shares of ₹ 1 each

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

The Scheme was approved by Board of Directors on 21 April 2008 and by the shareholders in AGM dated 08 July 2008 and is for issue of 5,000,000 options representing 5,000,000 Equity shares of ₹ 1 each

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

The Scheme was approved by Board of Directors on 19 July 2014 and by the shareholders in AGM dated 22 August 2014 and is for issue of 2,500,000 options representing 2,500,000 Equity shares of ₹ 1 each

Notes to Financial Statement (Contd..)

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

The Scheme was approved by Board of Directors on 27 April 2017 and by the shareholders in AGM dated 27 July 2017 and is for issue of 30,00,000 options representing 30,00,000 Equity shares of ₹ 1 each

The activity in the (ESOS-V),(ESOS-VI), ESOS (VII) and ESOS (VIII) during the year ended 31 March 2021 and 31 March 2020 is set below:

Particulars	For the year ended 31-Mar-2021		For the year ended 31-Mar-2020	
	In Numbers	Weighted Average Exercise Price (In ₹)	In Numbers	Weighted Average Exercise Price (In ₹)
ESOP-V : (Face value of ₹ 1 each)				
Option outstanding as at beginning of the year	148,000	382.18	336,900	306.84
Add Granted	–	–	–	–
Less: Exercised	49,500	183.10	176,400	244.39
Less: Forfeited	–	–	–	–
Less: Lapsed	3,600	572.30	12,500	296.15
Option outstanding as at end of the year	94,900	478.80	148,000	382.18
Exercisable at the end of the year	64,500	434.73	58,250	355.91
ESOP-VI : (Face value of ₹ 1 each)				
Option outstanding as at beginning of the year	45,385	572.75	258,567	358.48
Add Granted	–	–	–	–
Less: Exercised	–	–	152,932	239.67
Less: Forfeited	–	–	–	–
Less :Lapsed	–	–	60,250	499.57
Option outstanding as at end of the year	45,385	572.75	45,385	572.75
Exercisable at the end of the year	12,385	572.75	–	–
ESOP-VII : (Face value of ₹ 1 each)				
Option outstanding as at beginning of the year	862,200	472.56	1,792,000	424.45
Add Granted	–	–	–	–
Less: Exercised	370,800	355.40	726,100	360.97
Less: Forfeited	–	–	–	–
Less :Lapsed	38,500	572.75	203,700	445.06
Option outstanding as at end of the year	452,900	559.96	862,200	472.56
Exercisable at the end of the year	256,440	550.16	235,895	435.26
The (ESOP-VIII) : (Face value of ₹ 1/- each)				
Option outstanding, beginning of the Year.	1,966,500	729.85	1,000,000	867.45
Add Granted	982,000	678.26	1,055,000	610.96
Less: Exercised	42,500	29.00	–	–
Less: Forfeited	–	–	–	–
Less :Lapsed	101,100	780.50	88,500	867.45
Option outstanding as at end of the year	2,804,900	720.58	1,966,500	729.85
Exercisable at the end of the year	348,900	826.06	91,150	867.5

Notes to Financial Statement (Contd..)

Employees' Stock Options Scheme (ESOS) :

Particulars	Scheme V	Scheme VI	Scheme VII	Scheme VIII
Date of grant	Various Dates	Various Dates	Various Dates	Various Dates
Date of board approval	Various Dates	Various Dates	Various Dates	Various Dates
Date of Shareholder's approval	4 December 2007	8 July 2008	22 August 2014	27 July 2017
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	1 year to 5 years	1 year to 5 years	1 year to 7 years	1 year to 4 years
Weighted average remaining contractual life (Vesting period)				
Granted but not vested	3.51 years (Previous year 3.67 years)	3.51 years (Previous year 4.23 years)	3.51 years (Previous year 3.79 years)	5.23 years (Previous year 5.10 years)
Vested but not exercised	1.62 years (Previous year 2.21 years)	2.51 years (Previous year NA)	2.03 years (Previous year 2.42 years)	2.20 years (Previous year 2.42 years)
Weighted average share price at the date of exercise for stock options exercised during the year	₹ 654.01 (Previous year ₹ 658.53)	NA (Previous year ₹ 643.86)	₹ 644.81 (Previous year 659.86)	₹ 610.15 (Previous year NA)
Exercise period	Within 1 to 3 years of vesting of options			
Vesting conditions	Vesting of options would be subject to continued employment with the Company and/or its holding/ subsidiary and thus the options would vest on passage of time. In addition to this, the Remuneration/ Compensation Committee may also specify certain performance parameters subject to which the options would vest. In case of performance based vesting, the options would vest on achievement of performance parameters irrespective of the time horizon.			
Weighted Average Fair Value of options (granted but not vested) as on grant date	₹ 246.22 (Previous year ₹ 169.59)	₹ 246.41 (Previous year ₹ 300.39)	₹ 246.41 (Previous year ₹ 206.29)	₹ 260.74 (Previous year ₹ 251.57)
Range of Risk free interest rate	6.05% - 7.8%	6.05% - 7.8%	6.97% - 7.8%	6.18% - 7.37%
Dividend yield	1%	1%	1%	0.5% - 1.38%
Expected volatility	40%	40%	40%	40%

Exercise Pricing Formula

Scheme V

Exercise price shall be the closing price of the Company's equity shares quoted on the BSE immediately preceding the date of Grant of the Stock Options, which for this purpose shall be the date on which the Committee grant the Stock Options, discounted by such percentage as may be determined by the Committee in the best interest of the various stakeholders in the prevailing market conditions.

Scheme VI

Exercise price shall be the closing price of the Company's Equity Shares, prior to the date of grant of the Options, on the Stock Exchanges where the highest trading volume is recorded, discounted/increased by such percentage as may be determined by the Committee.

Scheme VII

Exercise price shall be the closing price of the Company's Equity Shares, prior to the date of grant of the Options, on the Stock Exchanges where the highest trading volume is recorded, discounted/increased by such percentage as may be determined by the Committee.

Scheme VIII

Exercise price shall be the closing price of the Company's Equity Shares, prior to the date of grant of the Options, on the Stock Exchanges where the highest trading volume is recorded, discounted/increased by such percentage as may be determined by the Committee.

Notes to Financial Statement (Contd..)

Other Information regarding employee share based payment plan is as below :

	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
Expense arising from employee share based payment plans	1,262	1,062
Total carrying amount at the end of the period of ESOP Reserve	4,958	3,733

The Company provides a sensitivity analysis to show the impact to the Company's profit before taxation in the event that forfeiture and performance condition assumptions exceed or are below the Company's estimations by the stated percentages.

Impact on the income statement of a change in leaver assumptions	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
(+)5%	(62)	(65)
(-)5%	78	66

NOTE 53: TAX EXPENSE

The Company pays taxes according to the rates applicable in India. Most taxes are recorded in the income statement and relate to taxes payable for the reporting period (current tax), but there is also a charge or credit relating to tax payable for future periods due to income or expenses being recognised in a different period for tax and accounting purposes (deferred tax). Tax is charged to equity when the tax benefit exceeds the cumulative income statement expense on share plans. The Company provides for current tax according to the tax laws of India using tax rates that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns in respect of situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities. Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A deferred tax asset is recognised when it is considered recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying temporary differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Particulars	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
Current tax expense		
Current tax for the year	9,021	7,056
Total current tax expense	9,021	7,056
Deferred taxes		
Change in deferred tax liabilities	3,474	(7,326)
Net deferred tax expense	3,474	(7,326)
	12,495	(270)
Tax recognised through other comprehensive income:		
Remeasurement of defined benefit plan	41	14
Equity instruments through other comprehensive income	3,136	(513)
Total	3,177	(499)
Tax reconciliation (for profit and loss)		
Profit/(loss) before income tax expense	83,735	19,410
Tax at the rate of 25.168%	21,074	4,885

Notes to Financial Statement (Contd..)

Particulars	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
Tax effect of amounts which are not deductible / not taxable in calculating taxable income		
Exempt Income	(1,534)	(4,046)
Change due to deferred tax	(7,004)	(1,095)
Actuarial gain	(41)	(14)
Income tax expense	12,495	(270)

Effective tax rate

Particulars	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
Effective tax rate	25.168%	25.168%

In the financial year 2019-20, the government enacted a change in income tax rate from 30% basic rate to 22% and from 12% of surcharge to 10%. However, the government had given an option to either opt for new tax regime or continue with old tax regime and in the context of the same the company has opted for new tax regime. Accordingly the effective income tax rate for financial year is 25.168%.

Net Deferred Tax

Particulars	For the year ended 31-Mar-2021 ₹ in Lakhs	For the year ended 31-Mar-2020 ₹ in Lakhs
Deferred tax liability on account of :		
Timing difference on Property, plant and equipment as per books and Income Tax Act, 1961	1,490	1,395
Loss on private equity investment	5	5
Deferred tax on IND AS adjustments	7,522	742
Total deferred tax liabilities (A)	9,017	2,142
Deferred tax assets on account of:		
Expenses allowable u/s. 43B on payment basis	468	409
Allowance on impairment	459	294
Provision for impairment of non-current investments	278	278
Total deferred tax assets (B)	1,205	981
Net deferred tax Liability/ (Assets) (A-B)	7,812	1,161

Deferred tax related to the following:

₹ in Lakhs

Particulars	As at 31 March 2021	Recognised through profit and loss	Recognised through Other Comprehensive Income	As at 31 March 2020	Recognised through profit and loss	Recognised through Other Comprehensive Income	As at 1 April 2019
Deferred tax liabilities on account of:							
Timing difference on Property, plant and equipment as per books and Income Tax Act, 1961	1,490	95	–	1,395	(493)	–	1,888
Sign on bonus pending write off	–	–	–	–	–	–	–
Loss on private equity investment	5	–	–	5	(2)	–	7

Notes to Financial Statement (Contd..)

Particulars	As at 31 March 2021	Recognised through profit and loss	Recognised through Other Comprehensive Income	As at 31 March 2020	Recognised through profit and loss	Recognised through Other Comprehensive Income	As at 1 April 2019
Deferred tax on IND AS adjustments	7,522	3,603	3,177	742	(7,024)	(499)	8,265
Total deferred tax liabilities	9,017	3,698	3,177	2,142	(7,519)	(499)	10,160
Deferred tax assets on account of:							
Expenses allowable u/s. 43B on payment basis	468	59	–	409	(100)	–	509
Allowance on impairment	459	165	–	294	(93)	–	387
Provision for impairment of non-current investments	278	–	–	278	–	–	278
Total deferred tax assets	1,205	224	–	981	(193)	–	1,174
Total deferred tax Assets/ liability (net)	7,812	3,474	3,177	1,161	(7,326)	(499)	8,986

NOTE 54: FAIR VALUE MEASUREMENT

I. Accounting classification and fair values

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

₹ in Lakhs

Particulars	Carrying amount				Fair value			
	FVPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
31-Mar-2021								
Financial assets								
Cash and cash equivalents	–	–	57,017	57,017				
Bank balance other than cash and cash equivalents above	–	–	214,745	214,745				
Receivables				–				
(I) Trade receivables	–	–	61,197	61,197				
(II) Other receivables	–	–	160	160				
Loans	–	–	77,258	77,258				
Investments	187,433	50,968	147,909	386,310	176,965	10,840	50,596	238,401
Other financial assets	–	–	66,192	66,192				
Total financial assets	220,926	22,058	337,282	580,266	183,581	5,863	53,540	242,984
Financial liabilities								
Payables								
(I) Trade payables								
(i) total outstanding dues of micro enterprises and small enterprises	–	–	–	–				
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	–	–	279,780	279,780				
Debt securities	–	–	160,572	160,572				
Borrowings (Other than debt securities)	–	–	47,337	47,337				
Deposits	–	–	45	45				
Other financial liabilities	–	–	37,739	37,739				
Total financial liabilities	–	–	525,473	525,473				

Notes to Financial Statement (Contd..)

The carrying value and fair value of financial instruments by categories as of 31 March 2020 are as follows:

₹ in Lakhs

Particulars	Carrying amount				Fair value			
	FVPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
31-Mar-2020								
Financial assets								
Cash and cash equivalents	–	–	67,668	67,668				
Bank balance other than cash and cash equivalents above	–	–	52,640	52,640				
Receivables	–							
(I) Trade receivables	–	–	47,831	47,831				
(II) Other receivables	–	–	820	820				
Loans	–	–	19,963	19,963				
Investments	220,926	22,058	135,035	378,019	183,581	5,863	53,540	242,984
Other financial assets	–	–	13,325	13,325				
Total financial assets	220,926	22,058	337,282	580,266	183,581	5,863	53,540	242,984
Financial liabilities								
Payables								
(I) Trade payables								
(i) total outstanding dues of micro enterprises and small enterprises	–	–	–	–				
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	–	–	1,56,675	1,56,675				
Debt securities	–	–	106,659	106,659				
Borrowings (Other than debt securities)	–	–	36,313	36,313				
Deposits	–	–	12	12				
Other financial liabilities	–	–	29,199	29,199				
Total financial liabilities	–	–	328,858	328,858	–	–	–	–

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and investment in private equity funds, real estate funds.

II. Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include :

- Quoted equity investments - Quoted closing price on stock exchange
- Mutual fund - net asset value of the scheme
- Alternative investment funds - net asset value of the scheme
- Unquoted equity investments - price multiples of comparable companies.
- Private equity investment fund - NAV of the audited financials of the funds.

Notes to Financial Statement (Contd..)

- Real estate fund - net asset value, based on the independent valuation report or financial statements of the company income approach or market approach based on the independent valuation report.

III. Financial instruments not measured at fair value

Financial assets not measured at fair value includes cash and cash equivalents, trade receivables, loans and other financial assets. These are financial assets whose carrying amounts approximate fair value, due to their short-term nature.

Additionally, financial liabilities such as trade payables and other financial liabilities are not measured at FVTPL, whose carrying amounts approximate fair value, because of their short-term nature.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 March 2021 and 31 March 2020:

Particulars	PE - Business Excellence Funds	PE - Real Estate Funds	Unquoted Shares	Total
As at March 31, 2019	29,188	18,211	3,000	50,399
Additions	5,412	3,215	–	8,627
Disposals	–	(902)	–	(902)
Gains/(losses) recognised in statement of profit and loss	(6,538)	1,757	197	(4,584)
As at March 31, 2020	28,062	22,281	3,197	53,540
Additions	4,737	1,537	–	6,274
Disposals	(16,260)	(8,530)	–	(24,790)
Gains/(losses) recognised in statement of profit and loss	14,498	(1,592)	2,666	15,572
As at March 31, 2021	31,037	13,696	5,863	50,596

Valuation inputs and relationships to fair value

The quantitative information about the significant unobservable inputs used in level 3 fair value measurements is summarised below.

Particulars	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Fair value of PE funds	44,734	50,343
Significant unobservable inputs		
NAV of the fund at Fair value		
– increase by 100 bps	447	503
– decrease by 100 bps	(447)	(503)
Fair value of Unquoted shares	5,863	3,197
Significant unobservable inputs		
Price Multiple		
– increase by 10%	586	320
– decrease by 10%	(586)	(320)

NOTE 55: FINANCIAL RISK MANAGEMENT

Company has operations in India. Whilst risk is inherent in the Company's activities, it is managed through an integrated risk management framework, including on-going identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks.

Notes to Financial Statement (Contd..)

A. Credit risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligation. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, and by monitoring exposures in relations to such limits.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented in the financial statements. The Company's major classes of financial assets are cash and cash equivalents, loans, investment in mutual fund units, term deposits, trade receivables and security deposits.

Deposits with banks are considered to have negligible risk or nil risk, as they are maintained with high rated banks/financial institutions as approved by the Board of directors.

Investments primarily include investment in liquid mutual fund units that are marketable securities of eligible financial institutions for a specified time period with high credit rating given by domestic credit rating agencies.

The management has established accounts receivable policy under which customer accounts are regularly monitored. The Company has a dedicated risk management team, which monitors the positions, exposures and margins on a continuous basis.

Following provides exposure to credit risk for trade receivables and margin trading facility loans

Particulars	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Trade and other debtors (Net of impairment)	61,197	47,831
Margin trading facility loans (Net of impairment)	77,115	19,799

The financial instruments covered within the scope of ECL include financial assets measured at amortised cost such as trade receivables and loans.

Trade Receivables :

The loss allowance has been measured using lifetime ECL except for financial assets on which there has been no significant increase in credit risk since initial recognition. At each reporting date, the Company assesses whether financial assets carried at amortised cost is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred since initial recognition. A simplified approach has been considered for measuring expected credit losses (ECLs) of trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding three to five years on the total balance of trade receivables. For the purpose of computation of ECL, the term default implies an event where amount due towards margin requirement and / or mark to market losses for which the client was unable to provide funds / collaterals to bridge the shortfall, the same is termed as margin call triggered.

Based on the Industry practices and business environment in which the entity operates, Management considers unsecured receivables as default if the payment is overdue for more than 90 days for direct customer. For franchisee customers, Aggregate of unsecured receivables as reduced by Franchisee deposit/ future brokerages are considered as default. Management would also consider balance in client's family accounts and collaterals in form other than the securities while considering the secured position of the client. Management would also consider impairment on client balance which are unsecured and overdue for less than 90 days on case to case basis, based on their scope of recoverability. For litigation cases, management could provide enhanced provision if the probability of outflow of economic resource is higher. If there are specific cases which are overdue for more than 90 days and the management is very confident of its recovery in near future, impairment loss would not be provided for such cases based on the approval of business head for each reporting period. Probability of default (PD) on these receivables is considered at 100% and treated as credit impaired.

Loans :

Loans includes Margin Trading Facility(MTF), Loans to staff and loans to subsidiaries for which staged approach is taken into consideration for determination of ECL.

Stage 1.

All positions in the MTF loan book are considered as stage 1 asset for computation of expected credit loss. For exposures where there has not been a significant increase in credit risk since initial recognition and that is not credit impaired upon origination. Margin trading facility, Loans to subsidiaries and loans to staff are considered in stage 1 for determination of ECL. Exposure to credit risk in stage 1 is computed considering historical probability of default, market movements and macro-economic environment.

Notes to Financial Statement (Contd..)

Stage 2.

Exposures under stage 2 include dues up to 90 days pertaining to principal amount, interest and any other charges on the MTF loan book which are unsecured. While arriving at the secured position of the client, management would also consider balance in client's family accounts, securities in other segment and collaterals in form other than the securities while considering the secured position of the client. At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Company uses days past due information and other qualitative factors to assess deterioration in credit quality of a financial asset.

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

Stage 3.

Exposures under stage 3 include dues past 90 days pertaining to principal amount, interest and any other charges on MTF loan book which are unsecured.

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised.

Following table provide information about exposure to credit risk and ECL on Margin Trading Facility loans.

Stage	As at 31-Mar-2021 ₹ in Lakhs		As at 31-Mar-2020 ₹ in Lakhs	
	Carrying value	ECL	Carrying value	ECL
Stage 1	77,258	193	19,963	50
Stage 2	–	–	–	–
Stage 3	–	–	–	–

The movement in the allowance for impairment in respect of trade receivables is as follows

Particulars	Carrying amount	Carrying amount
	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Opening balance	1,103	1,063
Impairment loss recognised	509	40
Closing balance	1,612	1,103

B. Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The entity's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation.

Prudent liquidity risk management requires sufficient cash and marketable securities and availability of funds through adequate committed credit facilities to meet obligations when due and to close out market positions.

The Company has a view of maintaining liquidity with minimal risks while making investments. The Company invests its surplus funds in short term liquid assets in bank deposits and liquid mutual funds. The Company monitors its cash and bank balances periodically in view of its short term obligations associated with its financial liabilities.

Refer Note 57 For analysis of maturities of financial assets and financial liabilities.

C. Market Risk

Market risk is the risk that the fair value or future Cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

Notes to Financial Statement (Contd..)

Foreign currency risk management

In respect of the foreign currency transactions, the company does not hedge the exposures since the management believes that the same is insignificant in nature and will not have a material impact on the Company.

The company's exposure to foreign currency risk at the end of reporting period is shown in note 49.

(ii) Interest rate risk

The Company is exposed to Interest risk if the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates.

The Company's interest rate risk arises from interest bearing deposits with bank and loans given to customers. Such instruments exposes the Company to fair value interest rate risk. Management believe that the interest rate risk attached to this financial assets are not significant due to the nature of this financial assets.

Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Variable rate borrowing	47,337	19,813
Fixed rate borrowing	160,572	123,159
Total Borrowing	207,909	142,972

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss and equity.

Particulars	Impact on profit after tax	
	March 31, 2021	March 31, 2020
Interest rates – increase by 1%	(350)	(147)
Interest rates – decrease by 1%	350	147

(iii) Market price risks

The Company is exposed to market price risk, which arises from FVTPL and FVOCI investments. The management monitors the proportion of these investments in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the appropriate authority.

Particulars	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Exposure to price risk	238,401	242,984

Sensitivity to price risk

The following table summarises the impact of sensitivity of NAVs / price with all other variables held constant. The below impact on the Company's profit before tax is based on changes in the NAVs / price of the investments held at FVTPL/ FVOCI at balance sheet date:

Particulars	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Impact on profit before tax for 10% increase in NAV/price	23,840	24,298
Impact on profit before tax for 10% decrease in NAV/price	(23,840)	(24,298)

Notes to Financial Statement (Contd..)

NOTE 56: CAPITAL MANAGEMENT

Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The capital composition is as follows:

Particulars	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Gross debt*	2,07,910	1,42,972
Less: Cash and bank balances	57,017	67,668
Net debt (A)	1,50,893	75,304
Total equity (B)	3,53,139	2,76,414
Gearing ratio (A / B)	42.73%	27.24%

*Debt includes debt securities as well as borrowings.

NOTE 57: MATURITY ANALYSIS OF ASSETS AND LIABILITIES:

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

₹ in Lakhs

Assets	As at 31 March 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	57,017	–	57,017	67,668	–	67,668
Bank balance other than cash and cash equivalent above	47,656	167,089	214,745	44,946	7,694	52,640
Trade receivables	61,197	–	61,197	47,831	–	47,831
Other receivables	160	–	160	820	–	820
Loans	77,258	–	77,258	19,963	–	19,963
Investments	53,483	332,827	386,310	110,913	267,106	378,019
Other financial assets	–	66,192	66,192	–	13,325	13,325
	296,771	566,108	862,879	292,141	288,125	580,266
Non-Financial assets						
Current Tax assets (net)	–	2,355	2,355	–	1,338	1,338
Investment Property	–	7,755	7,755	–	7,813	7,813
Property, plant and equipment	–	22,474	22,474	–	20,785	20,785
Other Intangible assets	–	2,357	2,357	–	2,139	2,139
Other non-financial assets	2,494	–	2,494	4,249	–	4,249
	2,494	34,941	37,435	4,249	32,075	36,324
Total Assets	299,265	601,049	900,314	296,390	320,200	616,590
Liabilities						
Financial Liabilities						
Trade payables	279,780	–	279,780	156,675	–	156,675
Debts	130,572	30,000	160,572	106,659	–	106,659
Borrowings	47,337	–	47,337	36,313	–	36,313

Notes to Financial Statement (Contd..)

₹ in Lakhs

Assets	As at 31 March 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Deposits	–	45	45	–	12	12
Other financial liabilities	35,630	2,109	37,739	27,672	1,527	29,199
	493,319	32,154	525,473	327,319	1,539	328,858
Non Financial Liabilities						
Current tax liabilities (net)	–	–	–	583	–	583
Provisions	10,914	–	10,914	7,999	–	7,999
Deferred tax liabilities (net)	–	7,812	7,812	–	1,161	1,161
Other non-financial liabilities	2,976	–	2,976	1,575	–	1,575
	13,890	7,812	21,702	9,253	2,065	11,318
Total Liabilities	507,209	39,966	547,175	336,572	3,604	340,176

NOTE 58: REVENUE FROM CONTRACT WITH CUSTOMERS

The Company derives revenue primarily from the share broking business. Its other major revenue sources are the Portfolio management fees and commission income and Interest income.

Disaggregate revenue information

- The table below presents disaggregate revenues from contracts with customers for the year ended 31 March 2021 and 31 March 2020. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by market and other economic factors.

Nature of Services

- Broking Income - Income from services rendered as a broker is recognised upon rendering of the services, in accordance with the terms of contract.
- Portfolio management fees and commission income - Fees for subscription based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract. Commissions from distribution of financial products are recognised upon allotment of the securities to the applicant or as the case may be. Commissions and fees recognised as aforesaid are exclusive of goods and service tax, securities transaction tax, stamp duties and other levies by SEBI and stock exchanges.
- Interest Income - Interest is earned on delayed payments from clients and amounts funded to them. Interest income is recognised on a time proportion basis taking into account the amount outstanding from customers or on the financial instrument and the rate applicable.
- Depository Income - Income from services rendered on behalf of depository is recognised upon rendering of the services, in accordance with the terms of contract.

2. Disaggregate revenue information

Particulars	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
Operating segment :		
Brokerage income	118,433	75,858
Portfolio management fees and commission income	10,157	10,937
Interest income	18,538	17,291
Depository income	4,459	2,541

3. Nature, timing of satisfaction of the performance obligation and significant payment terms.

- Income from services rendered as a broker is recognised upon rendering of the services.
- Fees for subscription based services are received periodically but are recognised as earned on a pro-rata basis over the

Notes to Financial Statement (Contd.)

term of the contract.

- (iii) Commissions from distribution of financial products are recognised upon allotment of the securities to the applicant or as the case may be, on issue of the insurance policy to the applicant.
- (iv) Interest is earned on delayed payments from clients and amounts funded to them as well as term deposits with banks.
- (v) Interest income is recognised on a time proportion basis taking into account the amount outstanding from customers or on the financial instrument and the rate applicable.
- (vi) Income from services rendered on behalf of depository is recognised upon rendering of the services, in accordance with the terms of contract.

The above services are point in time in nature, and no performance obligation remains once the transaction is executed. Fees for subscription based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract, and are over the period in nature.

NOTE 59 : ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for borrowings are:

Particulars	As at 31-Mar-2021 ₹ in Lakhs	As at 31-Mar-2020 ₹ in Lakhs
Financial assets		
First charge		
Receivables		
Trade receivables	57,325	40,725
Floating charge		
Investments	560	78,744
Non-financial assets		
First charge		
Property, plant and equipment	52,209	57,078
Total assets pledged as security	110,094	176,547

Terms and conditions:

- Investments, Trade receivables, Loans and Property, plant and equipments are pledge with Banks and NBFCs to against borrowing facilities taken by the Group.
- The margin of two times cover is provided against the loan facilities for pledge of MF/Shares/PMS Investments and 1.33 times for Trade receivables and Property, plant and equipment.

NOTE 60 : CORPORATE SOCIAL RESPONSIBILITY

The Ministry of Corporate Affairs has notified Section 135 of the Companies Act, 2013 on Corporate Social Responsibility with effect from 1 April 2014. As per the provisions of the said section, the Company has undertaken the following CSR initiatives during the financial year 2020-21.

CSR initiatives majorly includes supporting under privileged in education, medical treatments, etc. and various other charitable and noble aids.

- Gross amount required to be spent by the Company during the year ₹ 730 lakhs (Previous year ₹ 466 lakhs)
- Amount spent during the year ended 31 March 2021 on :

₹ in Lakhs

Particulars	Amount paid	Yet to be paid	Total
a) Construction / acquisition of any asset	400	–	400
b) on purposes other than (a) above	388	–	388
Total	788	–	788

Notes to Financial Statement (Contd..)

Amount spent during the year ended 31 March 2020 on :

₹ in Lakhs

Particulars	Amount paid	Yet to be paid	Total
a) Construction / acquisition of any asset	354	–	354
b) on purposes other than (a) above	341	–	341
Total	695	–	695

- 3) Above includes a contribution of ₹ 788 lakhs (Previous year ₹ 472 lakhs) to Motilal Oswal Foundation which is classified as related party under Ind AS 24- " Related Party Disclosures".

NOTE 61: NEGATIVE PRICE SETTLEMENT OF FUTURES APRIL WEST TEXAS INTERMEDIATE (WTI) CONTRACT

Exceptional item comprises of bad debts of ₹ 8,810 Lakhs on account of outstanding dues as at 31 March 2021 from clients towards settlement obligation. MCX vide its circular dated 21 April 2020, has considered the negative price for settlement of futures contract on expiry. Thus the customers who entered on the buy side of the contract had to settle for negative price on expiry. While entering into the contract, the customers were required to pay only the margin as was required by the exchange including mark to market losses. Since MCX has effected the settlement of such contract upon expiry at negative price, the client's account was debited with above amount as settlement obligation on account of negative price settlement in respect of its outstanding Contract. Since the client has defaulted to honour the settlement obligation required by MCX, Company has paid the said amount to MCX on behalf of its clients. For recovering the said amount from client, Company has filed an arbitration claim for recovery of outstanding dues, against the clients and simultaneously company has also filed the writ petition in Bombay high Court to challenge the said MCX circular for negative price settlement.

NOTE 62: The amounts reflected as "0" in the financial information are values with less than rupees fifty thousands.

NOTE 63: Previous year figures have been regrouped/reclassified wherever necessary.

As per our attached report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Murad D. Daruwalla
Partner
Membership Number: 043334

Place : Mumbai
Date : 29th April 2021

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

Motilal Oswal
Managing Director and Chief Executive Officer
DIN : 00024503

Shalibhadra Shah
Chief Financial Officer

Place : Mumbai
Date : 29th April 2021

Navin Agarwal
Director
DIN : 00024561

Kailash Purohit
Company Secretary

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CONSOLIDATED FINANCIAL STATEMENTS



Independent Auditor's Report

To the Members of Motilal Oswal Financial Services Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

1. We have audited the accompanying consolidated financial statements of **Motilal Oswal Financial Services Limited** ('the Holding Company/the Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture, as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associate and joint venture the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group, its associate and joint venture, as at 31 March 2021, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 17 of the Other Matters section below is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to Note 42, which describes the impact of uncertainties relating to the effects of COVID-19 pandemic on expected credit loss recognised towards the housing loans to customers outstanding as at 31 March 2021. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associate and joint venture, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Information Technology system for the financial reporting process Motilal Oswal Financial Services Limited, Motilal Oswal Home Finance Limited and Motilal Oswal Finvest Limited are highly dependent on its information technology (IT) systems for carrying on its operations which require large volume of transactions to be processed on a daily basis. Further, the accounting and financial reporting processes are dependent on the automated controls enabled by IT systems and information which impacts key financial accounting and reporting items such as Brokerage income, Trade receivable	Our key audit procedures with the involvement of our IT specialists included, but were not limited to, the following: <ul style="list-style-type: none">• Obtained an understanding of the IT environment and conducted risk assessment and identified IT applications, databases and operating systems that are relevant to our audit Also, obtained an understanding of key automated controls operating over such identified IT applications;• Tested the design and operating effectiveness of the IT controls over IT applications as identified above;

Independent Auditor's Report (Contd..)

Key audit matter	How our audit addressed the key audit matter
<p>ageing, Loans and advances, interest income, impairment of loans among others. The controls implemented in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.</p> <p>We have focused on user access management, change management, segregation of duties, developer access to the production environment and changes to IT environment. Further, we also focussed on key automated process controls relevant for financial reporting.</p> <p>Accordingly, since our audit strategy has focused on key IT systems and controls due to pervasive impact on the consolidated financial statements and performing testing of automated process controls and General controls; we have determined the same as a key audit matter for current year audit.</p>	<ul style="list-style-type: none"> • For the IT applications identified above, tested sample of key IT general controls particularly logical access, password management, change management and aspects of IT operational controls. Tested that requests for access to systems were appropriately reviewed and authorized; tested controls around periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization. • In relation to key accounting and financial reporting systems, we obtained an understanding of both Company's IT General Controls (ITGC), IT infrastructure and identified IT applications, databases and operating systems that are relevant to our audit. Also, obtained an understanding of key automated controls operating over such identified IT applications; • Tested related interfaces, configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for Brokerage income, Trade receivable ageing, Loans and advances, interest income, impairment of loans for evaluating completeness and accuracy. • Where deficiencies were identified, tested compensating controls or performed alternative procedures.
<p>Valuation of unquoted equity investments and securities receipts carried at fair value</p> <p>Refer note 2.9 for significant accounting policies and note 55(b) for financial disclosures</p> <p>As at 31 March 2021, the Group held investment in Shubham Housing Development Finance Company Private Limited amounting to ₹ 5,863 lakhs and in Security receipts amounting to ₹ 21,617 lakhs which represents 1.95 % of the total assets of the Group at 31 March 2021.</p> <p>These investments are not traded in the active market. The fair valuation of these investment is determined by a management-appointed independent valuation expert based on discounted cash flow method. The process of computation of fair valuation of investment includes use of unobservable inputs and management judgements and estimates which are complex.</p> <p>The key assumptions underpinning management's assessment of fair value of these investments, includes application of liquidity discounts; calculation of discounting rates and the estimation of projections of revenues, projections of future cash flows and growth rates.</p> <p>The valuation of these investments was considered to be one of the areas which required significant auditor attention and was one of the matters of most significance in the consolidated financial statements due to the materiality of total value of investments to the consolidated financial statements and the complexity involved in the valuation of these investments.</p>	<p>Our audit procedures in relation to valuation of equity investment and security receipts with the involvement of our valuation experts included, but were not limited to, the following:</p> <p>Design/Controls:</p> <ul style="list-style-type: none"> • Obtained a detailed understanding of the management's process and controls for determining the fair valuation of these investments. The understanding was obtained by performance of walkthroughs which included inspection of documents produced and discussion with those involved in the process of valuation; • Evaluated the design and the operational effectiveness of relevant key controls over the valuation process, including the review and approval of the estimates and assumptions used for the valuation including key authorization and data input controls, independent price verification performed by the management expert and model governance and valuation. <p>Substantive tests:</p> <ul style="list-style-type: none"> • Assessed the appropriateness of the valuation methodology used for the these investments in accordance with the policy and tested the mathematical accuracy of the management's model adopted for investment in equity shares and security receipts;

Independent Auditor's Report (Contd.)

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> • Obtained the valuation report from the management's expert and assessed the expert's competence, objectivity and independence in performing the valuation of investment in equity shares and security receipts; • Evaluated the valuation assessment and resulting conclusions in order to determine the appropriateness of the valuations by performing reasonableness tests and evaluating sensitivity analysis for the key inputs and assumptions for security receipts; • Assessed the appropriateness of the valuation model used by the management and the assumptions used relating to projected cash flows and the discounting factor. • Ensured the appropriateness of the carrying value of these investments in the consolidated financial statements and the gain or loss recognized in the consolidated financial statements profit and loss as a result of such fair valuation; and • Ensured the appropriateness and adequacy of disclosures in accordance with the applicable accounting standards.
<p>Impairment of loans and advances to customers Refer to the accounting policies in "Note 2.9 (ii) to the financial statements: Impairment", "Note 3 (b) to the consolidated Financial Statements: Significant Accounting Policies - use of estimates and judgement" and "Note 7 to the consolidated Financial Statements: Loans"</p> <p>As at 31 March 2021, Motilal Oswal Home Finance Limited ('MOHFL') has reported gross loans and advances of ₹ 353,024 lakhs against which an impairment loss allowance of ₹ 7,060 lakhs is recognised as at year-end.</p> <p>Ind AS 109, Financial Instruments requires to provide for impairment of its financial assets using the expected credit loss ('ECL') approach which involves estimates for probability of loss on the financial assets over their life, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12- month ECL, considering reasonable and supportable information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the financial assets. In this process, substantial judgement has been applied by the management in assessing the 'significant increase in credit risk' in respect of following matters:</p> <ol style="list-style-type: none"> MOHFL has grouped its loan portfolio based on days past due and other qualitative criteria as mentioned in the Credit-risk section under Note 56. Loans grouped under a particular category are assumed to represent a homogenous pool thereby expected to demonstrate similar credit characteristics. Staging of loans and estimation of behavioral life. Estimation of expected loss from historical observations. 	<p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Considered the MOHFL accounting policies for impairment of financial instruments and assessed compliance with the policies in terms of Ind AS 109. • Obtained an understanding of management's process including the key inputs and assumptions used, systems and controls implemented in relation to impairment allowance process. • Obtained the policy on moratorium of loans and restructuring of loans approved by the Board of Directors pursuant to the regulatory announcements made by the RBI. • Assessed and tested the design and operating effectiveness of key internal financial controls over the loan impairment process used to calculate the impairment. • Assessed the critical assumptions used by the management including the impact due to the moratorium facility and restructuring facility availed by eligible customers for estimation of allowance for expected credit losses as at 31 March 2021, which included: <ul style="list-style-type: none"> • examining on sample basis, data inputs to the discounted cash flow models; • corroborating the forecasts of future cash flows prepared on the basis of expected repayments from the borrowers on sample basis; and • testing collateral valuation adopted based on internal policies on a sample basis

Independent Auditor's Report (Contd..)

Key audit matter	How our audit addressed the key audit matter
<p>d) Estimation of losses in respect of those groups of loans which had no/ minimal defaults in the past.</p> <p>MOHFL has developed models that derive key assumptions used within the provision calculation such as probability of default (PD) and loss given default (LGD).</p> <p>Considering the significance of above model for impairment to the consolidated financial statements and the degree of management's estimates and judgments involved including the regulatory announcement of moratorium facility and restructuring facility for eligible customers, this area required significant auditor attention to test such complex accounting estimates. Therefore, we have determined this to be a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"> Assessed the assumptions used for grouping and staging of loan portfolio into various categories and default buckets based on their past-due status and other qualitative factors identified by the management which indicate significant increase in credit risk. For a sample of exposures, we tested the appropriateness of such staging. Understood and checked the key data sources and assumptions for data used in the ECL model used to determine impairment provisions. On sample basis tested the completeness and accuracy of the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. Tested the arithmetical accuracy of computation of ECL provision performed by MOHFL.

7. The auditors Aneel Lasod and Associates, Chartered Accountants, of Motilal Oswal Commodities Broker Private Limited (MOCBPL) vide their audit report dated 22 April 2021, have expressed an unmodified opinion on the financial statements. Based on consideration of their report and information submitted by them, we have reproduced the matter described below to be the key audit matter to be communicated in our report.

<p>Legal & Regulatory Risk:</p> <p>Refer Note 6 point 3 of the Consolidated financial statements</p> <p>Following default at National Spot Exchange Limited ('NSEL') in 2012 and initial investigations by Economic Offences Wing (EOW) and complaints received from investors against the broker of the now defunct spot exchange, NSEL and EOW in March and April 2015 had requested SEBI to take appropriate actions. However, In EOW report there was no allegation against Motilal Oswal Commodities Broker Private Limited (MOCBPL).</p> <p>In this matter, SEBI has issued Show Cause Notice to MOCBPL in financial year i.e. 2017-18 relating to NSEL Scam, for which management has replied accordingly.</p> <p>SEBI vide its order dated 22nd February 2019, rejected MOCBPL's registration application on the grounds that it is not fit and proper person to hold, directly or indirectly, the certificate of registration as commodity derivatives broker.</p>	<p>Following are the areas where risks are assessed & procedures were followed.</p> <ul style="list-style-type: none"> Recording of Receivables & Dues - NSEL: After scrutinizing the books of accounts and discussion with the management it has been found that the amounts receivable from NSEL (Exchange) and due to the clients have direct nexus and MOCBPL has the role of a broker only. Hence, the amount receivable from Exchange has not been provided for Doubtful debts as they are directly payable to the Clients. Impact of SEBI order on the MOCBPL business: The Company has already ceased its Commodity Broking business from April 2018. Also, the order of SEBI signifies that MOCBPL's registration application as Commodities Broker may be rejected; however the management doesn't plan to continue its Commodities Broking business under the company (MOCBPL). The company has also filed an appeal against the order of SEBI before the Securities Appellate Tribunal (SAT) & the same is currently pending. MOCBPL may have to refund the brokerage charged from the clients against which the management has already made provision in the books of accounts. <p>Our procedures with respect to approaching the KAM:</p> <ul style="list-style-type: none"> Enquiring with Accounts and Finance Team: We have discussed with Finance team, Management and have scrutinized books of account. Assessing management's conclusions and ensuring that updates regarding the matter are informed to us on timely basis.
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Independent Auditor's Report (Contd..)

Key audit matter	How our audit addressed the key audit matter
	Our results: Based on the above procedures, whilst noting the inherent uncertainty with such legal matters, we concluded treatment of the matter as satisfactory.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

8. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

9. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The respective Board of Directors/management of the companies included in the Group and its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
10. In preparing the consolidated financial statements, the respective Board of Directors/management of the companies included in the Group and of its associate and joint venture are responsible for assessing the ability of the Group and of its associate and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
11. Those respective Board of Directors/management are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associate and joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
13. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud

Independent Auditor's Report (Contd..)

or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and joint venture to cease to continue as a going concern; and
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, and its associate and joint venture, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
14. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

17. We did not audit the financial statements of nine subsidiaries, whose financial statements reflects total assets of ₹ 54,946 lakhs and net assets of ₹ 24,983 lakhs as at 31 March 2021, total revenues of ₹ 17,297 lakhs and net cash inflows amounting to ₹ 279 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹ 6,177 lakhs for the year ended 31 March 2021, as considered in the consolidated financial statements, in respect of one associate and one joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associate and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associate and joint venture, are based solely on the reports of the other auditors.

Further, of these subsidiaries, associate and joint venture, one subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their country and which have been audited by other auditors under generally accepted auditing standards applicable in their country. The Holding Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in their country to accounting principles generally accepted in India. We

Independent Auditor's Report (Contd..)

have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the balances and affairs of such subsidiary located outside India, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

18. We did not audit the financial statements of three subsidiaries, whose financial statements reflects total assets of ₹ 2,126 lakhs and net assets of ₹ 1,905 lakhs as at 31 March 2021, total revenues of ₹ 738 lakhs and net cash inflows amounting to ₹ 3 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Holding Company's management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Holding Company's management, these financial statements are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

19. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 17, on separate financial statements of the subsidiaries, associate and joint venture, we report that the Holding Company and 16 subsidiary companies covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
20. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, associate and joint venture, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements;
 - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors,
 - c) the reports on the accounts of the subsidiary companies, associate and joint venture covered under the Act, audited by other auditors, as applicable, and have been properly dealt with in preparing this report;
 - d) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - e) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;
 - f) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, covered under the Act, none of the directors of the Group companies, covered under the Act, are disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - g) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I'; and
 - h) 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associate and joint venture:
 - i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint venture as detailed in Note 39 (C) to the consolidated financial statements;

Independent Auditor's Report *(Contd..)*

- ii. the Holding Company, its subsidiaries, associate and joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies during the year ended 31 March 2021; and
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Murad D. Daruwalla
Partner
Membership No.: 043334
UDIN:

Place: Mumbai
Date: 29 April 2021

ANNEXURE 1 - LIST OF ENTITIES INCLUDED IN THE STATEMENT

List of subsidiaries

Name of the Company

Motilal Oswal Commodities Broker Private Limited
Motilal Oswal Investment Advisors Limited (Formerly known as Motilal Oswal Investment Advisors Private Limited)
MOPE Investment Advisors Private Limited
Motilal Oswal Alternate Investment Advisors Private Limited (Formerly known as Motilal Oswal Fincap Private Limited)
Motilal Oswal Finvest Limited (Formerly known as Motilal Oswal Capital Markets Limited)
Motilal Oswal Wealth Management Limited
Motilal Oswal Asset Management Company Limited
Motilal Oswal Trustee Company Limited
Motilal Oswal Securities International Private Limited
Motilal Oswal Capital Markets (Hongkong) Private Limited
Motilal Oswal Capital Markets (Singapore) Pte. Limited
Motilal Oswal Real Estate Investment Advisors Private Limited
Motilal Oswal Real Estate Investment Advisors II Private Limited
Motilal Oswal Home Finance Limited (Formerly known as Aspire Home Finance Corporation Limited)
India Business Excellence Management Company
Motilal Oswal Asset Management (Mauritius) Private Limited
Motilal Oswal Capital Limited
Glide Tech Investment Advisory Private Limited
Motilal Oswal Finsec IFSC Limited
TM Investment Technologies Private Limited (w.e.f. 24 July 2020)

List of Associate

India Reality Excellence Fund II LLP

List of Joint Venture

India Business Excellence Fund III (upto 29 September 2020)

Annexure I to the Independent Auditor's Report of even date to the members of Motilal Oswal Financial Services Limited on the consolidated financial statements for the year ended 31 March 2021

ANNEXURE I

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Motilal Oswal Financial Services Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note

Independent Auditor's Report (Contd..)

require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements in so far as it relates to eight subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 53,331 lakhs and net assets of ₹ 23,376 lakhs as at 31 March 2021, total revenues of ₹ 15,589 lakhs and net cash inflows amounting to ₹ 379 lakhs for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Murad D. Daruwalla

Partner

Membership No.: 043334

UDIN:

Place: Mumbai

Date: 29 April 2021

Consolidated Balance Sheet

Particulars	Note No.	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
I. ASSETS			
1 Financial assets			
(a) Cash and cash equivalents	4	129,202	84,352
(b) Bank balance other than (a) above	5	220,472	53,443
(c) Receivables	6		
(I) Trade receivables		91,652	74,553
(II) Other receivables		48	145
(d) Loans	7	452,047	407,947
(e) Investments	8	392,235	308,850
(f) Other financial assets	9	68,130	14,925
Total financial assets (A)		1,353,786	944,215
2 Non-financial asset			
(a) Current tax assets (net)	10	3,704	4,043
(b) Deferred tax assets (net)	11	7,542	11,896
(c) Property, plant and equipment	12(a)	31,593	30,787
(d) Other Intangible assets	12(b)	3,440	2,548
(e) Other non-financial assets	13	11,621	17,571
Total non-financial assets (B)		57,900	66,845
Total Assets (A+B)		1,411,686	1,011,060
II. LIABILITIES AND EQUITY			
Liabilities			
1 Financial liabilities			
(a) Payables	14		
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		–	–
(ii) total outstanding dues of creditor other than micro enterprises and small enterprises		302,567	179,798
(b) Debt securities	15	349,724	282,326
(c) Borrowings (Other than Debt securities)	16	219,560	180,355
(d) Deposits	17	45	12
(e) Other financial liabilities	18	54,213	37,464
Total financial liabilities (A)		926,109	679,955
2 Non - financial liabilities			
(a) Current tax liabilities (net)	19	1,899	955
(b) Provisions	20	17,672	12,538
(c) Deferred tax liabilities (net)	21	12,920	2,699
(d) Other non - financial liabilities	22	4,310	2,624
Total non-financial liabilities (B)		36,801	18,816
3 Equity			
(a) Equity share capital	23	1,466	1,481
(b) Other equity	24	441,750	307,149
(c) Non-controlling interests		5,560	3,659
Total equity (C)		448,776	312,289
Total Liabilities and Equity (A+B+C)		1,411,686	1,011,060
Summary of significant accounting policies and other explanatory information to the consolidated financial statements	1-61		

This is the Consolidated Balance Sheet referred to in our report of even date

For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

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

Murad D. Daruwalla
Partner
Membership No: 043334

Motilal Oswal
Managing Director and Chief Executive Officer
DIN : 00024503

Navin Agarwal
Director
DIN : 00024561

Shalibhadra Shah
Chief Financial Officer

Kailash Purohit
Company Secretary

Place : Mumbai
Date : 29 April 2021

Place : Mumbai
Date : 29 April 2021

Consolidated Statement of Profit and Loss

Particulars	Note No.	For the year ended 31 March 2021 ₹ in Lakhs	For the year ended 31 March 2020 ₹ in Lakhs
1) INCOME			
(a) Revenue from operations			
(a) Interest income	25	75,306	76,754
(b) Dividend income	26	153	194
(c) Rental income	27	18	39
(d) Fees and commission income	28	194,948	154,922
(e) Net gain on fair value changes	29	86,041	–
(f) Other operating income	30	6,094	3,846
Total revenue from operations		362,560	235,755
(b) Other income	31	544	786
Total income (a+b) (1)		363,104	236,541
2) EXPENSES :			
(a) Net loss on fair value change	29	–	21,902
(b) Finance costs	32	43,028	49,447
(c) Fees and commission expense	33	63,583	46,911
(d) Impairment on financial instruments	34	9,761	9,130
(e) Employee benefits expense	35	64,358	53,980
(f) Depreciation and amortisation expense	36	4,727	3,971
(g) Other expenses	37	23,163	22,681
Total expenses (2)		208,620	208,022
3) Profit before taxation and before exceptional items (3) = (1)-(2)		154,484	28,519
4) Exceptional Items Income/(Expense) (4)	60	(8,810)	–
5) Profit before taxation and after exceptional items (5) = (3)-(4)		145,674	28,519
6) Tax expenses/ (credit)	38		
(a) Current tax		16,067	13,371
(b) Deferred tax expenses / (credit)		10,750	(6,424)
(c) Short/(excess) provision for earlier years		(912)	32
Total tax expenses (6)		25,905	6,979
7) Profit after tax (7) = (5)-(6)		119,769	21,540
8) Share of profit/(loss) from associates and joint venture (net of taxes)		6,177	(2,582)
9) Profit/(Loss) after tax and share in profit/(loss) of associate & joint venture (9) = (7)+(8)		125,946	18,958

Consolidated Statement of Profit and Loss (Contd..)

Particulars	Note No.	For the year ended 31 March 2021 ₹ in Lakhs	For the year ended 31 March 2020 ₹ in Lakhs
10) Other comprehensive income/ (loss)			
(a) Items that will not be reclassified to profit or loss			
– Remeasurement of the post retirement benefit plans		311	201
– Fair value gain/(loss) of investment held through fair value through other comprehensive income		32,706	(6,914)
(b) Income tax relating to items that will not be reclassified to profit or loss		(3,825)	727
Total other comprehensive income/(loss), net of tax (10)		29,192	(5,986)
11) Total comprehensive income (11) = (9)+(10)		155,138	12,972
12) Net profit attributable to:			
Owners of parent		124,545	18,337
Non-controlling interests		1,401	621
13) Other comprehensive income/ (loss) attributable to:			
Owners of parent		29,189	(5,983)
Non-controlling interests		3	(3)
14) Total comprehensive income attributable to: (14) = (12)+(13)			
Owners of parent		153,734	12,354
Non-controlling interests		1,404	618
15) Earning per share (₹ 1 each)	44		
Basic (amount in ₹)		84.65	12.47
Diluted (amount in ₹)		82.71	12.20
Summary of significant accounting policies and other explanatory information to the consolidated financial statements	1-61		

This is the Consolidated Profit and Loss referred to in our report of even date

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

For and on behalf of the Board of Directors

Motilal Oswal Financial Services Limited

Murad D. Daruwalla

Partner

Membership No: 043334

Motilal Oswal

Managing Director and Chief Executive Officer

DIN : 00024503

Navin Agarwal

Director

DIN : 00024561

Shalibhadra Shah

Chief Financial Officer

Kailash Purohit

Company Secretary

Place : Mumbai

Date : 29 April 2021

Place : Mumbai

Date : 29 April 2021

Consolidated Cash Flow Statement

Particulars	For the year ended 31 March 2021 ₹ in Lakhs	For the year ended 31 March 2020 ₹ in Lakhs
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	145,674	28,519
Adjustments for:		
Impairment on financial instruments	9,761	9,130
Depreciation and amortisation expense	4,727	3,971
Provision for gratuity	807	810
Employee stock option expenditure	1,986	1,098
Profit/(loss) from partnership gain and joint venture	6,765	(2,977)
Net loss/(gain) on fair value change	(86,041)	21,902
Profit on sale of property, plant and equipment (Net)	–	(93)
Interest income	(81)	(33)
Dividend income	(153)	(194)
Foreign Currency Translation Reserve	(644)	152
Interest expense pertaining to lease liability	452	375
Operating profit	83,253	62,660
Adjustment for working capital changes:		
(Increase) / decrease in trade receivables	(18,633)	75,742
(Increase) / decrease in other receivables	97	(69)
(Increase) in other financial assets	(53,205)	(5,723)
(Increase) / decrease in other non financial assets	5,951	(1,551)
(Increase) / decrease in loans	(52,328)	72,207
(Increase) / decrease in investment in Fixed deposit having maturity more than 3 months (net of maturity)	(167,029)	(21,879)
(Increase) / decrease in liquid investments	56,803	(40,585)
Increase in trade payables	122,769	40,736
Increase in Deposit	33	7
Increase / (Decrease) in other financial liabilities	16,749	(17,314)
Increase / (Decrease) in other non financial liabilities	1,686	(32)
Increase / (Decrease) in provision	4,639	(12)
Increase / (decrease) in borrowings	39,205	(77,257)
Increase / (decrease) in debt securities	67,398	24,166
Cash generated from operations	107,386	111,096
Direct taxes paid net (including MAT credit utilised)	(14,460)	(15,924)
Net cash generated from operating activities (A)	92,926	95,172
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, plant and equipment	(6,467)	(6,992)
Purchase of Investments	(58,778)	(58,731)
Sale of Investments	37,338	30,240
Sale of Property, plant and equipment	41	–
Interest received	81	33
Dividend received	153	194
Net cash used in/generated from Investing activities (B)	(27,632)	(35,256)

Consolidated Cash Flow Statement (Contd..)

Particulars	For the year ended 31 March 2021 ₹ in Lakhs	For the year ended 31 March 2020 ₹ in Lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Share capital including Securities premium	1,514	4,039
Buyback of shares	(14,853)	
Payment of Dividend and Dividend Distribution Tax	(7,141)	(15,586)
Increase/ (Decrease) in unpaid dividend	—	(25)
Cash payment of lease liability and interest	(452)	(1,475)
Investment by/ (purchase) from minorities	489	115
Net cash used in/generated from Financing activities (C)	(20,443)	(12,932)
Net increase / (decrease) in cash and cash equivalents during the year (A+B+C)	44,851	46,984
Cash on hand	76	236
Schedule bank - In Current accounts	47,666	26,344
Cheques in hand	—	—
Fixed Deposit with original maturity within 3 months	36,610	10,788
Cash and cash equivalents as at beginning of the year	84,352	37,368
Cash & Cash Equivalents comprise of as at end of the year		
Cash on hand	231	76
Schedule bank - In Current accounts	106,668	47,666
Cheques in hand	35	—
Fixed Deposit with original maturity within 3 months	22,267	36,610
Cash and cash equivalents as at end of the year	129,202	84,352

Notes :

- The above Statement of Cash Flows has been prepared under indirect method as set out in Ind AS 7, 'Statement of Cash Flows', as specified in the Companies (Indian Accounting Standard) Rules, 2015.
- Figures in brackets indicate cash outflows.

This is the Statement of Consolidated Cash Flows referred to in our report of even date.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

Murad D. Daruwalla

Partner

Membership No: 043334

For and on behalf of the Board of Directors

Motilal Oswal Financial Services Limited

Motilal Oswal

Managing Director and Chief Executive Officer

DIN : 00024503

Shalibhadra Shah

Chief Financial Officer

Navin Agarwal

Director

DIN : 00024561

Kailash Purohit

Company Secretary

Place : Mumbai

Date : 29 April 2021

Place : Mumbai

Date : 29 April 2021

Statement of Changes in Equity

(A) Equity share capital

Particulars	Equity share capital	
	Number of shares	Amount ₹ in Lakhs
As at 1 April 2019	145,680,358	1,457
Stock options exercised under the ESOS	1,055,432	11
Preferential Issue*	1,330,928	13
As at 31 March 2020	148,066,718	1,481
Stock options exercised under the ESOS	462,800	5
Preferential Issue*	–	–
Buyback	(1,909,144)	(19)
As at 31 March 2021	146,620,374	1,466

* Note: Shares were allotted for consideration other than cash.

(B) Other Equity

₹ in Lakhs

Particulars	Reserves and surplus										Items of other comprehensive income		Total other equity	Non-controlling interest	Total
	Statutory reserves	Capital redemption reserve	Securities premium	Employee stock options outstanding reserve	Capital Reserve (on consolidation)	General reserve	Debenture redemption reserve	Foreign currency translation reserve	Impairment reserve	Retained earnings	Equity instruments through other comprehensive income	Remeasurements of defined benefit plans			
Balance as at 01 April 2019	3,813	2,504	51,512	4,315	5,084	15,304	3,352	289	–	199,025	18,200	490	303,887	4,079	307,966
Total comprehensive income for the year	–	–	–	–	–	–	–	–	–	18,338	(6,114)	131	12,355	612	12,967
Dividends including dividend distribution tax	–	–	–	–	–	–	–	–	–	(15,586)	–	–	(15,586)	–	(15,586)
Transfer from Employee stock option reserve	–	–	1,017	–	–	–	–	–	–	–	–	–	1,017	–	1,017
Transfer from statutory reserves	782	–	–	–	–	–	–	–	–	(782)	–	–	–	–	–
ECL provision reserve	–	–	–	–	–	–	–	–	62	(62)	–	–	–	–	–
Transfer to General Reserve	–	–	–	–	–	–	–	–	–	133	–	–	133	–	133
Transfer to Securities premium	–	–	–	(1,017)	–	–	–	–	–	–	–	–	(1,017)	–	(1,017)
Transfer from/ to debenture redemption reserve	–	–	–	–	–	3,352	(3,352)	–	–	–	–	–	–	–	–
Addition during the year on account of share issue	–	–	3,964	–	–	–	–	–	–	–	–	–	3,964	–	3,964
Additions during the year	–	–	–	1,098	–	–	–	152	–	–	–	–	1,250	–	1,250
Investment by/ (purchased from) minority	–	–	–	–	–	–	–	–	–	–	–	–	–	115	115
Transfer to minorities	–	–	–	–	–	–	–	–	–	1,148	–	–	1,148	(1,148)	–

Statement of Changes in Equity (Contd..)

₹ in Lakhs

Particulars	Reserves and surplus										Items of other comprehensive income		Total other equity	Non-controlling interest	Total
	Statutory reserves	Capital redemption reserve	Securities premium	Employee stock options outstanding reserve	Capital Reserve (on consolidation)	General reserve	Debenture redemption reserve	Foreign currency translation reserve	Impairment reserve	Retained earnings	Equity instruments through other comprehensive income	Remeasurements of defined benefit plans			
Balance as at 31 March 2020	4,594	2,504	56,493	4,396	5,084	18,656	-	441	62	202,212	12,086	621	307,149	3,659	310,808
Balance as at 01 April 2021	4,594	2,504	56,493	4,396	5,084	18,656	-	441	62	202,212	12,086	621	307,149	3,659	310,808
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	124,535	28,964	228	153,727	1,554	155,282
Dividends including dividend distribution tax	-	-	-	-	-	-	-	-	-	(7,141)	-	-	(7,141)	-	(7,141)
Transfer to capital redemption reserve	-	19	-	-	-	-	-	-	-	-	-	-	19	-	19
Transfer from Employee stock option reserve	-	-	624	-	-	-	-	-	-	-	-	-	624	-	624
Transfer to statutory reserves	659	-	-	-	-	-	-	-	-	(659)	-	-	-	-	-
Buyback of shares	-	-	(12,034)	-	-	-	-	-	-	(2,820)	-	-	(14,854)	-	(14,854)
Transfer to Securities premium	-	-	-	(624)	-	-	-	-	-	-	-	-	(624)	-	(624)
Addition during the year on account of share issue	-	-	1,529	-	-	-	-	-	-	-	-	-	1,529	-	1,529
Additions during the year	-	-	-	1,986	-	-	-	(644)	-	-	-	-	1,342	-	1,342
Investment by/ (purchased from) minority	-	-	-	-	-	-	-	-	-	-	-	-	-	325	325
Transfer to minorities	-	-	-	-	-	-	-	-	-	(22)	-	-	(22)	22	-
Balance as at 31 March 2021	5,253	2,523	46,612	5,758	5,084	18,656	-	(203)	62	316,105	41,051	849	441,750	5,560	447,310

The accompanying notes are integral part of these financial statements.

This is the Statement of Changes in Equity referred to in our report of even date.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

Murad D. Daruwalla

Partner

Membership No: 043334

For and on behalf of the Board of Directors

Motilal Oswal Financial Services Limited

Motilal Oswal

Managing Director and Chief Executive Officer

DIN : 00024503

Navin Agarwal

Director

DIN : 00024561

Shalibhadra Shah

Chief Financial Officer

Kailash Purohit

Company Secretary

Place : Mumbai

Date : 29 April 2021

Place : Mumbai

Date : 29 April 2021

Notes to Consolidated Financial Statement

NOTE 1 : CORPORATE INFORMATION

Motilal Oswal Financial Services Limited ("MOFSL" or 'the Holding Company') is a public limited company and incorporated under the provisions of Companies Act. The Company is domiciled in India and the addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The Holding Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

Motilal Oswal Financial Services Limited, its subsidiaries, associate and joint venture entities (collectively, the Group) are engaged in stock broking, asset management and mutual funds, private equity, investment banking, home finance, wealth management services, distribution of financial products, proprietary investments and other activities in financial services.

These consolidated financial statements contain financial information of the Group and were authorized for issue by the Board of Directors on 29 April 2021.

Information on the Group's structure is provided in note 58.

NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

2.1. Basis of preparation

(i) Compliance with Ind AS

The consolidated financial statements of the Group comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

Accounting policies have been applied consistently over all the periods presented in these consolidated financial statements.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- Certain Financial instruments are measured at fair values;
- Assets held for sale – measured at fair value less cost to sell;
- Defined benefit plans – plan assets measured at fair value; and
- Share based payments – fair value as on the grant date

(iii) Preparation of consolidated financial statements

The Holding Company is covered in the definition of Non-Banking Financial Group as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. As per the format prescribed under Division III of Schedule III to the Companies Act, 2013 on 11 October 2018, the Holding Company presents the Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity in the order of liquidity. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in note 54.

(iv) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with Ind AS requires management to make estimates, judgements, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) and disclosures as of the date of consolidated financial statements and the reported amounts of revenue and expenses for the reporting period. Actual results could differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are recognized in the period in which the Group becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised and future periods. The estimates and judgements that have significant impact on carrying amount of assets and liabilities at each balance sheet date are discussed at note 3.

2.2. Principles of consolidation and equity accounting

(i) Subsidiaries

The consolidated financial statement has comprised financial statements of the Company and its subsidiaries, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the Holding Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions within the Group are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of changes in equity and balance sheet respectively. Statement of Profit and Loss including Other Comprehensive Income (OCI) is attributable to the equity holders of the Holding Company and to the non-controlling interest basis the respective ownership interest and such balance is attributed even if this results in controlling interest is having a deficit balance.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognized at cost.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iv) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

2.3. Revenue Recognition

The Group recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115, Revenue from Contracts with Customers, to determine when to recognize revenue and at what amount. Revenue is measured based on the consideration specified in the contract with a customer. Revenue from contracts with customers is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognized when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

When (or as) a performance obligation is satisfied, the Group recognizes as revenue the amount of the transaction price (excluding estimates of variable consideration) that is allocated to that performance obligation.

The Group applies the five-step approach for recognition of revenue:

- Identification of contract(s) with customers;
- Identification of the separate performance obligations in the contract;
- Determination of transaction price;
- Allocation of transaction price to the separate performance obligations; and
- Recognition of revenue when (or as) each performance obligation is satisfied.

(i) Brokerage fee income

It is recognised on trade date basis and is exclusive of goods and service tax and securities transaction tax (STT) wherever applicable.

(ii) Interest income

Interest income on a financial asset at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ('EIR'). The EIR is the rate that exactly discounts estimated future cash flows of the financial asset through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The internal rate of return on financial asset after netting off the fees received and cost incurred approximates the effective interest rate method of return for the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs).

(iii) Portfolio management fee income

Performance obligations are satisfied over a period of time and portfolio management fees are recognized in accordance with the Portfolio Management Agreement entered with respective clients, which is as follows:

- a) Processing fees is recognized on upfront basis in the year of receipt;
- b) Management fees is recognized as a percentage of the unaudited net asset value at the end of each month;
- c) Return based fees is recognized as a percentage of annual profit, in accordance with the terms of the agreement with clients on the completion of the period.

(iv) Mutual fund management fee income

Performance obligations are satisfied over a period of time and mutual fund management fee is recognized on monthly 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.

(v) Private equity fund management fee income

Performance obligations are satisfied over a period of time and private equity fund management fee is recognized on monthly basis in accordance with Private Placement Memorandum based on capital commitment / capital contribution of the Fund.

(vi) Alternative investment fund management fee income

Performance obligations are satisfied over a period of time and alternate investment management fee is recognized on monthly basis in accordance with Private Placement Memorandum.

(vii) Investment advisory fees

Performance obligations are satisfied over a period of time and investment advisory fee is recognized on monthly basis in accordance with the terms of the contract with the clients.

(viii) Research and advisory fees

Performance obligations are satisfied over a period of time and investment advisory fee is recognized on monthly basis in accordance with the terms of the contract with the clients.

(ix) Dividend income

Dividend income is recognized in the statement of profit or loss on the date that the Group's right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be reliably measured. This is generally when the shareholders approve the dividend.

2.4. Distribution cost

Portfolio Management Services

Distribution cost for Portfolio Management Services are charged to Statement of Profit and Loss on accrual basis. Distribution cost paid is amortised over the contractual period. On this account, an asset (prepaid expenses) is recognised at the time of actual payment or becoming due for payment and charged evenly to the Statement of Profit and Loss over the commitment period of the respective investor.

Alternate Investment Fund Services

Distribution cost for Alternate Investment Fund Management Services are charged to Statement of Profit and Loss on accrual basis. On this account, an asset (prepaid expenses) is recognised at the time of actual payment or becoming due for payment and charged evenly to the Statement of Profit and Loss over the period of the scheme.

Fund related expenses

New fund offer expenses

Expenses relating to initial issue of Mutual Fund Schemes of the Fund are charged to the Statement of Profit and Loss in the year in which such expenses are incurred which is in compliance with SEBI (Mutual Funds) Regulations, 1996-

Recurring fund expenses

Expenses incurred (inclusive of advertisement / brokerage expenses) on behalf of schemes of Motilal Oswal Mutual Fund till 22nd October 2019 are recognised 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.

2.5. Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current Tax:

Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current tax assets and current tax liabilities are off set when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred Tax:

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Notes to Consolidated Financial Statement (Contd..)

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries and associates where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

2.6. Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not used by the group for business purposes, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

2.7. Leases

For any new contracts entered into on or after 1 April 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

The Company has adopted Ind AS 116 "Leases" using the cumulative catch-up approach. Company has recognised Right of Use assets as at 1 April 2019 for leases previously classified as operating leases and measured at an amount equal to lease liability (adjusted for related prepayments/ accruals). The Company has discounted lease payments using the incremental borrowing rate for measuring the lease liability.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in statement of profit and loss.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

2.8. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.9. Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognizes the difference as follows:

- a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.
- b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

Fair value of financial instruments

Some of the Group's assets and liabilities are measured at fair value for financial reporting purpose. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 54.

Financial assets

(i) Classification and subsequent measurement

The Group has applied Ind AS 109 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

1. Financial assets carried at amortised cost a financial asset is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

2. Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All investments in equity instruments classified under financial assets are initially measured at fair value, the Group may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as revenue

Notes to Consolidated Financial Statement (Contd..)

from operations in the Statement of Profit and Loss unless the Group has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognized in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'Revenue from operations' in the Statement of Profit and Loss.

3. Investments in mutual funds

Investments in mutual funds are measured at fair value through profit and loss (FVTPL).

(ii) Impairment

The Group recognizes impairment allowances using Expected Credit Losses ("ECL") method on all the financial assets that are not measured at FVPTL:

ECL are probability-weighted estimate of credit losses. They are measured as follows:

- Financials assets that are not credit impaired – as the present value of all cash shortfalls that are possible within 12 months after the reporting date.
- Financials assets with significant increase in credit risk - as the present value of all cash shortfalls that result from all possible default events over the expected life of the financial assets.
- Financials assets that are credit impaired – as the difference between the gross carrying amount and the present value of estimated cash flows.

Financial assets are written off/fully provided for when there is no reasonable of recovering a financial assets in its entirety or a portion thereof.

However, financial assets that are written off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Profit and Loss.

(iii) Derecognition

A financial asset is derecognised only when:

The Group has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Financial liabilities

(i) Initial recognition and measurement

All financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs.

(ii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

(iii) Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2.10. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the

Notes to Consolidated Financial Statement (Contd..)

liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.11. Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognized in accordance with the principles of Ind AS 115.

2.12. Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition and installation of the assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful life prescribed under Schedule II to the Companies Act, 2013. The Group provides pro-rata depreciation from the month of installation till date the assets are sold or disposed. Leasehold improvements are amortised over the term of underlying lease.

Assets	Useful life
Building	60 years
Furniture and Fixtures	10 years
Office Equipments	5 years
Computers and Network Equipments	3 to 6 years
Plant and Machinery	15 years
Electrical Equipments	10 years
Vehicles	8 to 10 years
Leasehold Improvements	Over the primary lease period or useful life. Whichever is less.

Derecognition:

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in the statement of profit and loss when the asset is derecognized.

2.13. Intangible assets

Measurement at recognition:

Intangible assets are recognized where it is probable that the future economic benefit attributable to the assets will flow to the Group and its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortisation and impairment, if any.

Expenditure incurred on acquisition/development of intangible assets which are not put/ready to use at the reporting date is disclosed under intangible assets under development. The Group amortizes intangible assets on a straight-line basis over the five years commencing from the month in which the asset is first put to use. The Group provides pro-rata amortisation from the day the asset is put to use.

Assets	Useful life
Computer Software	5 years
Licences	Over the license period

Derecognition:

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in the statement of profit and loss when the asset is derecognized.

2.14. Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount of asset is the higher of its value in use or its fair value. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects the current market assessment of time value of money and the risks specific to it. 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 and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An Impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the assets carrying amount would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

2.15. Provisions and contingencies:

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

2.16. Employee benefits**(i) Short-term obligations**

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related services are rendered. The Group recognises 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.

(ii) Post-employment obligations**Defined contribution plan:**

Contribution paid/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.

Defined benefits plan:

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 unrecognised 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 in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

(iii) Other long-term employee benefit obligations

Heritage club benefit

Heritage club benefits are recognised as liability at the present value of defined benefits obligation as at the Balance Sheet date. The defined obligation benefit is calculated at the Balance Sheet date by an independent actuary using the projected unit credit method.

Compensated absences

The Group does not have a policy of encashment of unavailed leaves for its employees but are permitted to carry forward subject to a prescribed maximum days. 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.

2.17. Share-based payments

Employee Stock Option Scheme (ESOS)

The Employees Stock Options Scheme ("the Scheme") has been established by the Group. The Scheme provides that employees are granted an option to subscribe to equity share of the Group that vest on the satisfaction of vesting conditions. The fair value of options granted under ESOS is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined reference to the fair value of the options granted excluding the impact of any service conditions. Information about the valuation techniques and inputs used in determining the fair value of options disclosed in note 51.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2.18. Foreign currency translation

(i) Functional and presentation currency

Items included in consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is Group's functional and presentation currency.

(ii) Translation and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in profit or loss.

2.19. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.20. Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the period (excluding other comprehensive income) attributable to equity share holders of the Group by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus element in equity shares issued during the year.

b) Diluted earnings per share

Diluted earnings per share is computed by dividing the net profit 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 except where the results are anti-dilutive.

2.21. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker of the Group.

Notes to Consolidated Financial Statement (Contd..)

The power to assess the financial performance and position of the Group and make strategic decisions is vested in the managing director who has been identified as the Chief Operating Decision Maker.

The primary business of the Group comprises of “Broking and other related activities”, “Fund based activities”, “Asset Management and Advisory”, “Investment Banking services” and “Home Finance”. The business segments have been identified considering the nature of services, the differing risks and returns, the organization structure and the internal financial reporting system. Broking and other related activities includes Broking services to clients, research and advisory services, financial product distribution, depository services. Fund based activities include investment activities (Investment in securities and property) and financing activity. Asset management and advisory includes fee based services for management of assets. Investment Banking represents results of raising financial capital by underwriting or acting as the client’s agent in the issuance of securities. Home Finance represents interest and other related income from affordable housing finance business.

2.22. Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest lakhs as per the requirements.

2.23. Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the consolidated financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

2.24. Recent accounting developments

On 24 March 2021, the Ministry of Corporate Affairs (“MCA”) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 01 April 2021. Key amendments relating to Division III which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Statement of changes in equity: Disclosure shall be made regarding the changes in equity due to prior period errors and restated balance at the beginning of the reporting year and similarly disclose the same for the previous reporting period. Additionally, the details of other equity shall also be given for prior reporting period.
- Disclosure of shareholding of all promoters: A company shall now be required to disclose the shareholding of all promoters. The details shall include change in shareholding taken place during the year. The meaning of the promoter has to be taken from the definition provided in the Companies Act, 2013 which is different from the definition provided in the SEBI (ICDR) Regulations, 2009.
- Ageing Schedule: Companies are required to disclose ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development in specified format prescribed under amendment.
- Disclosure related to funds borrowed from banks and financial institutions: If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then a disclosure providing details of utilisation of funds shall also be required to be provided.
- Revaluation of property: The reconciliation of gross and net carrying amount of both intangible and tangible assets at the beginning and end of the reporting period, along with other separate disclosures related to additions, disposals, acquisitions, depreciation, impairment, etc. shall also disclose separately details related to the amount of change due to revaluation, where there is a change of more than 10% in aggregate of the net carrying amount of the asset.
The company is also required to disclose whether the property, plant or equipment has been revalued by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.
- Specific disclosure: Amendment requires to disclose transaction/ events under various additional regulatory requirements such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held, etc.

Statement of profit and loss:

Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head ‘additional information’ in the notes forming part of the financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

NOTE 3 : KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- (a) Provision and contingent liability: On an ongoing basis, Group reviews pending cases, claims by third parties and other contingencies. Contingent losses that are considered probable, an estimated loss is recorded as an accrual in consolidated financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the consolidated financial statements. Contingencies the likelihood of which is remote are not disclosed in the consolidated financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.
- (b) Allowance for impairment of financial asset: Judgements are required in assessing the recoverability of overdue loans and determining whether a provision against those loans is required. Factors considered include the aging of past dues, value of collateral and any possible actions that can be taken to mitigate the risk of non-payment.
- (c) Recognition of deferred tax assets - Deferred tax assets are recognised for unused tax-loss carryforwards and unused tax credits to the extent that realisation of the related tax benefit is probable. The assessment of the probability with regard to the realisation of the tax benefit involves assumptions based on the history of the entity and budgeted data for the future.
- (d) Defined benefit plans - The cost of defined benefit plans and the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long - term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.
- (e) Stock based compensation – The Group account for stock-based compensation by measuring and recognizing as compensation expense the fair value of all share-based payment awards made to employees based on estimated grant date fair values. The determination of fair value involves a number of significant estimates. The Group uses the Black Scholes option pricing model to estimate the value of employee stock options which requires a number of assumptions to determine the model inputs. These include the expected volatility of Group’s stock and employee exercise behavior which are based on historical data as well as expectations of future developments over the term of the option. As stock-based compensation expense is based on awards ultimately expected to vest. Management’s estimate of exercise is based on historical experience but actual exercise could differ materially as a result of voluntary employee actions and involuntary actions which would result in significant change in our stock-based compensation expense amounts in the future.
- (f) Property, plant and equipment and Intangible Assets - Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values as per schedule II of the Companies Act, 2013 or are based on the Group’s historical experience with similar assets and taking into account anticipated technological changes, whichever is more appropriate.
- (g) Leases - The Group evaluates if an arrangement qualifies to be a lease as per IND AS 116.
 - The Group determines lease term as a non-cancellable period of a lease, together with both the period covered by an option to extend the lease if the Company is reasonably certain to exercise lessee options.
 - The determination of the incremental borrowing rate used to measure lease liabilities.

Notes to Consolidated Financial Statement (Contd..)

NOTE 4 : CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Cash on hand	231	76
Balances with banks		
In current accounts	106,668	47,666
Cheques in hand	35	–
Fixed deposit with bank (maturity within 3 months)	22,267	36,610
Total	129,202	84,352

NOTE 5 : BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Fixed Deposits with original maturity more than 3 months but less than 12 months*	48,127	45,693
Fixed Deposits with original maturity more than 12 months*	172,290	7,694
Accrued interest on fixed deposits (maturity more than 12 months)	10	12
Unpaid dividend account	44	44
	220,472	53,443

*Fixed deposits of ₹ 16,719 lakhs are pledged with exchange and banks for meeting margin requirements and for obtaining bank guarantee respectively.

NOTE 6: RECEIVABLES

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
(i) Trade receivables		
a) Secured, considered good*	45,410	33,671
b) Unsecured, considered good	47,910	42,040
Less : Allowances for impairment losses	(1,668)	(1,158)
	91,652	74,553
(ii) Other receivables		
a) Other	48	145
	48	145
Total	91,700	74,698

*Secured against securities given as collateral by the customer

- Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less loss allowances. The Group applies the Ind AS 109 simplified approach to measuring expected credit losses (ECLs) for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding three to five years on the total balance of non-credit impaired trade receivables. The Group considers a trade receivable to be credit impaired when one or more detrimental events have occurred, such as significant financial difficulty of the client or it becoming probable that the client will enter bankruptcy or other financial reorganization. When a

Notes to Consolidated Financial Statement (Contd..)

trade receivable is credit impaired, it is written off against trade receivables and the amount of the loss is recognised in the profit and loss statement. Subsequent recoveries of amounts previously written off are credited to the income statement. In line with the Group's historical experience, and after consideration of current credit exposures, the Group does not expect to incur any credit losses and has not recognised any ECLs in the current year.

- 2) No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- 3) Trade receivables in case of the Group includes ₹ 24,994 Lakhs (Previous year ₹ 24,994 Lakhs) receivable from National Spot Exchange Limited on behalf of customers and the same is also shown as Other Trade payable to customers at ₹ 24,576 Lakhs (Previous year ₹ 24,576 Lakhs) which will become due only on receipt from National Spot Exchange Limited.

NOTE 7 : LOANS

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
(A) Loans - At amortised cost		
Home loans	350,324	364,312
Term loans	—	3,466
Loans repayable on demand	28,521	21,599
Loans to employees	555	378
Margin trading facility	77,308	19,849
Interest accrued	2,702	2,785
Total (A) Gross	459,409	412,389
Less : Impairment loss allowance	(7,362)	(4,442)
Total (A) Net	452,047	407,947
(B) Secured/Unsecured		
Secured by tangible assets	441,098	393,502
Unsecured	18,311	18,887
Total (B) Gross	459,409	412,389
Less : Impairment loss allowance	(7,362)	(4,442)
Total (B) Net	452,047	407,947
(C) Loans in India		
Public sector	—	—
Others	459,409	412,389
Total (C) Gross	459,409	412,389
Less : Impairment loss allowance	(7,362)	(4,442)
Total (C) Net	452,047	407,947

Loan book and ECL Movement Notes :

1(a) Loan book movement

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Opening	407,947	487,844
Origination of new loan	85,429	13,027
Write-offs/sold during the year	(11,355)	(42,116)
Repayments received during the year	(29,973)	(50,808)
Closing	452,047	407,947

Notes to Consolidated Financial Statement (Contd..)

1(b) Break - up of loans under various stages

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Low credit risk (Stage 1)	422,316	386,769
Significant increase in credit risk (Stage 2)	22,039	14,567
Credit impaired (Stage 3)	7,692	6,611
Closing	452,047	407,947

1(c) ECL movement

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Opening	4,442	17,570
ECL impact due to Write-offs	(5,308)	(9,532)
Addition during the year	8,227	(3,596)
Closing	7,362	4,442

1(d) Break - up of ECL under

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Low credit risk (Stage1)	2,669	1,269
Significant increase in credit risk (Stage 2)	2,278	1,518
Credit impaired (Stage 3)	2,415	1,655
Closing	7,362	4,442

NOTE 8 : INVESTMENT

Sr. No.	Particulars	As at 31 March 2021		As at 31 March 2020	
		Units	Amount (₹ in Lakhs)	Units	Amount (₹ in Lakhs)
I.	Investments at amortised cost				
	Equity Instruments - Unquoted - Fully paid-up				
	MF utilities India Private Limited	500,000	5	500,000	5
	Total (I)		5		5
II.	Investments at fair value through profit and loss account (FVTPL)				
(a)	Equity Instruments - Unquoted - Fully paid-up				
	Shriram New Horizons Limited	750,000	1,013	750,000	1,013
	Less : Impairment allowance on investment		(1,013)		(1,013)
	Shubham Housing Development Finance Co. Private Limited	21,392	518	21,392	462
	Total (a)		518		462
(b)	Preference Shares - Unquoted - Fully paid-up				
	Compulsory Convertible shares of Shubham Housing Development Finance Co. Private Limited	220,260	5,345	220,260	2,735
	Total (b)		5,345		2,735

Notes to Consolidated Financial Statement (Contd..)

Sr. No.	Particulars	As at 31 March 2021		As at 31 March 2020	
		Units	Amount (₹ in Lakhs)	Units	Amount (₹ in Lakhs)
(c)	Mutual Funds (Equity) - Quoted - Fully paid-up				
	Motilal Oswal Mutual Fund - Motilal Oswal MOST Shares M100 ETF GO	735,570	186	735,570	92
	Motilal Oswal Mutual Fund-Motilal Oswal MOST Shares NASDAQ 100 ETF -GO	396,531	247	396,531	156
	Most Shares M50 ETF	59,499	86	59,499	50
	Kotak Mahindra MF - Kotak Banking ETF - Dividend Payout Option	17,889	60	17,889	35
	Reliance Etf Gold Bees	–	–	675	26
	NIPPON INDIA ETF GOLD BEES	67,500	26	–	–
	SBI-ETF Nifty Next 50	44,978	67	44,978	40
	Motilal Oswal NASDAQ 100 FOF	200,000	40	200,000	26
	Mutual Funds (Equity) -Unquoted - Fully paid-up				
	Motilal Oswal Most Focused Multicap 35 Fund (Direct Plan - Growth, Dividend Reinvestment and Direct Plan Dividend Payout)	209,083,934	71,800	201,389,431	41,526
	Most focused midcap 30 fund (Direct Plan - Growth, Dividend Reinvestment and Direct Plan Dividend Payout)	109,157,082	38,731	109,130,459	22,648
	Motilal Oswal Most Focused Multicap 25 Fund (Direct Plan - Growth, Dividend Reinvestment)	64,280,248	21,163	64,280,248	13,068
	Most Focused Long term Fund	190,816	46	190,816	28
	Motilal Oswal Most Focused Dynamic Equity Fund	500,000	77	500,000	59
	Motilal Oswal Equity Hybrid Fund - Direct (G)	500,000	72	500,000	49
	Motilal Oswal Nifty Midcap 150 Index Fund - Direct Growth Option	553,715	88	553,715	44
	Motilal Oswal Nifty 500 Fund - Direct Growth Option	567,804	79	567,804	45
	Motilal Oswal Nifty Bank Index Fund - Direct Growth Option	272,044	33	272,044	19
	Motilal Oswal Nifty Smallcap 250 Index Fund - Direct Growth Option	219,498	34	219,498	16
	Motilal Oswal Nifty 50 Index Fund - Direct Growth Option	12,962,633	1,118	12,962,633	934
	Motilal Oswal Nifty Next 50 Index Fund - Direct Growth Option	4,330,591	968	4,330,591	325
	Motilal Oswal Large And Midcap Fund	50,500,000	6,916	50,500,000	4,005
	Motilal Oswal S&P 500 Index Fund	500,000	66	–	–
	Motilal Oswal Multi Asset Fund	499,975	52	–	–
	MOTILAL OSWAL 5 YEAR G-SEC ETF	112,401	54	–	–
	Motilal Oswal Asset Allocation Passive Fund of Fund - Aggressive - Direct Plan option	499,975	50	–	–
	Motilal Oswal Asset Allocation Passive Fund of Fund - Conservative - Direct Plan option	499,975	50	–	–
	Axis Technology ETF	194,160	500		
	Mutual Funds (Debt) - Unquoted - Fully paid-up				
	MOST Ultra Short Term Bond Fund	876,376	122	876,376	118
	Birla Sunlife Cash Plus	–	–	2,814,162	8,993
	Motilal Oswal Liquid Fund - Direct (G)	500,000	55	500,000	53
	ICICI Pru money market - Direct plan	–	–	4,478,928	13,158
	Kotak floater short term - Direct plan Growth	293,548	10,177	263,772	10,590
	UTI money market fund - Direct Growth	212,741	5,096	–	–
	HDFC Cash Management Liquid Units	5,157	251	468,037	18,284
	HDFC Overnight Fund - Direct Plan - Growth	–	–	336,837	10,001
	SBI Savings Fund Direct Plan Growth	449,669	154	15,453,896	5,002
	SBI Liquid Fund Direct Plan Growth	37,255,190	13,140	321,835	10,006

Notes to Consolidated Financial Statement (Contd..)

Sr. No.	Particulars	As at 31 March 2021		As at 31 March 2020	
		Units	Amount (₹ in Lakhs)	Units	Amount (₹ in Lakhs)
	Nippon India Liquid Fund Direct Plan Growth Plan	–	–	206,307	10,007
	Nippon India Overnight Fund Direct Growth Plan	395,589	12,741	9,330,743	10,002
	Mirae Asset Cash Management Fund - Direct Plan - Growth	–	–	119,427	2,502
	Aditya Birla Sun life Money Manager Fund-Direct Growth	3,550,214	10,195	–	–
	Invesco India Money Market Fund Direct Plan Growth	103,851	2,539	–	–
	Axis Liquid Direct Fund - Growth	–	–	456,713	10,067
	L&T Liquid Fund Direct Plan Growth Option	–	–	91,928	2,501
	Total (c)		197,077		194,475
(d)	Investment in Alternative Investment funds (Equity) - Unquoted - Fully paid-up				
	Motilal Oswal Focused Growth Opportunities Fund	4,999,750	500	7,280,244	785
	Motilal Oswal Focused Growth Opportunities Fund (Carry Units)	–	–	30,000	5
	Motilal Oswal Focused Multicap Opportunities Fund	11,087,046	1,370	11,169,545	817
	Motilal Oswal Focused Multicap Opportunities Fund (Carry units)	100,000	12	100,000	7
	Motilal Oswal Select Opportunities fund	–	–	6,687,757	930
	Motilal Oswal Select Opportunities fund (Carry units)	–	–	100,000	10
	Motilal Oswal Focused Business Advantage Fund	10,000,000	1,665	10,000,000	991
	Motilal Oswal Focused Business Advantage Fund (Carry units)	100,000	32	100,000	12
	Motilal Oswal Focused Emergence Fund	11,216,296	1,225	12,802,656	654
	Motilal Oswal Business Advantage Fund Series-II	4,549,882	533	–	–
	Motilal Oswal Multicap Equity Fund	999,950	1,193	–	–
	Motilal Oswal Rising India Fund	9,749,870	1,555	9,749,870	909
	Motilal Oswal Select Opportunities Fund Series II	12,625,954	1,550	3,000,000	218
	Motilal Oswal Equity Opportunities Fund	10,234,936	1,424	8,118,297	649
	Total (d)		11,058		5,987
(e)	Associates				
	Associates - Real estate funds- Unquoted				
	India Realty Excellance Fund II LLP	10,000	3,077	10,000	4,407
	Total (e)		3,077		4,407
(f)	Private Equity Funds - Unquoted				
	Reliance Alternative Investment Fund - Private Equity Scheme I	–	–	509,114	51
	Aditya Birla Private Equity - Fund I	150	0	150	66
	India Business Excellence Fund	475	5,698	475	4,601
	India Business Excellence Fund - C Class	–	–	–	–
	India Business Excellence Fund-I	200	1	200	1
	India Business Excellence Fund II	818,000	13,388	818,000	9,361
	India Business Excellence Fund II - C Class	1,022	10	1,022	10
	India Business Excellence Fund III	3,025,386	48,706	2,976,095	15,461
	Contrarian Vriddhi Fund I LLP	1,000	178	1,000	180
	Real Estate Funds - Unquoted				
	Investment in India Realty Excellance Fund III	9,991,452	10,901	9,792,497	11,824
	India Realty Excellance Fund IV	12,218,741	6,705	3,500,000	6,932
	Total (f)		85,586		48,487

Notes to Consolidated Financial Statement (Contd..)

Sr. No.	Particulars	As at 31 March 2021		As at 31 March 2020	
		Units	Amount (₹ in Lakhs)	Units	Amount (₹ in Lakhs)
(g)	Investment in Security receipt- Unquoted				
	Phoenix Trust FY20-9	2,210,000	14,007	2,210,000	19,647
	Phoenix Trust-FY20-21	284,750	1,907	284,750	2,848
	Phoenix Trust-FY21-16	208,250	2,083	–	–
	Phoenix Trust-FY21-2	153,000	1,032	–	–
	Phoenix Trust-FY21-6	275,740	2,589	–	–
	Total (g)		21,617		22,494
(h)	Debentures and Bonds - Unquoted				
	Investment in NCD - SPPL	325	3,263	–	–
	Investment in NCD - CASA	120	569	–	–
	Total (h)		3,832		–
	Total (II) (a+b+c+d+e+f+g+h)		328,110		279,047
III.	Investment at fair value through other comprehensive income FVOCI				
	AU Finance India Limited	3,281,796	40,295	3,281,796	16,584
	Investment through Portfolio Management Services (PMS)				
	3M India Ltd	–	–	10	2
	Aegis Logistics Ltd	178,350	533	102,183	249
	Ajanta Pharma Ltd	212	4	137	2
	Alkem Laboratories Ltd	12,431	344	11,046	453
	Asian Paints Ltd	100	3	345	6
	AU Small Finance Bank Ltd	–	–	1,107	6
	Axis Bank Ltd	1,924	13	2,731	10
	Bajaj Finance Ltd	459	24	7,512	279
	Bajaj Finserv Ltd	93	9	83	4
	Balkrishna Industries Ltd	–	–	525	4
	Bata India Ltd	–	–	523	6
	Bayer Cropscience Ltd	7,174	383	3,990	246
	Bharat Forge Ltd	76,045	453	59,693	245
	Bosch Ltd	3,693	520	2,111	347
	Britania Ind. Ltd - Debentures	–	–	78	0
	Britannia Industries Ltd	107	4	98	3
	Cholamandalam Investment And Finance Company Ltd	–	–	775	1
	City Union Bank Ltd	–	–	234,315	523
	Colgate Palmolive (India) Ltd	33,242	518	19,039	416
	Container Corporation Of India Ltd	90,138	538	51,578	299
	Cummins India Ltd	52,429	482	29,413	169
	DCB Bank Ltd	–	–	5,933	6
	Divis Laboratories Ltd	122	4	225	4
	Dr Reddy's Laboratories Ltd	215	10	76	2
	Eicher Motors Ltd	37,860	986	2,191	494
	Emami Ltd	122,158	594	55,097	165
	Engineers India Ltd	–	–	60,206	64
	Eris Lifesciences Ltd	–	–	271	1

Notes to Consolidated Financial Statement (Contd..)

Sr. No.	Particulars	As at 31 March 2021		As at 31 March 2020	
		Units	Amount (₹ in Lakhs)	Units	Amount (₹ in Lakhs)
	Federal Bank Limited	–	–	244,492	177
	Glaxosmithkline Consumer Healthcare Ltd (Formerly Smithkline Beecham Consumer)	–	–	3,519	614
	GlaxoSmithkline Pharmaceuticals Ltd	–	–	156	2
	Godrej Industries Ltd	116,160	634	66,449	329
	HDFC Bank Ltd	2,903	43	2,534	22
	HDFC standard Life Insurance Company Ltd	3,702	26	5,695	25
	Hindustan Petroleum Corporation Ltd	171,985	403	98,205	327
	Hindustan Unilever Ltd	200	5	280	6
	Honeywell Automation India Ltd	–	–	8	2
	Housing Development Finance Corporation Ltd	300	7	242	4
	ICICI Bank Ltd	231,539	1,348	133,046	746
	ICICI Lombard General Insurance Company Ltd	699	10	691	7
	IndusInd Bank Ltd	–	–	380	1
	Infosys Ltd	–	–	881	6
	IPCA Laboratories Ltd	46,138	878	31,917	775
	ITC Ltd	191,047	417	3,788	7
	J&k Bank	–	–	142,437	18
	Jubilant Foodworks Ltd	–	–	650	10
	Kajaria Ceramics Ltd	–	–	975	4
	Kotak Mahindra Bank Ltd	144,812	2,538	85,688	1,930
	L&T Technology Services Ltd	46,348	1,230	27,530	550
	Larsen & Toubro Infotech Ltd	5,585	409	568	8
	Larsen & Toubro Ltd	21,053	299	889	7
	LIC Housing Finance Ltd	4,140	18	4,140	10
	Liquid funds and cash and cash equivalents held through PMS	–	109	–	58
	Maruti Suzuki India Ltd	632	43	222	10
	Max Financial Services Ltd	152,133	1,308	92,513	596
	Minda Industries Ltd	–	–	1,836	4
	Motherson Sumi Systems Limited	3,668	7	2,988	2
	Multi Commodity Exchange of India Ltd	400	6	298	3
	Muthoot Finance Ltd	710	9	1,552	10
	Page Industries Ltd	3,284	996	3,660	1,077
	Persistent Systems Ltd	932	18	455	3
	Petronet Lng Ltd	–	–	1,246	2
	PI Industries Ltd	189	4	300	4
	Polycab India Ltd	–	–	833	6
	Quess Corp Ltd	–	–	1,547	3
	SBI Life Insurance Company Ltd	430	4	878	6
	SRF Ltd	–	–	153	4
	State Bank Of India	155,868	568	3,871	8
	Tata Consultancy Services Ltd	9,073	474	214	4
	Teamlease Services Ltd	199	8	199	3
	Tech Mahindra Ltd	82,802	821	47,570	467
	Titan Company Ltd	558	9	1,760	16

Notes to Consolidated Financial Statement (Contd..)

Sr. No.	Particulars	As at 31 March 2021		As at 31 March 2020	
		Units	Amount (₹ in Lakhs)	Units	Amount (₹ in Lakhs)
	Tube Investments of India Ltd	–	–	831	2
	United Spirits Ltd	1,000	6	825	4
	VIP Industries Ltd	–	–	1,207	3
	Voltas Ltd	268,478	2,690	156,736	1,294
	J&K Bank	–	–	–	14
	Cash & Cash Equivalent		48	–	19
	Birla Corporation Ltd.	33,036	314	–	–
	Gland Pharma Ltd.	36,449	903	–	–
	Aarti Drugs Ltd	456	3	–	–
	APL Apollo Tubes Ltd	705	10	–	–
	Ashok Leyland Ltd	15,076	17	–	–
	Birlasoft Ltd	5,425	14	–	–
	Bharti Airtel Ltd	4,948	26	–	–
	Cipla Ltd	80	1	–	–
	Coromandel International Ltd	451	3	–	–
	Creditaccess Grameen Ltd	491	3	–	–
	Godrej Properties Ltd	525	7	–	–
	Hero Motocorp Ltd	378	11	–	–
	ICICI Securities Ltd	695	3	–	–
	Info Edge (India) Ltd	80	3	–	–
	Infosys Technologies Ltd	1,456	20	–	–
	JK Lakshmi Cement Ltd	3,200	14	–	–
	Natco Pharma Ltd	444	4	–	–
	Reliance Industries Ltd	1,902	38	–	–
	SBI Cards and Payment Services Ltd	725	7	–	–
	Sumitomo Chemical Indian Ltd	1,221	4	–	–
	Sun Pharmaceuticals Ltd	171	1	–	–
	Sundaram Finance Ltd	200	5	–	–
	Wipro Ltd	2,515	10	–	–
	Vaibhav Global Ltd	415	16	–	–
	UltraTech Cement Ltd	182	12	–	–
	HCL Technologies Ltd	2,429	24	–	–
	Mahindra & Mahindra Ltd	2,943	23	–	–
	Sheela Foam Ltd	235	5	–	–
	Tata Consumer Prodcuts Ltd	800	5	–	–
	Tata Motors Ltd	1,200	4	–	–
	Affle (India) Ltd	1	0	–	–
	Ashok Leyland Ltd.	812	1	–	–
	Axis Bank Ltd.	140	1	–	–
	Bajaj Finance Limited	9	0	–	–
	Balrampur Chini Mills Ltd.	45	0	–	–
	Bharti Airtel Ltd.	16	0	–	–
	Birlasoft Ltd	245	1	–	–
	Colgate-Palmolive (India) Ltd.	42	1	–	–

Notes to Consolidated Financial Statement (Contd..)

Sr. No.	Particulars	As at 31 March 2021		As at 31 March 2020	
		Units	Amount (₹ in Lakhs)	Units	Amount (₹ in Lakhs)
	Dalmia Bharat Sugar and Industries Ltd	55	0	–	–
	Gail (India) Ltd.	81	0	–	–
	Glenmark Pharmaceuticals Ltd.	41	0	–	–
	Granules India Ltd.-\$	194	1	–	–
	Gujarat Gas Ltd	178	1	–	–
	HCL Technologies Ltd.	45	0	–	–
	HDFC Life Insurance Company Ltd	15	0	–	–
	Hindustan Petroleum Corporation Ltd.	35	0	–	–
	Housing Development Finance Corp.Ltd.	32	1	–	–
	ICICI Bank Ltd.	211	1	–	–
	ICICI Lombard General Insurance Company Ltd	6	0	–	–
	ICICI Prudential Life Insurance Company Ltd	20	0	–	–
	ICICI Securities Ltd	157	1	–	–
	Indiamart Intermesh Ltd	1	0	–	–
	Indian Hotels Co.Ltd.	79	0	–	–
	Indraprastha Gas Ltd.	19	0	–	–
	Infosys Ltd.	7	0	–	–
	JK Lakshmi Cement Ltd.	189	1	–	–
	Just Dial Ltd.	91	1	–	–
	K.P.R. Mill Limited	10	0	–	–
	Mahanagar Gas Ltd	9	0	–	–
	Max Financial Services Ltd	13	0	–	–
	Minda Industries Ltd.-\$	113	1	–	–
	Petronet Lng Ltd.	39	0	–	–
	PI Industries Ltd	20	0	–	–
	SBI Life Insurance Company Ltd	11	0	–	–
	State Bank Of India	266	1	–	–
	Sun Tv Network Ltd.	21	0	–	–
	Tamil Nadu Newsprint & Papers Ltd.	69	0	–	–
	Tata Chemicals Ltd.	18	0	–	–
	Tata Coffee Ltd.	87	0	–	–
	Tata Consumer Products Ltd	16	0	–	–
	Tata Elxsi Ltd.	3	0	–	–
	Tata Motors Ltd - Dvr	91	0	–	–
	Tata Power Co.Ltd.	117	0	–	–
	Tata Steel Ltd.	14	0	–	–
	Tinplate Company Of India Ltd.	55	0	–	–
	Titan Company Limited	6	0	–	–
	Trident Ltd.	666	0	–	–
	Vaibhav Global Ltd	27	1	–	–
	Welspun India Ltd.	130	0	–	–
	West Coast Paper Mills Ltd.	37	0	–	–
b)	Business Opportunity Fund				
	Eicher Motors Ltd	3,086	80	–	–
	Maruti Suzuki India Ltd	949	65	–	–

Notes to Consolidated Financial Statement (Contd..)

Sr. No.	Particulars	As at 31 March 2021		As at 31 March 2020	
		Units	Amount (₹ in Lakhs)	Units	Amount (₹ in Lakhs)
	ICICI Bank Ltd	29,232	170	–	–
	HDFC Bank Ltd	10,657	159	–	–
	Kotak Mahindra Bank	7,916	139	–	–
	Blue Star Ltd	7,337	69	–	–
	Hindustan Unilever Ltd	3,177	77	–	–
	Asian Paints Ltd.	2,423	61	–	–
	Tata Consultancy Services Ltd	4,942	157	–	–
	Larsen & Toubro Infotech Ltd	2,625	106	–	–
	Max Financial Services Ltd	23,854	205	–	–
	HDFC Life Insurance Company Ltd	14,540	101	–	–
	Safari Industries (India) Ltd	7,440	45	–	–
	Phoenix Mills Ltd	5,057	39	–	–
	Cash & Cash Equivalents	–	9	–	–
	Total (III)		64,120		29,799
	Total (I+II+III)		392,235		308,850
	(i) Investment outside India		–		–
	(ii) Investment in India		392,235		308,850
	Total		392,235		308,850

NOTE 9 : OTHER FINANCIAL ASSETS

	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Rent, electricity, and other deposits	1,550	1,522
Deposits with exchange and other receivables	64,665	11,658
Securities in trade*	0	0
EMI /Pre EMI receivables on home loans	1,467	1,079
Receivable from exchanges	448	666
	68,130	14,925

*Securities in trade comprises of investment in equity instruments held on behalf of clients.

NOTE 10 : CURRENT TAX ASSETS (NET)

	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Advance tax and tax deducted at source (net of provisions)	3,704	4,043
	3,704	4,043

Notes to Consolidated Financial Statement (Contd..)

NOTE 11 : DEFERRED TAX ASSETS (NET)

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Deferred tax assets (net) (also refer note 38)	7,542	11,896
	7,542	11,896

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross Block				Depreciation / amortisation				Net Block	
	Balance as at 1 April 2020	Additions	Disposal	Balance as at 31 March 2021	Balance as at 1 April 2020	During the year	Disposal	Balance as at 31 March 2021	Balance as at 31 March 2021	Balance as at 31 March 2020
(a) Property, plant and equipment										
Land	2,667	–	–	2,667	–	–	–	–	2,667	2,667
Building*	29,282	1,131	–	30,413	8,292	847	–	9,139	21,274	20,990
Plant and machinery	9,281	1,513	7	10,787	7,253	786	1	8,037	2,750	2,028
Furniture and fittings	3,059	86	–	3,145	2,070	130	–	2,200	945	989
Vehicles	1,187	125	–	1,312	747	102	–	849	463	440
Office equipments	4,635	221	–	4,856	3,838	297	–	4,135	721	797
Right of use (Office Premise)	4,243	1,665	187	5,721	1,367	1,581	–	2,948	2,773	2,876
Total (a)	54,354	4,741	194	58,901	23,567	3,743	1	27,308	31,593	30,787
(b) Other Intangible assets										
Goodwill	90	–	–	90	90	–	–	90	(0)	(0)
Computer software	6,311	1,875	–	8,186	4,181	903	1	5,083	3,103	2,130
BSE/MCX Cards	648	–	–	648	648	–	–	648	–	–
Customer rights	1,152	–	–	1,152	734	81	–	815	337	418
Pms licence	1	–	–	1	1	–	–	1	–	–
Licences	19	–	–	19	19	–	–	19	–	–
Total (b)	8,221	1,875	–	10,096	5,673	984	1	6,656	3,440	2,548
Total (a+b)	62,575	6,616	194	68,997	29,240	4,727	2	33,964	35,033	33,335

Particulars	Gross Block				Depreciation / amortisation				Net Block	
	Balance as at 1 April 2019	Additions	Disposal	Balance as at 31 March 2020	Balance as at 1 April 2019	During the year	Disposal	Balance as at 31 March 2020	Balance as at 31 March 2020	Balance as at 1 April 2019
(a) Property, plant and equipment										
Land	2,667	–	–	2,667	–	–	–	–	2,667	2,667
Building	29,321	483	522	29,282	7,573	733	14	8,292	20,990	21,748
Plant and machinery	8,506	783	8	9,281	6,575	679	1	7,253	2,028	1,931
Furniture & fittings	2,899	160	–	3,059	1,953	117	–	2,070	989	946
Vehicles	1,005	182	–	1,187	626	121	–	747	440	379

Notes to Consolidated Financial Statement (Contd..)

Particulars	Gross Block				Depreciation / amortisation				Net Block	
	Balance as at 1 April 2019	Additions	Disposal	Balance as at 31 March 2020	Balance as at 1 April 2019	During the year	Disposal	Balance as at 31 March 2020	Balance as at 31 March 2020	Balance as at 1 April 2019
Office equipments	4,305	330	–	4,635	3,568	270	–	3,838	797	737
Right of use(Office Premise)	–	4,319	76	4,243	–	1,367	–	1,367	2,876	–
Total (a)	48,703	6,257	606	54,354	20,295	3,287	15	23,567	30,787	28,408
(b) Intangible assets under development	11	–	11	–	–	–	–	–	–	11
(c) Other Intangible assets										
Goodwill	90	–	–	90	90	–	–	90	–	–
Computer software	5,305	1,006	–	6,311	3,503	677	(1)	4,181	2,130	1,802
BSE/MCX Cards	648	–	–	648	648	–	–	648	–	–
Customer rights	727	425	–	1,152	727	7	–	734	418	–
Pms licence	1	–	–	1	1	–	–	1	–	–
Licences	19	–	–	19	19	–	–	19	–	–
Total (c)	6,790	1,431	–	8,221	4,988	684	(1)	5,673	2,548	1,802
Total (a+b+c)	55,504	7,688	617	62,575	25,283	3,971	14	29,240	33,335	30,221

* Please refer note no. 48

NOTE 13 : OTHER NON-FINANCIAL ASSETS

	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Prepaid expenses	8,355	10,908
Advances and other non-financial assets	1,274	1,579
Indirect tax credit receivable	1,057	3,336
Stock of stamps	6	6
Sign on bonus pending amortisation	366	1,154
Capital advance	563	588
	11,621	17,571

NOTE 14 : PAYABLES

	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
(i) Trade payables		
Total outstanding dues of Micro and small enterprises*	–	–
Total outstanding dues of creditors other than micro, small and medium enterprises	302,567	179,798
	302,567	179,798

*Due to Micro and Small Enterprises

Notes to Consolidated Financial Statement (Contd..)

The Micro and Small Enterprises have been identified on the basis of the information provided by the vendors to the Company.

	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
The principal amount remaining unpaid at the end of the year	—	—
The Interest amount remaining unpaid at the year end	—	—
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 year (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 year end	—	—
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 year end	—	—
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>

NOTE 15 : DEBT SECURITIES

	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
At Amortised cost		
Secured		
Secured redeemable non-convertible debentures	144,164	139,436
Unsecured		
Unsecured redeemable non-convertible debentures	35,390	26,410
Commercial paper	170,170	116,480
	<u>349,724</u>	<u>282,326</u>
Debt Securities in India	349,724	282,326
Debt Securities Outside India	—	—
	<u>349,724</u>	<u>282,326</u>

NOTE 16 : BORROWINGS (OTHER THAN DEBT SECURITIES)

	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
At Amortised cost		
Term loans		
(i) from banks*	128,256	150,595
(ii) from Securitisation	18,411	—
(iii) from NHB Refinance	22,500	—
(iv) from other parties	(0)	10,000
Demand loans		
(i) from banks*	47,237	11,432
(ii) from other parties	2,002	8,381
Cash credit from banks #	1,153	(53)
Total (A)	<u>219,560</u>	<u>180,355</u>

Notes to Consolidated Financial Statement (Contd..)

	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Borrowings in India	219,560	180,355
Borrowings outside India	—	—
Total (B)	219,560	180,355
Secured	178,649	171,974
Unsecured	40,911	8,381
Total (C)	219,560	180,355

*Demand loans from banks and other parties are secured against the property, plant and equipment and trade receivables of the company respectively.

Cash credit from banks of ₹ 53 lakhs represents debit balances in cash credit accounts as at 31 March 2020.

As at 31 March 2021

NCD Series	Units	Amount ₹ in Lakhs	Security provided	Charge %	Rate of Interest	Maturity date
SERIES M-1/FY19/FY22	46	478	Exclusive charge over specific receivables	1 times of the amount outstanding	10.25%	30 April 2021
SERIES M-2/FY20/FY22	143	1,432	Exclusive charge over specific receivables	1 times of the amount outstanding	9.95%	16 November 2021
SERIES M-8 /F.Y.21 /F.Y.22	1,000	10,024	Exclusive charge over specific receivables	1 times of the amount outstanding	8.90%	10 December 2021
SERIES M-3/FY20/FY22	280	2,827	Exclusive charge over specific receivables	1 times of the amount outstanding	9.75%	28 December 2021
SERIES A-10 /F.Y.21/F.Y.23	250	2,500	Exclusive charge over specific receivables	1.1 times of the amount outstanding	9.00%	28 January 2022
SERIES M-6/FY20/FY23	334	3,354	Exclusive charge over specific receivables	1 times of the amount outstanding	9.25%	18 May 2022
SERIES C 7.50 NCD 26SP22	2,000	20,000	Exclusive charge over specific investments	1.5 times of the amount outstanding	7.50%	26 September 2022
SERIES M-7/FY20/FY23	383	3,845	Exclusive charge over specific receivables	1 times of the amount outstanding	9.30%	29 December 2022
SERIES A-5/FY20/FY23	2,000	20,000	Exclusive charge over specific receivables	1 times of the amount outstanding	10.00%	24 March 2023
SERIES M-1 /F.Y.21 /F.Y.24	375	3,750	Pari - passu charge on Margin funding receivables	1 times of the amount outstanding	8.25%	18 April 2023
SERIES M-1 /F.Y.21 /F.Y.24	109	1,093	Pari - passu charge on Margin funding receivables	1 times of the amount outstanding	8.25%	18 April 2023
SERIES M-1 /F.Y.21 /F.Y.24	100	1,004	Pari - passu charge on Margin funding receivables	1 times of the amount outstanding	8.25%	18 April 2023
SERIES M-1 /F.Y.21 /F.Y.24	260	2,623	Pari - passu charge on Margin funding receivables	1 times of the amount outstanding	8.25%	18 April 2023
SERIES M-1 /F.Y.21 /F.Y.24	5	51	Pari - passu charge on Margin funding receivables	1 times of the amount outstanding	8.25%	18 April 2023
SERIES M-1 /F.Y.21 /F.Y.24	142	1,490	Pari - passu charge on Margin funding receivables	1 times of the amount outstanding	7.59%	18 April 2023
SERIES A-9 / F.Y.21/ F.Y.23	750	7,500	Exclusive charge over specific receivables	1.25 times of the amount outstanding	9.45%	21 April 2023

Notes to Consolidated Financial Statement (Contd..)

NCD Series	Units	Amount ₹ in Lakhs	Security provided	Charge %	Rate of Interest	Maturity date
SERIES A (2016-17)/07	997	9,970	Exclusive charge over specific receivables	1.1 times of the amount outstanding	9.85%	15 May 2023
SERIES M-9 / F.Y.21 / F.Y.24	541	5,426	Exclusive charge over specific receivables	1 times of the amount outstanding	8.50%	01 June 2023
SERIES A-6 / F.Y.21/ F.Y.23	250	2,500	Exclusive charge over specific receivables	1.1 times of the amount outstanding	9.79%	22 June 2023
SERIES A-7 / F.Y.21/ F.Y.23	500	5,000	Exclusive charge over specific receivables	1.2 times of the amount outstanding	9.50%	23 June 2023
SERIES A-8 / F.Y.21/ F.Y.23	500	5,000	Exclusive charge over specific receivables	1.1 times of the amount outstanding	9.60%	29 June 2023
SERIES M-2 / F.Y.21 / F.Y.24	128	1,280	Pari - passu charge on Margin funding receivables	1 times of the amount outstanding	8.00%	20 July 2023
SERIES M-2 / F.Y.21 / F.Y.24	30	300	Pari - passu charge on Margin funding receivables	1 times of the amount outstanding	8.00%	20 July 2023
SERIES M-2 / F.Y.21 / F.Y.24	140	1,417	Pari - passu charge on Margin funding receivables	1 times of the amount outstanding	7.80%	20 July 2023
SERIES M-2 / F.Y.21 / F.Y.24	75	766	Pari - passu charge on Margin funding receivables	1 times of the amount outstanding	7.70%	20 July 2023
SERIES M-2 / F.Y.21 / F.Y.24	83	856	Pari - passu charge on Margin funding receivables	1 times of the amount outstanding	7.61%	20 July 2023
A/ F.Y.21/ F.Y.24	1,950	19,500	Pari - passu charge on all present and future trade receivables and or Margin trading facility receivables	1.05 times of NCD's outstanding and Interest/Coupon due on the NCD's.	7.60%	6 November 2023
B/ F.Y.21/ F.Y.24	1,050	10,500	Pari - passu charge on all present and future trade receivables and or Margin trading facility receivables	1.05 times of NCD's outstanding and Interest/Coupon due on the NCD's.	7.25%	5 February 2024
Grand Total	7,285	144,485				

As at 31 March 2020

NCD Series	Units	Amount ₹ in Lakhs	Security provided	Charge %	Rate of Interest	Maturity date
P	450	4,500	Exclusive charge over specific receivables	1.11 Time of amount Outstanding and Interest amount outstanding at any point of time	10.75%	08 June 2020
Series C	1500	15,000	First pari-passu charge on all present and future trade receivables	1.25 Time of amount Outstanding and Interest amount outstanding at any point of time	8.53%	03 July 2020
SERIES M-4/FY20 / FY21	808	8,100	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time	9.50%	16 October 2020
SERIES M-5/FY20 / FY21	313	3,140	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time	9.35%	26 November 2020

Notes to Consolidated Financial Statement (Contd..)

NCD Series	Units	Amount ₹ in Lakhs	Security provided	Charge %	Rate of Interest	Maturity date
SERIES M-1/FY19/FY22	1,000	10,194	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time	10.25%	30 April 2021
SERIES M-2/FY20/FY22	143	1,432	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time	9.95%	16 November 2021
SERIES M-3/FY20/FY22	280	2,827	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time	9.75%	28 December 2021
SERIES M-6/FY20/FY23	334	3,354	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time	9.25%	18 May 2022
SERIES M-7/FY20/FY23	383	3,845	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time	9.30%	29 December 2022
SERIES A-5/FY20/FY23	2,000	20,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time	10.00%	24 March 2023
SERIES A (2016-17)/07	997	9,970	Exclusive charge over specific receivables	1.11 Time of amount Outstanding and Interest amount outstanding at any point of time	9.85%	15 May 2023
SERIES A-1/FY19/FY24	2,500	25,000	Exclusive charge over specific receivables	1.05 Time of amount Outstanding and Interest amount outstanding at any point of time	9.85%	24 August 2023
SERIES A-4/FY19/FY25	3,000	30,000	Exclusive charge over specific receivables	1.05 Time of amount Outstanding and Interest amount outstanding at any point of time	10.00%	27 January 2024
SERIES A-3/FY19/FY25	250	2,500	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time	10.00%	19 October 2024
Grand Total	13,958	139,861				

Note : Repayment schedule includes Unamortised borrowing cost of ₹ 321 lacs and 425 lacs respectively for 31 March 2021 and 31 March 2020.

Unsecured Debentures and Bonds As at 31 March 2021

Interest Rate	Amount (₹ in Lakhs)
11.40%	390
11.25%	5,000
8.00%	30,000
Total	35,390

Notes to Consolidated Financial Statement (Contd..)

Unsecured Debentures and Bonds As at 31 March 2020

Interest Rate	Amount (₹ in Lakhs)
11.25%	5,000
10.00%	20,000
11.40%	1,500
Total	26,500

Note : Repayment schedule includes Unamortised borrowing cost is NIL and 90 lacs respectively for 31 March 2021 and 31 March 2020.

- Rate of interest of cash credit is 3M MCLR (Marginal cost of funds-based Lending Rate) + 2% and is secured by way of hypothecation of receivables. Further, these are repayable on demand.
- Securitisation liability represents amounts received in respect of securitisation transactions (net of repayments & investment therein) as these transactions do not meet the derecognition criteria specified under Ind AS. These are secured by way of hypothecation of designated assets on finance receivables.
- Terms of repayment of terms loans

As at 31 March 2021

b) Terms of repayment of terms loans

(i) Term loans from banks, NBFC and others

Maturity	0-1 years	1-3 years	3-5 years	>5 years	Total
Rate of interest					
5.25% to 10.95% annually	49,620	63,878	24,320	12,939	150,756
Total	49,620	63,878	24,320	12,939	150,756

(ii) Terms of maturity of securitisation liability

Maturity	0-1 years	1-3 years	3-5 years	>5 years	Total
Rate of interest					
7.55% annually	297	1,499	1,654	14,961	18,411
Total	297	1,499	1,654	14,961	18,411

As at 31 March 2020

b) Terms of repayment of terms loans

Term loans from banks, NBFC and others

Maturity	0-1 years	1-3 years	3-5 years	>5 years	Total
Rate of interest					
7.00% to 12.00% annually*	40,316	62,500	39,587	8,192	150,595
9% to 9.25% annually**	10,000	–	–	–	10,000
Total	50,316	62,500	39,587	8,192	160,595

* Secured against hypothecation of receivables i.e. loans and advances.(Refer note no. 48)

** Secured against units of mutual funds and approved list of shares and securities and repayable on demand.

NOTE 17 : DEPOSITS

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Security deposit (against premises given on lease)	45	12
	45	12

Notes to Consolidated Financial Statement (Contd..)

NOTE 18 : OTHER FINANCIAL LIABILITIES

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Interest accrued and not due on borrowings and debentures	5,539	4,471
Interest accrued and due on borrowings and debentures	1,310	946
Unpaid dividend	44	44
Margin money	29,425	22,008
Other payables (includes payable to vendors)	8,915	4,990
Accrued salaries and benefits	592	581
Provision for expense	887	1,178
Book overdraft	4,078	104
Lease liabilities (refer note 41)	3,423	3,142
	54,213	37,464

NOTE 19 : CURRENT TAX LIABILITIES (NET)

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Provisions for tax(net of advance tax and tax deducted at source)	1,899	955
	1,899	955

NOTE 20 : PROVISIONS

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
For employee benefits		
Gratuity unfunded (also refer note 52)	2,931	2,648
Heritage club benefit (also refer note 52)	239	274
Ex - gratia payable	13,626	8,929
Compensated absences	876	687
	17,672	12,538

NOTE 21 : DEFERRED TAX LIABILITIES (NET)

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Deferred tax liabilities (net) (Refer note 38)	12,920	2,699
	12,920	2,699

NOTE 22 : OTHER NON FINANCIAL LIABILITIES

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Advance received from customers	1,476	1,603
Withholding and other taxes payables	2,834	1,022
	4,310	2,624

Notes to Consolidated Financial Statement (Contd..)

NOTE 23 : EQUITY SHARE CAPITAL

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	₹ in lakhs	Number of shares	₹ in lakhs
Authorised shares				
Equity shares of ₹ 1 each (previous year ₹ 1 each)	925,000,000	9,250	925,000,000	9,250
Preference shares of ₹ 100 (Previous year ₹ 100 each)	5,650,000	5,650	5,650,000	5,650
Total	930,650,000	14,900	930,650,000	14,900
Issued and subscribed				
Equity shares of ₹ 1 each	146,620,374	1,466	148,066,718	1,481
Paid-up				
Equity shares of ₹ 1 each fully paid up (previous year ₹ 1 each)	146,620,374	1,466	148,066,718	1,481
Of the above, 85,591,163 shares (Previous year 84,921,363) held by holding company Passionate Investment Management Private Limited				
Total	146,620,374	1,466	148,066,718	1,481

a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	₹ in lakhs	Number of shares	₹ in lakhs
Outstanding at the beginning of the year	148,066,718	1,481	145,680,358	1,457
Stock options exercised under the ESOS	462,800	5	1,055,432	11
Preferential issue*	–	–	1,330,928	13
Buyback	(1,909,144)	(19)		
Outstanding at the end of the year	146,620,374	1,466	148,066,718	1,481

*Note: Shares were allotted for consideration other than cash.

b) Terms/rights attached to shares :

Equity shares

The Company has one class of equity shares having a par value of ₹ 1 each (previous year: having a par value of ₹ 1 each). 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. The distribution will be in proportion to the number of equity shares held by the shareholders. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2021, dividend recognized as distribution to equity shareholders was ₹ 5.00 per share consisting of interim dividend of ₹ 5.00 per share for year ended 31 March 2021. The total dividend appropriated amounts to ₹ 7,327 lakhs (previous year: ₹ 12,491 lakhs) and dividend distribution tax of Nil (previous year: ₹ 2,567.50 lakhs) has been paid by utilizing credit of dividend distribution tax of Nil (previous year ₹ 2,567.50 lakhs and by paying through bank Nil (previous year Nil).

Preference shares :

The Company has only one class of preference shares having a par value of ₹ 100 and there are no preference shares issued and subscribed as at 31 March 2021 and 31 March 2020.

Shares reserved for issue under options

Information relating to the Employee Stock Option Scheme (ESOS), including details regarding options issued, exercised and lapsed during the year and options outstanding at the end of the reporting period is set out in note 51.

Notes to Consolidated Financial Statement (Contd..)

c) Shares of the Company held by the holding

Equity shareholders	As at 31 March 2021		As at 31 March 2020	
	Number	% holding	Number	% holding
Passionate Investment Management Private Limited	85,591,163	58.38	84,921,363	57.35

d) Details of shareholders holding more than 5% of the shares in the Company

Equity shareholders	As at 31 March 2021		As at 31 March 2020	
	Number	% holding	Number	% holding
Passionate Investment Management Private Limited	85,591,163	58.38	84,921,363	57.35
Mr. Motilal Oswal	8,191,072	5.59	8,525,972	5.76
Mr. Raamdeo Agarawal	7,704,010	5.25	7,927,265	5.35
Mr. Navin Agrawal	7,592,365	5.18	7,368,010	4.98

NOTE 24 : OTHER EQUITY

(i) Reserves and surplus :

	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
a) Statutory reserve		
Balance at the beginning of the year	4,594	3,813
Add: Transfer from Statement of Profit and Loss for the year	659	782
Balance as at end of the year	5,253	4,594
b) Capital redemption reserve		
Balance at the beginning of the year	2,504	2,504
Add: Transfer from Statement of Profit and Loss for the year	19	–
Balance as at end of the year	2,523	2,504
c) Securities premium		
Balance at the beginning of the year	56,493	51,512
Addition during the year on account of share issue	1,529	3,964
Add: Transfer from Employee stock option reserve	624	1,017
Less: Buyback of shares	(12,034)	–
Balance as at end of the year	46,612	56,493
d) Employee stock options outstanding reserve		
Balance at the beginning of the year	4,396	4,316
Addition during the year	1,986	1,098
Less: Transfer to securities premium account	(624)	(1,017)
Balance as at end of the year	5,758	4,396
e) Capital reserve on consolidation		
Balance at the beginning of the year	5,084	5,084
Balance as at end of the year	5,084	5,084
f) General reserve		
Balance at the beginning of the year	18,656	15,304
Less: Transfer to debenture redemption reserve	–	3,352
Balance as at end of the year	18,656	18,656
g) Debenture redemption reserve		
Balance at the beginning of the year	–	3,352
Add: Transfer from general reserve	–	(3,352)
Balance as at end of the year	–	–

Notes to Consolidated Financial Statement (Contd..)

	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
h) Foreign currency translation reserve		
Balance at the beginning of the year	441	289
Addition during the period	(644)	152
Balance as at end of the year	(203)	441
i) Impairment reserve		
Balance at the beginning of the year	62	–
Add: Transferred from statement of profit and loss	–	62
Balance as at end of the year	62	62
j) Retained earnings		
Balance at the beginning of the year	202,212	199,025
Add: Net profit for the year	124,535	18,337
Less:- Proposed dividend	–	(8,263)
Less:- Interim dividend	(7,141)	(4,721)
Less:- Dividend distribution tax	–	(2,603)
Less:- Transfer to Statutory Reserve	(659)	(782)
Less:- Tax on buyback	(2,820)	
Less: ECL provision reserve	–	(62)
Less:- Transfer to General Reserve	–	133
Less:- Transfer to Capital Redemption reserve	–	–
Add: Impact due to transition to Ind AS	–	–
Less:- Minority Balance Sheet Effect	(22)	1,148
Balance as at end of the year	316,105	202,212
k) Other comprehensive income		
Balance at the beginning of the year	12,707	18,690
Add : Other comprehensive income for the year	29,192	(5,983)
	41,899	12,707
	441,750	307,149

Nature and purpose of Other Reserve :

Statutory Reserve

The Company creates a reserve fund in accordance with the provisions of section 29C of The National Housing Bank Act, 1987 and section 45-IC of the Reserve Bank of India Act, 1934 and transfers therein an amount of equal to/more than twenty per cent of its net profit of the year, before declaration of dividend.

Capital Redemption Reserve

The capital redemption reserve is created to be utilised towards redemption of preference shares. The reserve will be utilised in accordance with provision of the Act.

Securities Premium

Security premium account is use to record the premium received on issue of shares. The reserve will be utilised in accordance with the provisions of the Act.

Employee stock options outstanding reserve

Share option outstanding account is used to recognize the grant date fair value of equity settle instruments issued to employees under the stock option scheme of the company.

Capital reserve on consolidation

Capital reserve is the excess of net assets taken over cost of consideration paid.

Notes to Consolidated Financial Statement (Contd..)

General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to statement of profit and loss. General reserve is used to transfer to debenture redemption reserve.

Debenture redemption reserve

Debenture Redemption Reserve is created as per Rule 18(7)(b)(iii) of Companies (Share Capital and Debentures) Rules, 2014, the same should be created before redemption of Non convertible debenture starts. Debenture Redemption Reserve is being created by transferring from general reserve.

Foreign currency translation reserve

Foreign currency translation reserve is created out of Exchange differences in translating the financial statements of foreign operations.

Impairment reserve

Where impairment allowance under Ind AS 109 is lower than the provisioning required under prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) (including standard asset provisioning), NBFCs shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. The balance in the 'Impairment Reserve' shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI.

Retained earnings

Retained earnings represents accumulated profits of the company.

Other comprehensive income

Other comprehensive income consists of cumulative gains on the fair valuation of equity instruments measured at fair value through other comprehensive income and remeasurement gains/loss on defined benefit plan.

NOTE 25 : INTEREST INCOME

	For the Year ended 31 March 2021 ₹ in Lakhs	For the Year ended 31 March 2020 ₹ in Lakhs
On financial assets measured at amortised cost		
Interest Income on Loans		
Home loans	51,727	56,347
Fund based	1	–
Interest Income on other activity		
Broking activity	5,194	3,766
Margin Funding	4,362	4,802
Delayed payment by customers	7,699	8,039
Interest on deposit with banks		
Home loan business		20
Broking activity	6,323	3,780
	75,306	76,754

NOTE 26 : DIVIDEND INCOME

	For the Year ended 31 March 2021 ₹ in Lakhs	For the Year ended 31 March 2020 ₹ in Lakhs
Dividend Income	153	194
	153	194

Notes to Consolidated Financial Statement (Contd..)

NOTE 27 : RENTAL INCOME

	For the Year ended 31 March 2021 ₹ in Lakhs	For the Year ended 31 March 2020 ₹ in Lakhs
Rent income	18	39
	18	39

NOTE 28 : FEES AND COMMISSION INCOME

	For the Year ended 31 March 2021 ₹ in Lakhs	For the Year ended 31 March 2020 ₹ in Lakhs
Brokerage and related activities		
Brokerage income	118,507	76,008
Research and advisory fees	1,515	1,225
Distribution income	4,164	4,061
Depository income	4,459	2,541
	128,645	83,835
Investment banking fees	263	1,190
Asset management and advisory fees		
Portfolio management fees	35,121	36,998
Investment management and advisory fees from :		
– Mutual fund	12,323	13,619
– Alternate investment funds	3,760	4,652
– Private equity	9,906	10,276
Wealth management	4,929	4,352
	66,040	69,897
	194,948	154,922

NOTE 29 : NET GAIN / (LOSS) ON FAIR VALUE CHANGES

	For the Year ended 31 March 2021 ₹ in Lakhs	For the Year ended 31 March 2020 ₹ in Lakhs
On financial instruments designated at fair value through profit or loss	86,041	(21,902)
	86,041	(21,902)
Fair Value changes:		
Realised	12,783	14,003
Unrealised	73,259	(35,905)
	86,041	(21,902)
Net gain on fair value changes included in:		
Fund based activities	80,809	(26,417)
Brokerage and related activities	2,773	4,063
Asset management and advisory fees	2,060	250
Housing finance	398	202
	86,041	(21,902)

Notes to Consolidated Financial Statement (Contd..)

NOTE 30 : OTHER OPERATING INCOME

	For the Year ended 31 March 2021 ₹ in Lakhs	For the Year ended 31 March 2020 ₹ in Lakhs
Brokerage and operating income	5,062	2,503
Investment banking fees	–	19
Asset management fees	42	18
Fund based Income	408	574
Housing finance related	582	732
	6,094	3,846

NOTE 31 : OTHER INCOME

	For the Year ended 31 March 2021 ₹ in Lakhs	For the Year ended 31 March 2020 ₹ in Lakhs
Profit on sale of property, plant and equipment	–	93
Interest income	81	33
Other non operating income	456	659
Partnership gain/(loss)	7	0
Net gain or loss on foreign currency transaction and translation	(0)	1
	544	786
	356,991	210,753

NOTE 32 : FINANCE COST

	For the Year ended 31 March 2021 ₹ in Lakhs	For the Year ended 31 March 2020 ₹ in Lakhs
On Financial liabilities measured at Amortised Cost		
Interest on borrowings	16,553	18,952
Interest on debt securities	23,972	28,492
Other borrowing cost	2,051	1,628
Interest on lease liability (refer note 41)	452	375
	43,028	49,447

NOTE 33 : FEES AND COMMISSION EXPENSE

	For the Year ended 31 March 2021 ₹ in Lakhs	For the Year ended 31 March 2020 ₹ in Lakhs
Brokerage sharing with intermediaries		
Broking	48,914	31,281
Wealth management	290	278
	49,205	31,559
Placement fees		
Private equity	76	79
	76	79

Notes to Consolidated Financial Statement (Contd..)

	For the Year ended 31 March 2021 ₹ in Lakhs	For the Year ended 31 March 2020 ₹ in Lakhs
Depository and processing charges		
Broking	945	365
Asset management	201	199
	1,146	564
Distribution cost and spillover expense		
Portfolio management services	10,736	12,428
Alternative investment fund	2,135	1,704
	12,872	14,132
Advisory referral and other expenses		
Broking	9	111
Private equity	276	466
	285	577
	63,583	46,911

NOTE 34 : IMPAIRMENT ON FINANCIAL INSTRUMENTS

	For the Year ended 31 March 2021 ₹ in Lakhs	For the Year ended 31 March 2020 ₹ in Lakhs
Impairment on financial instruments at Amortised cost		
Loans (also refer note 7)	8,227	7,691
Receivables (also refer note 6)	1,533	1,439
	9,761	9,130

NOTE 35 : EMPLOYEE BENEFITS EXPENSE

	For the Year ended 31 March 2021 ₹ in Lakhs	For the Year ended 31 March 2020 ₹ in Lakhs
Salary, bonus and allowances	59,519	49,875
Contribution to provident fund and other benefits	1,646	1,192
Expenses on employee stock option scheme (also refer note 51)	1,984	1,214
Staff welfare expenses	402	889
Gratuity (also refer note 50)	807	810
	64,358	53,980

NOTE 36 : DEPRECIATION AND AMORTISATION EXPENSES

	For the Year ended 31 March 2021 ₹ in Lakhs	For the Year ended 31 March 2020 ₹ in Lakhs
Depreciation on Property, plant & equipment	2,162	1,920
Amortisation on other intangible assets	984	684
Depreciation on lease (Refer note 41)	1,581	1,367
	4,727	3,971

Notes to Consolidated Financial Statement (Contd..)

NOTE 37 : OTHER EXPENSES

	For the Year ended 31 March 2021 ₹ in Lakhs	For the Year ended 31 March 2020 ₹ in Lakhs
Rates and taxes	478	603
Rent (also refer note 41)	632	505
Insurance	542	470
Repairs and maintenance	390	378
Computer repairs and maintenance	1,410	969
Legal and professional charges	4,194	3,097
Remuneration to auditors (also refer note 40)	156	153
Membership and subscription	95	46
Data processing charges	732	875
Marketing and brand promotion expenses	4,783	3,030
Advertisement expenses	990	1,748
Printing and stationery	413	741
Power and fuel	698	896
Communication expenses	2,368	1,656
Travelling and conveyance expenses	1,462	2,883
Donations	19	109
Corporate social responsibility expenses (also refer note 47)	1,159	1,659
Entertainment expenses	113	173
Foreign exchange fluctuation	10	(14)
SEBI registration fees	1	7
Miscellaneous expenses	2,517	2,697
	23,163	22,680

NOTE 38.1 : TAX EXPENSE

The Company pays taxes according to the rates applicable in India. Most taxes are recorded in the income statement and relate to taxes payable for the reporting period (current tax), but there is also a charge or credit relating to tax payable for future periods due to income or expenses being recognised in a different period for tax and accounting purposes (deferred tax). Tax is charged to equity when the tax benefit exceeds the cumulative income statement expense on share plans. The Company provides for current tax according to the tax laws of India using tax rates that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns in respect of situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities. Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A deferred tax asset is recognised when it is considered recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying temporary differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to Consolidated Financial Statement (Contd..)

Particulars	Year ended 31 March 2021 ₹ in Lakhs	Year ended 31 March 2020 ₹ in Lakhs
Current tax expense		
Current tax for the year	16,067	13,371
Total current tax expense	16,067	13,371
Deferred taxes		
Change in deferred tax liabilities	10,750	(6,424)
Net deferred tax expense	10,750	(6,424)
Short/(excess) provision for earlier years	(912)	32
	25,905	6,979
Tax recognised/(credit) through other comprehensive income:		
Remeasurement of defined benefit plan	83	69
Equity instruments through other comprehensive income	3,742	(796)
Total	3,825	(727)

NOTE 38.2 : TAX RECONCILIATION (FOR PROFIT AND LOSS)

Particulars	Year ended 31 March 2021 ₹ in Lakhs	Year ended 31 March 2020 ₹ in Lakhs
Profit/(loss) before income tax expense	145,674	28,519
Tax rate	25.17%	25.17%
Tax at the rate	36,666	7,178
Tax effect of amounts which are not deductible / not taxable in calculating taxable income		
Expenses not deductible for tax purpose	22	110
Recognition of tax on unamortised borrowings	–	52
Exempt income	(1,565)	(268)
Change due to deferred tax	(7,050)	(1,444)
Tax adjustment of previous years	(965)	34
Tax rebate	(88)	(72)
MAT credit receivable	68	–
Prior Period tax liability on assessment	6	–
Loss due to restatement for the year	2,731	–
Miscellaneous disallowance	(22)	10
Remeasurement of defined benefit plan	13	–
Temporary tax difference	39	–
Tax at different rate	(3,950)	1,379
Effective tax	25,905	6,979

Notes to Consolidated Financial Statement (Contd..)

NOTE : 38.3 NET DEFERRED TAX

Particulars	Year ended 31 March 2021 ₹ in Lakhs	Year ended 31 March 2020 ₹ in Lakhs
Deferred tax liability on account of :		
Timing difference on Property, plant and equipment as per books and Income Tax Act, 1961	1,468	1,352
Unrealised gain / (loss)	10,437	(182)
Amortisation of distribution costs	2,572	3,870
Net changes in fair value of investments	126	–
Impairment of Loans and trade receivables	(459)	(293)
Provision for employees benefits	(141)	(125)
Expenses allowable u/s. 43B on payment basis	(468)	(409)
Impairment of investments	751	(278)
Loss on private equity investment	5	5
MAT credit receivable	(1,386)	(1,241)
Remeasurement of defined benefit plan	15	–
Total deferred tax liabilities (A)	12,920	2,699
Deferred tax assets on account of:		
Impairment of Loans and trade receivables	1,755	1,526
Expenses allowable u/s. 43B on payment basis	–	–
Impairment of investments	–	–
Carried forward losses	3,494	7,891
Timing difference on property, plant and equipments as per books and as per Income Tax Act, 1961	170	229
Effective Interest Rate	146	472
Amortisation of distribution costs	2,010	1,180
Provision for gratuity	91	149
Provision for VAT	13	13
MAT credit receivable	–	9
Unrealised gain / (loss)	(1)	965
Written Down Value of Fixed Assets	26	–
Preliminary expense	3	14
Unamortized borrowing cost	(43)	(146)
Deposit and rent Equalization	59	81
Provision for heritage	–	–
Provision for compensated absence	21	39
Reserve created u/s 36(1)(viii) of Income Tax Act	(202)	6
Total deferred tax assets (B)	7,542	12,428
Net deferred tax assets movement (A-B)	5,378	(9,729)

Notes to Consolidated Financial Statement (Contd..)

NOTE : 38.4 MOVEMENT OF DEFERRED TAX

Particulars	As at 31 March 2021	Recognised through profit and loss	Recognised through Other Comprehensive Income	As at 31 March 2020	Recognised through profit and loss	Recognised through Other Comprehensive Income	As at 1 April 2019
Deferred tax liabilities on account of:							
Timing difference on Property, plant and equipment as per books and Income Tax Act, 1961	1,468	116	-	1,352	(539)	-	1,891
Unrealised gain / (loss)	10,437	10,619	-	(182)	(8,332)	-	8,149
Amortisation of distribution costs	2,572	(1,299)	-	3,870	386	-	3,484
Net changes in fair value of investments	126						
Impairment of Loans and trade receivables	(459)	(165)	-	(293)	93	-	(387)
Provision for employees benefits	(141)	(16)	-	(125)	(31)	-	(94)
Carried forward losses	-	-	-	-	(326)	-	326
Expenses allowable u/s 43B on payment basis	(468)	(59)	-	(409)	100	-	(509)
Impairment of investments	751	1,029	-	(278)	-	-	(278)
Loss on private equity investment	5	-	-	5	(2)	-	7
MAT credit receivable	(1,386)	(145)	-	(1,241)	(800)	-	(441)
Sign on bonus pending write off	-	-	-	-	-	-	-
Interest accrued on ORCD	-	-	-	-	-	-	-
Remeasurement of defined benefit plan	15	-	-	-	-	-	-
Rent income	-	-	-	-	-	-	-
Total deferred tax liabilities	12,920	10,080	-	2,699	(9,450)	-	12,148
Deferred tax assets on account of:							
Impairment of Loans and trade receivables	1,755	229	-	1,526	(4,574)	-	6,101
Expenses allowable u/s. 43B on payment basis	-	-	-	-	-	-	-
Impairment of investments	-	-	-	-	-	-	-
Carried forward losses	3,494	(4,397)	-	7,891	(44)	-	7,934
Timing difference on property, plant and equipments as per books and as per Income Tax Act, 1961	170	(59)	-	229	(100)	-	329
Effective Interest Rate	146	(325)	-	472	538	-	(67)
Amortisation of distribution costs	2,010	829	-	1,180	2,032	-	(852)
Provision for employees benefits	91	25	(83)	149	41	(69)	177
Provision for VAT	13	-	-	13	(0)	-	14
MAT credit receivable	-	(9)	-	9	(935)	-	945
Unrealised gain / (loss)	(1)	2,776	(3,742)	965	283	796	(115)
Written Down Value of Fixed Assets	26	-	-	-	-	-	-
Preliminary expense	3	(11)	-	14	14	-	0
Unamortized borrowing cost	(43)	104	-	(146)	138	-	(284)
Deposit and rent Equalization	59	(23)	-	81	-	-	81
Provision for heritage	-	-	-	-	-	-	-
Provision for compensated absence	21	(18)	-	39	3	-	36
Reserve created u/s 36(1)(viii) of Income Tax Act	(202)	(208)	-	6	14	-	(9)
Total deferred tax assets	7,542	(1,087)	(3,825)	12,428	(2,590)	727	14,290
Total deferred tax Assets/liability (net)	5,378	11,167	3,825	(9,729)	(6,860)	(727)	(2,142)

Deferred tax recognised through profit and loss also includes deferred tax on associates.

Notes to Consolidated Financial Statement (Contd..)

NOTE 39 : CONTINGENT LIABILITIES AND COMMITMENTS TO THE EXTENT NOT PROVIDED FOR

(A) The Group has provided bank guarantees aggregating to ₹ 28,085 lakhs (Previous year : ₹ 24,085 lakhs) as on 31 March 2020 for the following purposes to:

- 1) Bombay Stock Exchange Limited - ₹ 10,000 lakhs (Previous year : 10,000 lakhs) for meeting margin requirements.
- 2) National Stock exchange - ₹ 12,500 lakhs (Previous year ₹ 12,500 lakhs) for meeting margin requirements.
- 3) MCX - ₹ 4,000 lakhs for meeting margin requirements.
- 4) Unique Identification Authority - ₹ 25 lakhs (Previous year ₹ 25 lakhs) for security deposit.
- 5) Hindalco Industries Limited - ₹ 1,500 lakhs (Previous year ₹ 1,500 lakhs) for margin deposit.
- 6) Municipal Corporation of Greater Mumbai - ₹ 5 lakhs (Previous year ₹ 5 lakhs) for security deposit
- 7) Bombay High Court - ₹ 54.96 lakhs for security deposit (Previous year ₹ 55 lakhs)

The Group has pledged fixed deposits with banks aggregating ₹ 14,868 lakhs (Previous year ₹ 1,382 lakhs) for obtaining Bank guarantee.

(B)	Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
	Demand in respect of income tax matters for which appeal is pending (Refer note i)	4,126	6,264

(C) Claims against the Company:

Pending against forum	Number of Cases As at 31 March 2021	Number of Cases As at 31 March 2020
Civil cases	25	25
Total	25	25

Pending against forum	Amount As at 31 March 2021	Amount As at 31 March 2020
Civil cases	1,060	1,023
Total	1,060	1,023

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

The proceedings/ Appeals held at Supreme court/ High court/District court are considered as "Civil cases".

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

(D) Capital Commitments:

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
(i) Undrawn committed sanctions to borrowers	3,946	6,718
(ii) Estimated amount of contracts remaining to be executed on capital account	2,569	1,115
(iii) Uncalled Liability on shares and other investments partly paid:		
(1) India Reality Excellence Fund II	—	—
(2) India Reality Excellence Fund III	—	—
(3) India Business Excellence Fund III	1,129	12,797
(4) India Realty Excellence Fund IV	200	3,500

Notes to Consolidated Financial Statement (Contd..)

- i) Demand in respect of Income Tax matters for which appeal is pending is ₹ 4,126 lakhs (Previous year ₹ 6,264 lakhs). This is disputed by the Company and hence not provided for. The Company has paid demand of ₹ 517 lakhs till date (Previous year ₹ 1,159 lakhs) under protest. These does not include interest u/s 234(b) & u/s 234(c) as same in the books of accounts depends on the outcome of demand.

The Group is contesting the demands and the management believes that its position will likely be upheld in the appellant process. No tax expenses has been accrued in the financial statement for the tax demand raised. The management believes that ultimate outcome of this proceeding will not have a material adverse effect on the Group's financial position and results of operations.

NOTE 40 : AUDITORS' REMUNERATION :

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
As Auditors:		
Statutory audit	141	145
In other capacity:		
Certification	11	7
Out of pocket expenses	4	1
Total	156	153

NOTE 41 : LEASES

The Company has taken various office premises on operating lease for the period which ranges from 12 months to 108 months with an option to renew the lease by mutual consent on mutually agreeable terms.

Effective 1 April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

The adoption of the new standard Ind AS 116, resulted in recognition of 'Right of Use' (ROU) asset of ₹ 2,729 lakhs and a lease liability of ₹ 2,729 lakhs. Ind AS 116 will result in an increase in cash in flows from operating activities and an increase in cashout flows from financing activities on account of lease payments.

The weighted average incremental borrowing rate applied to lease liabilities as at 1 April 2019 is 8.20%.

Information about leases for which the company is a lessee are presented below:

(A) Right of use assets for the year ended 31 March 2021

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Opening balance	2,876	–
Adjustment on transition to Ind AS 116	–	3,778
Movement during the year	1,478	465
Depreciation on Right-Of-Use (ROU) assets	(1,581)	(1,366)
Closing balance	2,773	2,876

Notes to Consolidated Financial Statement (Contd..)

(B) Lease liabilities for the year ended 31 March 2021

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Opening balance	3,142	–
Adjustment on transition to Ind AS 116	–	3,778
Movement during the year	1,465	465
Add: Interest cost accrued during the period	451	374
Less: Payment of lease liabilities	(1,635)	(1,475)
Closing balance	3,423	3,142

(C) Maturity analysis - Discounted Cashflows of Contractual maturities of lease liabilities as at 31 March 2021

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Less than three months	349	377
Three to twelve months	926	819
One to five years	1,684	1,752
More than five years	464	194
Total	3,423	3,142

(D) Amount recognised in statement of profit & loss for the year ended 31 March 2021

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Interest cost on lease liabilities	452	374
Depreciation on right of use assets	1,579	1,366
Rental Expenses recorded for short-term lease payments and payments for leases of low-value assets not included in the measurement of the lease liability	1,392	1,416

(E) Amount recognised in statement of cash flows for the year ended 31 March 2021

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Cash payments for the principal & interest portion of the lease liability within financing activities	(1,635)	(1,475)
Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities.	1,392	1,416

NOTE 42 : IMPACT OF COVID-19

The current second wave of Covid-19 pandemic have resulted in significant increase of new cases in India. The impact of the same is uncertain and will depend on the spread of Covid-19, the effectiveness of current and future steps taken by the governments to mitigate the economic impact and other variables. However the Group has recognized provisions as on 31 March 2021 towards its assets including loans based on the information available at this point of time including estimates and assumptions specific to the impact of the COVID-19 pandemic, in accordance with the Expected Credit Loss method. In management view, the Group's capital and liquidity position stands strong as on reporting date.

Notes to Consolidated Financial Statement (Contd..)

NOTE 43 : EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted EPS is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year for the purpose of basic EPS plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Net Profit attributable to equity shareholders [A]	124,545	18,337
Weighted average number of equity shares for Basic EPS Face value ₹ 1 each [B] (In numbers)	147,131,648	147,023,376
Basic Earnings per share (EPS) on PAT (Before OCI) (₹) [A/B]	84.65	12.47
Net Profit attributable to equity shareholders [A]	124,545	18,337
Net Profit attributable to equity shareholders for calculation of Diluted EPS [C] = [A - B]	124,545	18,337
Weighted average number of equity shares issued (face value of ₹ 1 each) (In numbers) [D]	147,131,648	147,023,376
Weighted average number of additional equity shares outstanding for Diluted EPS (In numbers) (E)	2,540,785	3,301,812
Weighted average number of equity shares outstanding for Diluted EPS (In numbers) F = [D+E]	149,672,433	150,325,188
Diluted Earnings per share (EPS) on PAT (Before OCI) (₹) [C/F]	82.71	12.20

NOTE 44 : PROVISIONS MADE FOR THE YEAR ENDED 31 MARCH 2021 COMPRISES OF

Particulars	Opening balance as on 1 April 2020 ₹ in Lakhs	Provided during the year ended 31 March 2021 ₹ in Lakhs	Provision Paid /reversed during the year ended 31 March 2021 ₹ in Lakhs	Closing balance as on 31 March 2021 ₹ in Lakhs
Ex-gratia	8,929	13,769	9,072	13,626
Compensated absences	687	766	577	876
Gratuity	2,648	529	246	2,931
Heritage Club	274	53	88	239
Total	12,538	15,117	9,983	17,672

Provisions made for the year ended 31 March 2020 comprises of:

Particulars	Opening balance as on 1-Apr-19 ₹ in Lakhs	Provided during the year ended 31 March 2020 ₹ in Lakhs	Provision Paid /reversed during the year ended 31 March 2020 ₹ in Lakhs	Closing balance as on 31 March 2020 ₹ in Lakhs
Ex-gratia	9,314	9,031	9,416	8,929
Compensated absences	202	675	190	687
Gratuity	2,218	610	180	2,648
Heritage Club	207	110	43	274
Total	11,941	10,426	9,829	12,538

NOTE 45 : PROPOSED DIVIDEND

The Board of Directors at its meeting held on 29 April 2021 has declared an final dividend of ₹ 5/- per equity share (on face value of ₹ 1/- per equity share) for the Financial year 2020-21.

Notes to Consolidated Financial Statement (Contd..)

NOTE 46 : CREDIT RATINGS

- a) CRISIL Limited reaffirmed the Credit Rating of "CRISIL A1+" (pronounced 'CRISIL A One Plus') to the Commercial Paper Programme of ₹ 150,000 lakhs (Previous year 130,000 lakhs) of the Motilal Oswal Financial Services Limited.
CRISIL has reaffirmed its 'CRISIL AA-/CRISIL PP-MLD AA-r/Stable/CRISIL A1+' rating on the debt instruments and bank loan facilities of the Motilal Oswal Home Finance Limited (Formerly known as Aspire Home Finance Corporation Limited).
CRISIL has reaffirmed its 'CRISIL AA-/CRISIL PP-MLD AA-r/Stable/CRISIL A1+' rating on the debt instruments and bank loan facilities of ₹ 10,000 lakhs each of the Motilal Oswal Home Finance Limited (Formerly known as Aspire Home Finance Corporation Limited).
CRISIL Limited assigned the credit rating of "CRISIL A1+" & India Ratings & Research Private Limited has assigned credit rating of "IND A1+" to the Commercial Paper Programme of ₹ 847,500 lakhs of the company. Also, CRISIL Limited has assigned the credit rating of CRISIL PP-MLD AA-r/ Stable & CRISIL AA-/Stable to the Non-Convertible Debentures programme of the Motilal Oswal Finvest Limited.
- b) India Ratings and Research affirmed the Credit Rating of "IND A1+" (pronounced 'IND A One Plus') to the Commercial Paper Programme of ₹ 150,000 lakhs (Previous year 130,000 lakhs) of the Motilal Oswal Financial Services Limited.
India Ratings and Research affirmed the Credit Rating of "IND A1+" (pronounced 'IND A One Plus') to the Commercial Paper Programme of ₹ 200,000 lakhs (Previous year 1,00,000 lakhs) of the Motilal Oswal Finvest Limited.
India Ratings and Research (Ind-Ra) has assigned a Short-Term Issuer Rating of 'IND A1+' to the Motilal Oswal Home Finance Limited (Formerly known as Aspire Home Finance Corporation Limited).
- c) ICRA has affirmed the rating of "ICRA AA" rating with stable outlook (pronounced ICRA double A rating with stable outlook') to the long term debt programme of the Company for ₹ 30,000 lakhs in the current year (Previous year ₹ 35,000 lakhs) of the Motilal Oswal Financial Services Limited.
ICRA has reaffirmed the rating of "ICRA A+" rating with stable outlook (pronounced ICRA A PLUS rating with stable outlook') to non-convertible debentures and long term bank facilities; further reaffirmed the Credit Rating of "ICRA A1+" (pronounced 'ICRA A One Plus') to the Commercial Paper Programme of the Motilal Oswal Home Finance Limited (Formerly known as Aspire Home Finance Corporation Limited).

NOTE 47 : CORPORATE SOCIAL RESPONSIBILITY

The Ministry of Corporate Affairs has notified Section 135 of the Companies Act, 2013 on Corporate Social Responsibility with effect from April 1, 2014. As per the provisions of the said section, the Company has undertaken the following CSR initiatives during the financial year 2020-21.

CSR initiatives majorly includes supporting under privileged in education, medical treatments, etc and various other charitable and noble aids.

- a) Gross amount required to be spent by the Group during the year ₹ 1,320 lakhs (Previous Year ₹ 999 lakhs)
- b) **Amount spent during the year on :**

Particulars	Amount Paid 31 March 2021 ₹ in Lakhs	Amount Paid 31 March 2020 ₹ in Lakhs
a) Construction/acquisition of any asset :	600	795
b) On purposed other than (a) above	558	864
Total	1,158	1,659

- c) Above includes a contribution of ₹ 1,158 lakhs (Previous year ₹ 1,659 lakhs) to Motilal Oswal Foundation which is classified as related party under IndAS 24 - "Related Party Disclosures".

Notes to Consolidated Financial Statement (Contd..)

NOTE 48 : ASSETS PLEDGED AS SECURITY

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Financial assets		
First charge		
Receivables		
(I) Trade receivables	57,325	40,725
Loans	289,498	311,025
Floating charge		
Investments	40,031	101,058
Non-financial assets		
First charge		
Property, plant and equipment	52,209	57,078
Total assets pledged as security	439,063	509,886

Terms and conditions:

- Investments, Trade receivables, Loans and Property, plant and equipments are pledge with Banks and NBFCs to against borrowing facilities taken by the Group.
- The margin of two times cover is provided against the loan facilities for pledge of Investments and Trade receivables and 1.67 times for Property, plant and equipment.

NOTE 49 : RELATED PARTY DISCLOSURE

I. List of related parties and their relationship

A) Holding Company

- Passionate Investment Management Private Limited

B) Enterprises in which Key Managerial Personnel have control

- OSAG Enterprises LLP

C) Enterprises in which Key Management Personnel and their relatives excersises Significant Influence:

- Raamdeo Agarawal (HUF)
- Textile Exports Private Limited
- Motilal Oswal Foundation (Trust)
- Motilal Oswal HUF

D) Key Management Personnel

- Mr. Motilal Oswal – Managing Director and Chief executive officer
- Mr. Raamdeo Agarawal – Non-Executive Chairman
- Mr. Navin Agarwal – Non-Executive Director
- Mr. Praveen Tripathi – Independent Director (Till 30 July 2020)
- Mr. Vivek Paranjpe – Independent Director (Till 30 July 2020)
- Mrs. Rekha Utsav Shah – Independent Director (Till 01 October 2020)
- Mrs. Sharda Agarwal – Independent Director (Till 30 July 2020)
- Mr. Chitradurga Narasimha Murthy – Independent Director (Appointed from 01 July 2020)
- Mr. Pankaj Bhansali – Independent Director (Appointed from 01 July 2020)
- Mrs. Divya Sameer Momaya – Independent Director (Appointed from 01 July 2020)
- Mr. Chandrashekhar Anant Karnik – Independent Director (Appointed from 16 September 2020)
- Mrs. Swanubhuti Jain – Independent Director (Appointed from 24 December 2020)

Notes to Consolidated Financial Statement (Contd..)

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

1. Ms. Vimla Oswal – Spouse of Mr. Motilal Oswal
2. Ms. Vimladevi Salecha – Sister of Mr. Motilal Oswal
3. Mr. Rajendra Gopilal Oswal – Brother of Mr. Motilal Oswal
4. Ms. Suneeta Agarawal – Spouse of Mr. Raamdeo Agarawal
5. Mr. Vaibhav Agarawal – Son of Mr. Raamdeo Agarawal
6. Ms. Vedika Karnani – Daughter in law of Mr. Raamdeo Agarawal
7. Dr. Karoon Ramgopal Agarawal – Brother of Mr. Raamdeo Agarawal
8. Mr. Vinay R. Agarawal – Brother of Mr. Raamdeo Agarawal
9. Mr. Sukhdeo Ramgopal Agarawal – Brother of Mr. Raamdeo Agarawal
10. Mr. Govinddeo R. Agarawal – Brother of Mr. Raamdeo Agarawal
11. Mr. Satish Agrawal – Brother of Mr. Raamdeo Agarawal
12. Ms. Suman Agrawal – Sister of Mr. Raamdeo Agarawal
13. Ms. Anita Anandmurthy Agrawal – Sister of Mr. Raamdeo Agarawal

G) Associate/Joint Venture

1. India Reality Excellance Fund II LLP
2. India Business Excellence Fund III (Till 29 September 2020)

II. Transactions with related parties and outstanding balances:

a) Transactions with related parties:

₹ in Lakhs

Particulars	Name of the related party	Holding company		Key managerial personnel/relative of key managerial personnel		Associate enterprise/ Joint venture		Total	
		For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20
Interest (income)/ expense	Passionate Investment Management Private Limited	–	1	–	–	–	–	–	1
Total		–	1	–	–	–	–	–	1
Managerial remuneration	Mr. Motilal Oswal	–	–	241	240	–	–	241	240
	Mr. Pratik Oswal			28	28			28	28
	Mr. Vaibhav Agarawal			11	–			11	–
	Mr. Raamdeo Agarawal	–	–	–	168	–	–	–	168
	Mr. Navin Agarawal			911	1,778			911	1,778
Total		–	–	1,191	2,214	–	–	1,191	2,214
Director sitting fees	Mr. Praveen Tripathi			1	2			1	2
	Mr. Vivek Paranjpe			0	2			0	2
	Mrs. Rekha Utsav Shah			1	2			1	2
	Mrs. Sharda Agarawal			0	2			0	2
	Mr. Chitradurga Narasimha Murthy			2	–			2	–
	Mr. Pankaj Bhansali			2	–			2	–
	Mrs. Divya Sameer Momaya			2	–			2	–

Notes to Consolidated Financial Statement (Contd..)

₹ in Lakhs

Particulars	Name of the related party	Holding company		Key managerial personnel/relative of key managerial personnel		Associate enterprise/ Joint venture		Total	
		For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20
	Mr. Chandrashekhar Anant Karnik			1	–			1	–
	Mrs. Swanubhuti Jain			0	–			0	–
Total				9	8			9	8
Director Commission	Mr. Praveen Tripathi			–	8			–	8
	Mr. Vivek Paranjpe			–	8			–	8
	Mrs. Rekha Utsav Shah			–	10			–	10
	Mrs. Sharda Agarwal			–	8			–	8
	Mr. Raamdeo Agarwal			240	120			240	120
	Mr. Chitradurga Narasimha Murthy			3	–			3	–
	Mr. Pankaj Bhansali			3	–			3	–
	Mrs. Divya Sameer Momaya			3	–			3	–
	Mr. Chandrashekhar Anant Karnik			3	–			3	–
	Mrs. Swanubhuti Jain			3	–			3	–
Total				255	153			255	153
Reimbursement of expenses	Mr. Raamdeo Agarwal			108	54			108	54
Total				108	54			108	54
Rent deposit	Passionate Investment Management Private Limited	–	–	–	–	–	–	–	–
Total		–	–	–	–	–	–	–	–
Donation given	Motilal Oswal Foundation (Trust)	–	–	1,158	1,033	–	–	1,158	1,033
Total		–	–	1,158	1,033	–	–	1,158	1,033
Rent (received)/ paid	Passionate Investment Management Private Limited.	(1)	(1)	–	–	–	–	(1)	(1)
	Textile Exports Private Limited	–	–	–	16	–	–	–	16
Total		(1)	(1)	–	16	–	–	(1)	15
Business support service (received) / paid	Passionate Investment Management Private Limited.	(1)	(1)	–	–	–	–	(1)	(1)
	OSAG Enterprises LLP	–	–	(1)	56	–	–	(1)	56
Total		(1)	(1)	(1)	56	–	–	(2)	55

Notes to Consolidated Financial Statement (Contd..)

₹ in Lakhs

Particulars	Name of the related party	Holding company		Key managerial personnel/relative of key managerial personnel		Associate enterprise/ Joint venture		Total	
		For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20
Brokerage (received)	Mr. Motilal Oswal	–	–	–	6	–	–	–	6
	Mr. Raamdeo Agarawal	–	–	–	7	–	–	–	7
Total		–	–	0	13	–	–	0	13
Partnership (gain)	India Reality Excellence Fund II LLP	–	–	–	–	(24)	113	(24)	113
(Gain) on sale of investment	India Reality Excellence Fund II LLP	–	–	–	–	–	121	–	121
Loans given / (received)	Passionate Investment Management Private Limited	–	21	–	–	–	–	–	21
Loans repayment (received) / given	Passionate Investment Management Private Limited	–	(21)	–	–	–	–	–	(21)
	India Reality Excellence Fund II LLP	–	–	–	–	–	–	–	–

₹ in Lakhs

Particulars	Name of the related party	Holding company		Key managerial personnel/relative of key managerial personnel		Associate enterprise/ Joint venture		Total	
		For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20
Dividend paid	Mr. Motilal Oswal	–	–	426	798	–	–	426	798
	Mr. Raamdeo Agarawal	–	–	396	774	–	–	396	774
	Motilal Oswal–HUF	–	–	0	0	–	–	0	0
	Raamdeo Agarawal (HUF)	–	–	33	55	–	–	33	55
	Ms. Suneeta Agarawal	–	–	15	25	–	–	15	25
	Ms. Vimla Oswal	–	–	6	11	–	–	6	11
	Mr. Rajendra Gopilal Oswal	–	–	3	5	–	–	3	5
	Dr. Karoon Ramgopal Agarawal	–	–	5	9	–	–	5	9
	Mr. Vinay R. Agarawal	–	–	5	9	–	–	5	9
	Mr. Sukhdeo Ramgopal Agarawal	–	–	4	7	–	–	4	7
	Mr. Govinddeo R. Agarawal	–	–	3	5	–	–	3	5
	Ms. Suman Agrawal	–	–	5	9	–	–	5	9
	Mr. Satish Agrawal	–	–	4	7	–	–	4	7

Notes to Consolidated Financial Statement (Contd..)

₹ in Lakhs

Particulars	Name of the related party	Holding company		Key managerial personnel/relative of key managerial personnel		Associate enterprise/ Joint venture		Total	
		For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20	For the year ended 31-Mar-21	For the year ended 31-Mar-20
	Ms. Anita Anandmurthy Agrawal	–	–	4	7	–	–	4	7
	Ms. Vimladevi Salecha	–	–	0	0	–	–	0	0
	Ms. Vedika Karnani	–	–	5	4	–	–	5	4
	Mr. Vaibhav Raamdeo Agarawal	–	–	5	4	–	–	5	4
	Osag Enterprises LLP	–	–	0	0	–	–	0	0
	Passionate Investment Management Private Limited	4,246	6,965	–	–	–	–	4,246	6,965
Total		4,246	6,965	919	1,726	–	–	5,165	8,691
Portfolio management services fee	Mr. Raamdeo Agarawal	–	–	3	3	–	–	3	3
	Mr. Aashish P Somaiyaa	–	–	0	1	–	–	0	1
	Mr. Ashok Jain	–	–	3	3	–	–	3	3
	Ms. Rekha Shah	–	–	1	1	–	–	1	1
	Ms. Shalini Somaiyaa	–	–	0	0	–	–	0	0
	Ms. Suneeta Agarwal	–	–	25	23	–	–	25	23
	Mr. Prasanna S Patankar	–	–	0	0	–	–	0	–
	Ms. Archana Karamse	–	–	0	0	–	–	0	–
	Mr. Vaibhav Agarwal	–	–	7	7	–	–	7	7
Total		–	–	40	37	–	–	40	37

b) Outstanding balances of related parties:

₹ in Lakhs

Particulars	Name of the related party	Enterprise in which key managerial personnel exercise significant influence/ holding company		Key managerial personnel/relative of key managerial personnel		Associate enterprise		Total	
		As at year ended 31-Mar-21	As at year ended 31-Mar-20	As at year ended 31-Mar-21	As at year ended 31-Mar-20	As at year ended 31-Mar-21	As at year ended 31-Mar-20	As at year ended 31-Mar-21	As at year ended 31-Mar-20
Other receivables / (payables)	Passionate Investment Management ;Private Limited	(1)	–	–	–	–	–	(1)	–
	OSAG Enterprises LLP	–	–	34	1	–	–	34	1
	India Reality Excellence Fund II LLP	–	–	–	–	–	–	–	–
Total		(1)	–	34	1	–	–	33	1

Notes to Consolidated Financial Statement (Contd..)

c) Maximum / outstanding balance in respect of investments in related parties :

₹ in Lakhs

Particulars	Name of the related party	Enterprise in which key managerial personnel exercise significant influence/ holding company		Key managerial personnel/relative of key managerial personnel		Associate enterprise		Total	
		As at year ended 31-Mar-21	As at year ended 31-Mar-20	As at year ended 31-Mar-21	As at year ended 31-Mar-20	As at year ended 31-Mar-21	As at year ended 31-Mar-20	As at year ended 31-Mar-21	As at year ended 31-Mar-20
Investment outstanding balance	India Business Excellence Fund III					13,982	15,461	13,982	15,461
	India Reality Excellence Fund II LLP	–	–	–	–	3,077	4,406	3,077	4,406

Note : As the liabilities for defined benefit plans are provided on actuarial basis for the Company as a whole, the amounts pertaining to Key Management Personnel are not included.

NOTE 50 : DISCLOSURE PURSUANT TO IND AS -19 “EMPLOYEE BENEFITS” IS GIVEN AS BELOW

a) Defined Contribution Plan

Contribution to defined contribution plans, recognised as expense for the year is as under :

Particulars	31 March 2021 ₹ in Lakhs	31 March 2020 ₹ in Lakhs
Employers Contribution to Provident Fund and Administrative Expenses	1,646	1,017
Employers Contribution to ESIC	–	130
Employers Contribution to NPS	–	45
Total	1,646	1,192

(b) Defined benefit plan

The Group provides for gratuity benefit which is a defined benefit plan covering all its eligible employees.

This plan is unfunded. The gratuity benefits are subject to a maximum limit of up to ₹ 20 lakhs.

The following table set out the status of the gratuity plan as specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014 (as amended) under Ind AS 19 “Employee benefits” and the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

(₹ in Lakhs)

Particulars	Gratuity		Heritage club benefits	
	For the Year ended 31 March 2021	For the Year ended 31 March 2020	For the Year ended 31 March 2021	For the Year ended 31 March 2020
I) Actuarial assumptions				
Mortality	IALM (2012-014) Ultimate	IALM (2012-014) Ultimate	IALM (2012-014) Ultimate	IALM (2012-014) Ultimate
Discount Rate (per annum)	3.93%	4.80%	3.93%	3.60%
Rate of escalation in salary (per annum)	9.04%	12.68%	0.36%	0.00%
Expected rate of return on plan assets (per annum)	–	–	–	–
Employee Attrition Rate (Past Service)	PS: 0 to 40 : 54.67%	PS: 0 to 37 : 19.34%	PS: 0 to 37 : 54.43%	–
I) Changes in present value of obligations (PVO)				
PVO at beginning of period	2,648	2,218	274	207
Interest cost	106	133	–	–
Current service cost	731	675	(36)	77

Notes to Consolidated Financial Statement (Contd..)

(₹ in Lakhs)

Particulars	Gratuity		Heritage club benefits	
	For the Year ended 31 March 2021	For the Year ended 31 March 2020	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Transfer In-Liability	103	30	–	–
Transfer Out-Liability	(98)	(28)	–	–
Benefits paid	(246)	(178)	1	(10)
Contributions by plan participants	1	1	–	–
Actuarial (Gain)/Loss on obligation	(311)	(201)	–	–
PVO at end of period	2,931	2,648	239	274
II) Interest expense				
Interest cost	106	133	–	–
III) Fair value of plan assets				
IV) Net Liability				
PVO at beginning of period	2,648	2,218	274	207
Net Liability at the beginning of the period	2,648	2,218	274	207
V) Net Interest				
Interest Expenses	106	133	–	–
Net Interest	106	133	–	–
VI) Actual return on plan assets				
VII) Actuarial (Gain)/loss on obligation				
Due to Demographic Assumption	(18)	(104)	–	–
Due to Financial Assumption	(103)	117	–	–
Due to Experience	(192)	(214)	–	–
Total Actuarial (Gain)/Loss	(313)	(201)	–	–
VIII) Fair Value of Plan Assets				
Contributions by Employer	247	178	–	–
Benefits Paid	(246)	(178)	–	–
IX) Past Service Cost Recognised				
Recognised Past service Cost- non vested benefits	–	–	–	–
X) Amounts to be recognized in the balance sheet and statement of profit & loss account				
PVO at end of period	2,931	2,648	239	274
Funded Status	(2,931)	(2,648)	(239)	(274)
Net Asset/(Liability) recognized in the balance sheet	(2,931)	(2,648)	(239)	(274)
XI) Expense recognised in the statement of profit and loss				
Current service cost	731	675	(36)	77
Net Interest	106	133	–	–
Transfer In-Liability	68	30	–	–
Transfer Out-Liability	(98)	(28)	–	–
Expense recognized in the statement of profit and loss	807	810	(36)	77
XII) Other Comprehensive Income (OCI)				
Actuarial (Gain)/Loss recognized for the period	(311)	(201)	–	–
Unrecognized Actuarial (Gain)/Loss from previous period	–	–	–	–
Total Actuarial (Gain)/Loss recognized in (OCI)	(311)	(201)	–	–

Notes to Consolidated Financial Statement (Contd..)

(₹ in Lakhs)

Particulars	Gratuity		Heritage club benefits	
	For the Year ended 31 March 2021	For the Year ended 31 March 2020	For the Year ended 31 March 2021	For the Year ended 31 March 2020
XIII) Movement in liability recognized in balance sheet				
Opening net liability	2,648	2,218	274	207
Adjustment to opening balance	–	–	–	–
Transfer In-Liability	103	30	–	–
Transfer Out-Liability	(98)	(28)	–	–
Expenses as above	837	808	(36)	77
Contribution paid	(247)	(178)	1	(10)
Other Comprehensive Income (OCI)	(311)	(201)	–	–
Closing net liability	2,931	2,648	239	274
XIV) Projected Service Cost 31 Mar 2021	709	673	–	–

XV) Sensitivity Analysis

Particulars	DR: Discount Rate		ER : Salary escalation rate:	
	PVO DR +1%	PVO DR –1%	PVO ER +1%	PVO ER -1%
PVO	2,902	3,081	2,983	2,869

XVI) Expected Payout

Year	Expected Outgo					
	First	Second	Third	Fourth	Fifth	Six to ten years
Payouts	1,077	620	390	254	184	447

Asset Liability Comparisons

Year	31-Mar-17	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21
PO at End of period	537	789	2,239	2,648	2,931
Plan Assets	–	–	–	–	–
Surplus / (Deficit)	(537)	(789)	(2,239)	(2,648)	(2,931)
Experience adjustments on plan assets	–	–	–	–	–

NOTE 51 : DISCLOSURE RELATING TO EMPLOYEE STOCK OPTION SCHEME

Details of stock options

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 meeting on July 22, 2010 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 their meeting held on 21 July, 2014 for grant of 5,000,000 equity shares of ₹ 10 each.

During the year ended 31 March 2017, the Company has sub divided 650 lakhs equity share of ₹ 10 each into 6,500 lakhs equity share of ₹ 1 each. Hence, the options granted are also sub-divided in the same proportion.

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

The Scheme was approved by Board of Directors on 18 October 2007 and by the shareholders on 4 December 2007 by postal ballot and is for issue of 2,500,000 options representing 2,500,000 Equity shares of ₹ 1 each

Notes to Consolidated Financial Statement (Contd..)

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

The Scheme was approved by Board of Directors on 21 April 2008 and by the shareholders in AGM dated 8 July 2008 and is for issue of 5,000,000 options representing 5,000,000 Equity shares of ₹ 1 each

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

The Scheme was approved by Board of Directors on 19 July 2014 and by the shareholders in AGM dated 22 August 2014 and is for issue of 2,500,000 options representing 2,500,000 Equity shares of ₹ 1 each

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

The Scheme was approved by Board of Directors on 27 April 2017 and by the shareholders in AGM dated 27 July 2017 and is for issue of 3,000,000 options representing 3,000,000 Equity shares of ₹ 1 each

Motilal Oswal Wealth Management Limited -Employees' Stock Option Scheme -I' (ESOP-I)

The ESOS - I was approved by the Board of Directors at its meeting on April 22 , 2016 and by the members at the meeting held on April 29, 2016) consisting of 8,000 Stock Option of Rupees 10 each.

Pursuant to approval of the members at its meeting dated February 20, 2017 for sub-division of face value of equity shares from Rupees 10 to Rupee 1 each, the total number of options allotted and granted also stands sub-divided i.e. total kitty of 80,000 stock option of Rupee 1 each.

Motilal Oswal Home Finance Limited (formerly known as Aspire Home Finance Corporation Limited -Employees' Stock Option Scheme 2014 - (ESOS - 2014)

The Scheme was approved by Board of Directors on 11 September 2014 and by the shareholders in EGM dated 16 October 2014 for issue of 50,000,000 options representing 50,000,000 Equity shares of ₹ 1 each. The grant of stock options for the aforesaid scheme has been done in three tranches.

Motilal Oswal Home Finance Limited (formerly known as Aspire Home Finance Corporation Limited - Employees' Stock Option Scheme 2016 (ESOS-2016)

The Scheme was approved by Board of Directors on 29 April 2016 and by the shareholders in AGM dated 07 July 2016 for issue of 50,000,000 options representing 50,000,000 Equity shares of ₹ 1 each. The grant of stock options for the aforesaid scheme has been done in five tranches.

Motilal Oswal Home Finance Limited (formerly known as Aspire Home Finance Corporation Limited - Employees' Stock Option Scheme 2017 (ESOS-2017)

The Scheme was approved by Board of Directors on 25 April 2017 and by the shareholders in EGM dated 25 May 2017 for issue of 10,000,000 options representing 10,000,000 Equity shares of ₹ 1 each. The grant of stock options for the aforesaid scheme has been done in two tranches.

Motilal Oswal Home Finance Limited (formerly known as Aspire Home Finance Corporation Limited - Employees' Stock Option Scheme 2017 (ESOS-2017 H Co.) (Issued to Holding Company Employees)

The Scheme was approved by Board of Directors on 25 April 2017 and by the shareholders in EGM dated 25 May 2017 for issue of 30,000,000 options representing 30,000,000 Equity shares of ₹ 1 each.

The activity in the (ESOS 2014), (ESOS 2016) , (ESOS 2017) and (ESOS 2017 H Co.) during the year ended 31 March 2021 and 31 March 2020 is set below:

Particulars	As at 31 March 2021	Weighted Average	As at 31 March 2020	Weighted Average
	In Numbers	Exercise Price (In ₹)	In Numbers	Exercise Price (In ₹)
The MOAMC (ESOP-I) : (Face value of ₹ 1 each)				
Option outstanding at the beginning of the year	12,900,000	13.40	15,000,000	13.40
Add: Granted	–	NA	–	–
Less: Exercised	–	NA	2,100,000	13.40
Less: Forfeited	–	NA	–	–
Less: Lapsed	4,700,000	13.40	–	–
Option outstanding end of the year	8,200,000	13.40	12,900,000	13.40

Notes to Consolidated Financial Statement (Contd..)

Particulars	As at 31 March 2021	Weighted Average	As at 31 March 2020	Weighted Average
	In Numbers	Exercise Price (In ₹)	In Numbers	Exercise Price (In ₹)
Exercisable at the end of the year	3,800,000	13.40	1,350,000	13.40
The MOAMC (ESOP-II) : (Face value of ₹ 1 each)				
Option outstanding at the beginning of the year	2,225,741	10.67	11,650,000	3.73
Add: Granted	1,000,000	22.00	–	–
Less: Exercised	–	NA	9,424,259	2.09
Less: Forfeited	–	NA	–	–
Less: Lapsed	1,700,000	13.40	–	–
Option outstanding end of the year	1,525,741	15.06	2,225,741	10.67
Exercisable at the end of the year	525,741	1.85	825,741	6.04
The MOFSL (ESOP-V) : (Face value of ₹ 1 each)				
Option outstanding at the beginning of the year	148,000	382.18	336,900	306.84
Add Granted	–	–	–	–
Less: Exercised	49,500	183.10	176,400	244.39
Less: Forfeited	–	–	–	–
Less: Lapsed	3,600	572.30	12,500	296.15
Option outstanding end of the year	94,900	478.80	148,000	382.18
Exercisable at the end of the year	64,500	434.73	58,250	355.91
The MOFSL (ESOP-VI) : (Face value of ₹ 1 each)				
Option outstanding at the beginning of the year	45,385	572.75	258,567	358.48
Add Granted	–	–	–	–
Less: Exercised	–	–	152,932	239.67
Less: Forfeited	–	–	–	–
Less: Lapsed	–	–	60,250	499.57
Option outstanding end of the year	45,385	572.75	45,385	572.75
Exercisable at the end of the year	12,385	572.75	–	–
The MOFSL (ESOP-VII) : (Face value of ₹ 1 each)				
Option outstanding at the beginning of the year	862,200	472.56	1,792,000	424.45
Add Granted	–	–	–	–
Less: Exercised	370,800	355.40	726,100	360.97
Less: Lapsed	38,500	572.75	203,700	445.06
Option outstanding end of the year	452,900	559.96	862,200	472.56
Exercisable at the end of the year	256,440	550.16	235,895	435.26
The MOFSL (ESOP-VIII) : (Face value of ₹ 1 each)				
Option outstanding at the beginning of the year	1,966,500	729.85	1,000,000	867.45
Add Granted	982,000	678.26	1,055,000	610.96
Less: Exercised	42,500	29.00	–	–
Less: Lapsed	101,100	780.50	88,500	867.45
Option outstanding end of the year	2,804,900	720.58	1,966,500	729.85
Exercisable at the end of the year	348,900	826.06	91,150	867.45
The MOWML (ESOS-I) : (Face value of ₹ 1 each)				
Option outstanding at the beginning of the year	22,000	404.09	78,000	293.46
Add Granted	–	NA	–	NA

Notes to Consolidated Financial Statement (Contd..)

Particulars	As at 31 March 2021	Weighted Average	As at 31 March 2020	Weighted Average
	In Numbers	Exercise Price (In ₹)	In Numbers	Exercise Price (In ₹)
Less: Exercised	–	NA	13,200	250.00
Less: Forfeited	–	NA	–	NA
Less: Lapsed	16,000	250.00	42,800	250.00
Option outstanding end of the year	6,000	815.00	22,000	404.09
Exercisable at the end of the year	2,000	815.00	6,000	438.33
The MOHFL (ESOS 2014): (Face value of ₹ 1 each)				
Option outstanding at the beginning of the year	17,145,000	2.92	3,990,000	1.00
Add Granted	–	NA	17,725,000	3.00
Less: Exercised	–	NA	640,000	1.00
Less: Lapsed	7,160,000	2.97	3,930,000	1.66
Option outstanding end of the year	9,985,000	2.88	17,145,000	2.92
Exercisable at the end of the year	1,538,500	2.22	720,000	1.00
The MOHFL (ESOS 2016) : (Face value of ₹ 1 each)				
Option outstanding at the beginning of the year	17,715,000	2.82	42,800,000	2.39
Add: Granted	33,250,000	3.50	10,930,000	3.50
Less: Exercised	797,500	1.66	640,000	1.60
Less: Lapsed	11,780,000	3.31	35,375,000	2.53
Option outstanding end of the year	38,387,500	3.28	17,715,000	2.82
Exercisable at the end of the year	2,129,500	1.65	1,360,000	1.60
The MOHFL (ESOS 2017) - Grant I : (Face value of ₹ 1 each)				
Option outstanding at the beginning of the year	2,304,500	2.83	4,578,500	2.56
Add: Granted	700,000	3.50	–	–
Less: Exercised	171,000	2.83	80,500	1.60
Less: Lapsed	921,750	2.93	2,193,500	2.32
Option outstanding end of the year	1,911,750	3.03	2,304,500	2.83
Exercisable at the end of the year	182,225	3.38	158,000	3.39
The MOHFL (ESOS 2017) (Holding company): (Face value of ₹ 1 each)				
Option outstanding at the beginning of the year	15,594,500	1.60	21,413,500	1.60
Add: Granted	–	–	–	–
Less: Exercised	3,841,500	1.60	2,984,750	1.60
Less: Lapsed	1,151,000	1.60	2,834,250	1.60
Option outstanding end of the year	10,602,000	1.60	15,594,500	1.60
Exercisable at the end of the year	2,262,218	1.60	588,000	1.60

Employees' Stock Options Scheme (ESOP) :

Particulars	MOAMC Scheme I	MOAMC Scheme II	MOFSL Scheme V	MOFSL Scheme VI	MOFSL Scheme VII	MOFSL Scheme VIII	Scheme I (MOWM)
Date of Grant	Various dates	Various dates	Various Dates	Various Dates	Various Dates	Various Dates	Various dates
Date of Board Approval	Various dates	Various dates	Various Dates	Various Dates	Various Dates	Various Dates	22 April 2016
Date of Shareholder's approval	22 July 2010	21 July 2011	4 December 2007	8 July 2008	22 August 2014	27 July 2017	29 April 2016
Method of Settlement	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares	Equity Shares	Equity Shares
Vesting Period	Not later than 6 years from the date of grant	Not later than 6 years from the date of grant	1 year to 5 years	1 year to 5 years	1 year to 7 years	1 year to 4 years	Not later than 7 years from the date of grant

Notes to Consolidated Financial Statement (Contd..)

Particulars	MOAMC Scheme I	MOAMC Scheme II	MOFSL Scheme V	MOFSL Scheme VI	MOFSL Scheme VII	MOFSL Scheme VIII	Scheme I (MOWM)	
Weighted Average Remaining Contractual Life								
Current year -Granted but not Vested	3.01 years	3.60 years	3.51 years	3.51 years	3.51 years	5.23 years	5.00 years	
Current year -Vested but not exercised	1.87 years	3.84 years	1.62 years	2.51 years	2.03 years	2.20 years	2.00 years	
Current year -Weighted Average Share Price at the date of exercise for stock options exercised during the year	₹ 28.87	₹ 27.98	₹ 654.01	NA	₹ 644.81	₹ 610.15	NA	
Previous year -Granted but not Vested	3.58 years	7.58 years	3.67 years	4.23 years	3.79 years	5.10 years	5.81 years	
Previous year -Vested but not exercised	1.89 years	5.14 years	2.21 years	NA	2.42 years	2.42 years	3.00 years	
Previous year -Weighted Average Share Price at the date of exercise for stock options exercised during the year	NA	NA	₹ 658.53	₹ 643.86	₹ 659.86	NA	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	Within 1 to 3 years of vesting of options				1 year to 3 years from the date of vesting and as per terms and conditions of scheme and grant	
Vesting Conditions	Vesting of Options would be subject to continued employment with the Company and/or its holding/subsidiary, and thus the Options would vest on passage of time. In addition to this, the Remuneration/Compensation Committee may also specify certain performance parameters subject to which the options would vest. In case of performance based vesting, the options would vest on achievement of performance parameters irrespective of the time horizon. However no such performance based vesting is mentioned in the ESOP-1 Scheme in MOWML.							
Weighted Average Fair Value of options (granted but not vested) as on grant date	₹ 5.28 (Previous year ₹ 49.25)	₹ 5.96 (Previous year ₹ 8.42)	₹ 246.22 (Previous year ₹ 169.59)	₹ 246.41 (Previous year ₹ 300.39)	₹ 246.41 (Previous year ₹ 206.29)	₹ 260.74 (Previous year ₹ 251.57)	858.76 (Previous year ₹ 642.7)	
Range of Risk free interest rate	6.97%	7.13%	6.05% - 7.8%	6.05% - 7.8%	6.97% - 7.8%	6.18% - 7.37%	7.37% - 7.72%	
Dividend yield	1.00%	1.00%	1.00%	1.00%	1.00%	0.5% - 1.38%	1%	
Expected volatility	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	

Particulars	MOHFL ESOS 2014	MOHFL ESOS 2016	MOHFL ESOS 2017	MOHFL ESOS 2017 H Co.
Date of Grant	Various dates	Various dates	Various dates	Various dates
Date of Board Approval	11-Sep-14	29-Apr-16	25-Apr-17	25-Apr-17
Date of Shareholder's approval	16-Oct-14	07-Jul-16	25-May-17	25-May-17
Method of Settlement	Equity shares	Equity shares	Equity shares	Equity shares
Vesting Period	1 year to 4 years	1 year to 4 years	1 year to 4 years	1 year to 5 years
Weighted Average Remaining Contractual Life				
Current year. - Granted but not Vested	2.23 year	4.99 years	2.32 years	0.88 years
Current year - Vested but not exercised	0.003 year	0.21 years	0.10 years	NIL
Current year - Weighted Average Share Price at the date of exercise for stock options exercised during the year	3.42	3.42	3.42	3.42

Notes to Consolidated Financial Statement (Contd..)

Particulars	MOHFL ESOS 2014	MOHFL ESOS 2016	MOHFL ESOS 2017	MOHFL ESOS 2017 H Co.
Weighted Average Remaining Contractual Life				
Previous year - Granted but not Vested	3.01 year	2.71 years	2.12 years	1.39 years
Previous year - Vested but not exercised	0.15 year	0.27 years	NIL	0.03 years
Previous year - Weighted Average Share Price at the date of exercise for stock options exercised during the year	3	3.5	3.5	3.5
Exercise Period	Within a period of 12 months from the date of vesting or in case of resignation, the options shall be exercised within 6 months from the date of resignation or such extended period as may be decided by the Nomination and Remuneration Committee.			
Vesting Conditions	Vesting of Options would be subject to continued employment with the Company and/or its holding/subsidiary, and thus the Options would vest on passage of time. In addition to this, the Remuneration/Compensation Committee may also specify certain performance parameters subject to which the options would vest. In case of performance based vesting, the options would vest on achievement of performance parameters irrespective of the time horizon.			
Weighted Average Fair Value of options (granted but not vested) as on grant date	₹ 0.72	₹ 1.32	₹ 0.86	₹ 0.75
Range of Risk free interest rate	7.37% - 8.40%	6.18% - 7.37%	6.79%	6.79%
Dividend yield	1.00%	1.00%	1.00%	1.00%
Expected volatility	40.00%	40.00%	40.00%	40.00%

**The vesting period of the Grant I & II of MOHFL ESOS 2014 and Grant I of ESOS 2016 has been extended from 6 months to 1 year pursuant to the resolution passed by the nomination and remuneration committee at its meeting held on 22 January 2018.

*Expected volatility has been calculated of listed holding company shares of Motilal Oswal Financial Services Limited long term average since listing.

The exercise pricing formula for MOAMC ESOP schemes are as under:

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.

The exercise pricing formula for MOWML ESOP schemes are as under:

The Committee shall have the authority to determine the Exercise Price having regard to the valuation report of an independent practicing chartered accountant that may be based on such valuation method, as may be considered suitable by him, including but not restricted to the Net Asset Value Method, Discounted Cash Flow Method, Earnings Capitalisation Method, Dividend Yield Model, etc. and may also rely upon the future projections of the Company which would be prepared by the management from time to time having regard to the future potential and prospects of the Company.

Notes to Consolidated Financial Statement (Contd..)

The Committee shall in its absolute discretion, have the authority to grant the Options at such discount as it may deem fit.

The exercise pricing formula for MOFSL ESOP schemes are as under:

Scheme V

Exercise price shall be the closing price of the Company's equity shares quoted on the BSE immediately preceding the date of Grant of the Stock Options, which for this purpose shall be the date on which the Committee grant the Stock Options, discounted by such percentage as may be determined by the Committee in the best interest of the various stakeholders in the prevailing market conditions.

Scheme VI

Exercise price shall be the closing price of the Company's Equity Shares, prior to the date of grant of the Options, on the Stock Exchanges where the highest trading volume is recorded, discounted/increased by such percentage as may be determined by the Committee.

Scheme VII

Exercise price shall be the closing price of the Company's Equity Shares, prior to the date of grant of the Options, on the Stock Exchanges where the highest trading volume is recorded, discounted/increased by such percentage as may be determined by the Committee.

Scheme VIII

Exercise price shall be the closing price of the Company's Equity Shares, prior to the date of grant of the Options, on the Stock Exchanges where the highest trading volume is recorded, discounted/increased by such percentage as may be determined by the Committee.

The exercise pricing formula for MOHFL ESOS 2014, MOHFL ESOS 2016, MOHFL ESOS 2017 & MOHFL ESOS 2017 H Co are as under:

The nomination and remuneration committee shall have the authority to determine the exercise price having regard to the valuation report of an independent practicing chartered accountant that may be based on such valuation method, as may be considered suitable by him, including but not restricted to the Net Asset Value Method, Discounted Cash Flow Method, Earnings Capitalisation Method, Dividend Yield Model, etc. and may also rely upon the future projections of the Company which would be prepared by the management from time to time having regard to the future potential and prospects of the Company.

The said committee shall in its absolute discretion, have the authority to grant the options at such discount as it may deem fit.

Other Information regarding Employee Share Based Payment Plan is as below :

Particulars	Year ended 31 March 2021 ₹ in Lakhs	Year ended 31 March 2020 ₹ in Lakhs
Expense arising from employee share based payment plans	1,984	1,214
Total carrying amount at the end of the period	5,758	4,396

The Company provides a sensitivity analysis to show the impact to the Company's profit before taxation in the event that forfeiture and performance condition assumptions exceed or are below the Company's estimations by the stated percentages.

Impact on the income statement of a change in leaver assumptions	Year ended 31 March 2021 ₹ in Lakhs	Year ended 31 March 2020 ₹ in Lakhs
(+)5%	(88)	(77)
(-)5%	111	94

NOTE 52 : SEGMENT REPORTING

The Chief Operating Decision Maker monitors the operating results of the business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. The operating segments have been identified considering the nature of services, the differing risks and returns, the organization structure and the internal financial reporting system.

The business segment has been considered as the primary segment for disclosure. The primary business of the Group comprises of "Broking and other related activities", "Fund based activities", "Asset Management and Advisory", "Investment Banking services" and "Home Finance".

Broking and other related activities includes Broking services to clients, research and advisory services, financial product distribution, depository services, etc.

Fund based activities include investment activities (Investment in securities and property) and financing activity.

Notes to Consolidated Financial Statement (Contd..)

Asset Management and Advisory includes fee based services for management of assets.

Investment Banking represents results of raising financial capital by underwriting or acting as the client's agent in the issuance of securities.

Home Finance represents interest and other related income from affordable housing finance business.

Since the business operations of the Group are primarily concentrated in India, the Group is considered to operate only in the domestic segment.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure of individual segments.

Income and direct expenses in relation to segments are categorized based on items that can be individually identifiable to that segment. Certain expenses such as taxes, etc. are not specifically allocable to specific segments.

Assets / Liabilities to the extent directly identifiable to a segment have been categorized separately; others have been shown as "unallocable" in the total column. Other balance sheet items such as deferred tax liability are similarly not allocated to segments.

₹ in Lakhs

Particulars	Broking and other related activities		Fund based activities		Asset management and advisory		Investment banking		Home finance		Unallocated		Elimination		Total	
	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
Revenue:																
External Revenue	170,873	122,461	90,723	3,559	77,047	78,865	300	1,211	54,552	57,644	44	33	-	-	393,539	263,773
Inter-Segment Revenue													23,507	22,717	23,507	22,717
Total revenue	170,873	122,461	90,723	3,559	77,047	78,865	300	1,211	54,552	57,644	44	33	23,507	22,717	370,032	241,056
Result:																
Segment result before exceptional items (Inclusive of share of profit from associate and joint venture)	41,653	26,122	87,311	(29,063)	27,936	26,391	(1,475)	(1,019)	9,086	6,129	(3,099)	(3,029)	-	-	161,412	25,531
Exceptional items	(8,810)														(8,810)	-
Segment result (Inclusive of share of profit from associate and joint venture)	32,843	26,122	87,311	(29,063)	27,936	26,391	(1,475)	(1,019)	9,086	6,129	(3,099)	(3,029)	-	-	152,602	25,531
Less: Share of (profit)/ loss from associate and joint venture included above															(6,928)	2,988
Profit before tax		-		-		-		-		-		-		-	145,674	28,519
Tax expense																
Current tax															(16,067)	(13,371)
Deferred tax															(10,750)	6,424
Short/(excess) provision for earlier years															912	(32)
Profit from ordinary activities															119,769	21,540
Less: Minority interest															(1,401)	(621)
Add : Share of profit/(loss) from associate and joint venture (net of taxes)															6,177	(2,582)
Net profit/(loss) attributable to Owners of parent															124,545	18,337

Notes to Consolidated Financial Statement (Contd..)

₹ in Lakhs

Particulars	Broking and other related activities		Fund based activities		Asset management and advisory		Investment banking		Home finance		Unallocated		Elimination		Total	
	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
Other information:																
Segment assets	659,204	397,314	344,025	04,668	33,240	28,411	167	167	383,905	378,057	11,801	16,848	(20,655)	(14,406)	1,411,687	1,011,060
Segment liabilities	621,696	366,976	20,032	22,141	14,545	10,952	1,669	725	298,666	301,649	17,653	4,675	(11,350)	(8,347)	962,910	698,772

NOTE 53 : REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group determines revenue recognition through the following steps:

1. Identification of the contract, or contracts, with a customer.
2. Identification of the performance obligations in the contract.
3. Determination of the transaction price.
4. Allocation of the transaction price to the performance obligations in the contract.
5. Recognition of revenue when, or as, we satisfy a performance obligation.

a) Nature of services

- (i) **Broking and other related activities** - Income from services rendered as a broker is recognised upon rendering of the services, in accordance with the terms of contract. Income from services rendered on behalf of depository is recognised upon rendering of the services, in accordance with the terms of contract.
- (ii) **Interest income on loans and MTF** - Interest is earned from clients on amounts funded to them and delayed payments. Interest income is recognised on a time proportion basis taking into account the amount outstanding from customers or on the financial instrument and the rate applicable.
- (iii) **Portfolio management fee, Investment management fees and advisory**- The Group is an Investment Manager and provide, investment management and administrative services to the Schemes of Motilal Oswal Mutual Fund ('the Fund'), provides Portfolio Management Services ('PMS') to clients, investment management services to Alternate Investment Funds and provide investment advisory services to onshore and offshore clients. The Group earns Managements fees from respective businesses.

b) Disaggregation of revenue

Revenue from contracts with customers:

Particulars	31 March 2021 ₹ in Lakhs	31 March 2020 ₹ in Lakhs
(i) Broking and other related activities	128,645	83,835
(ii) Interest income on loans and MTF	75,306	76,754
(iii) Portfolio management fee, Investment management fees and advisory	66,303	71,087
	270,253	231,676

Revenue disaggregation by business segment has been included in segment information (Refer note 52).

c) Contract balances

Receivables. The outstanding balance as at 31 March 2021 : INR 91,700 lakhs, 31 March 2020: INR 74,698 lakhs. (also refer note 6)

Loans and advances. The outstanding balance as at 31 March 2021 : INR 350,324 lakhs, 31 March 2020: INR 364,312 lakhs. (also refer note 7)

Margin funding. The outstanding balance as at 31 March 2021 : INR 18,311 lakhs, 31 March 2020: INR 18,887 lakhs. (also refer note 7)

Notes to Consolidated Financial Statement (Contd..)

d) Performance obligations and timing of revenue recognition

(i) Broking and other related activities:-

Income from services rendered as a broker is recognised upon rendering of the services.

Fees for subscription based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract.

Commissions from distribution of financial products are recognised upon allotment of the securities to the applicant or as the case may be, on issue of the insurance policy to the applicant.

Fees for subscription based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract, and are over the period in nature.

(ii) Interest income on loans and MTF:-

Interest income is recognised on a time proportion basis taking into account the amount outstanding from customers or on the financial instrument and the rate applicable.

Interest is earned on delayed payments from clients and amounts funded to them as well as term deposits with banks.

(iii) Portfolio management fee, Investment management fees and advisory:-

Performance obligation of fee from asset management and portfolio management services are completed as per the terms and conditions of the asset management agreement. The usual payment term for the performance obligation of the company is one to three month.

Income from advisory services is recognised upon rendering of the services.

NOTE 54 : MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

₹ in Lakhs

Particulars	As at 31 March 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	129,202	–	129,202	84,352	–	84,352
Bank balance other than cash and cash equivalents above	48,181	172,290	220,472	45,750	7,694	53,443
Receivables						
(I) Trade receivables	91,652	–	91,652	74,553	–	74,553
(II) Other receivables	48	–	48	145	–	145
Loans	41,173	410,875	452,047	56,773	351,173	407,947
Investments	64,901	327,334	392,235	117,886	190,965	308,850
Other financial assets	1,889	66,241	68,130	1,325	13,600	14,925
Non-financial assets						
Current tax assets (net)	–	3,704	3,704	–	4,043	4,043
Deferred tax assets (net)	–	7,542	7,542	–	11,896	11,896
Property, plant and equipment	–	31,593	31,593	–	30,787	30,787
Other intangible assets	–	3,440	3,440	–	2,548	2,548
Other non-financial assets	4	11,617	11,621	6,588	10,983	17,571
Total assets	377,049	1,034,637	1,411,686	387,371	623,688	1,011,060
Financial liabilities						
Derivative financial instruments						
Payables						
(I) Trade payables	302,567	–	302,567	179,798	–	179,798
Debt securities	187,820	161,904	349,724	147,219	135,107	282,326

Notes to Consolidated Financial Statement (Contd..)

₹ in Lakhs

Particulars	As at 31 March 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Borrowings (Other than debt securities)	184,183	35,377	219,560	69,699	110,656	180,355
Deposits	–	45	45	–	12	12
Other financial liabilities	52,512	1,701	54,213	35,614	1,850	37,464
Non-financial liabilities						
Current tax liabilities (net)	1,899	–	1,899	955	–	955
Provisions	17,372	300	17,672	12,103	435	12,538
Deferred tax liabilities (net)	–	12,920	12,920	–	2,699	2,699
Other non-financial liabilities	4,310	–	4,310	2,624	–	2,624
Total liabilities	750,664	212,246	962,910	448,013	250,759	698,771

NOTE 55 : FAIR VALUE MEASUREMENT

a) Financial instruments by category

₹ in Lakhs

Particulars	As at 31 March 2021			As at 31 March 2020		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Cash and cash equivalents	–	–	129,202	–	–	84,352
Bank balance other than cash and cash equivalents above	–	–	220,472	–	–	53,443
Receivables						
(I) Trade receivables	–	–	91,652	–	–	74,553
(II) Other receivables	–	–	48	–	–	145
Loans	–	–	452,047	–	–	407,947
Investments	328,110	64,120	5	279,046	29,799	5
Other financial assets	–	–	68,130	–	–	14,925
Total financial assets	328,110	64,120	961,556	279,046	29,799	635,370
Financial liabilities						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	–	–	–	–	–	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	–	–	302,567	–	–	179,798
Debt securities	–	–	349,724	–	–	282,326
Borrowings (Other than debt securities)	–	–	219,560	–	–	180,355
Deposits	–	–	45	–	–	12
Other financial liabilities	–	–	54,213	–	–	37,464
Total financial liabilities	–	–	926,109	–	–	679,955

b) I. Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Notes to Consolidated Financial Statement (Contd..)

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the Indian Accounting standard. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using unadjusted quoted prices. For example, listed equity instruments that have quoted market price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

As at 31 March 2021

Assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments at FVTPL				
– Mutual funds	197,077	–	–	197,077
– Quoted equity and preference shares	–	–	–	–
– Alternative Investment funds	–	11,058	–	11,058
– Private equity funds	–	–	67,980	67,980
– Real estate funds	–	–	20,683	20,683
– Unquoted equity and preference shares	–	–	5,863	5,863
– Unquoted Security receipts	–	–	21,617	21,617
– ‘Debentures and Bonds – Unquoted	–	–	3,832	3,832
Financial Investments at FVOCI				
– Quoted equity shares	64,120	–	–	64,120
Total financial assets	261,197	11,058	119,975	392,230

As at 31 March 2020

Assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments at FVTPL				
– Mutual funds	194,473	–	–	194,473
– Quoted equity and preference shares	–	–	–	–
– Alternative Investment funds	–	5,987	–	5,987
– Private equity funds	–	–	29,553	29,553
– Real estate funds	–	–	23,343	23,343
– Unquoted equity and preference shares	–	–	3,197	3,197
– Unquoted Security receipts	–	–	22,494	22,494
Financial Investments at FVOCI				
– Quoted equity shares	29,799	–	–	29,799
Total financial assets	224,272	5,987	78,586	308,845

II. Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include :

- Quoted equity investments - Quoted closing price on stock exchange
- Mutual fund - net asset value of the scheme

Notes to Consolidated Financial Statement (Contd..)

- Alternative investment funds - net asset value of the scheme
- Unquoted equity and preference investments - price multiples of comparable companies.
- Private equity funds - NAV of the audited financials of the funds.
- The fair values for investment in security receipt are based on the quoted market prices given by independent rating agency.
- Real estate funds - net asset value, based on the independent valuation report or financial statements of the company income approach or market approach based on the independent valuation report.

III. Fair value of financial instrument measured at amortised cost

Financial assets not measured at fair value includes cash and cash equivalents, trade receivables, loans and other financial assets. These are financial assets whose carrying amounts approximate fair value, due to their short-term nature.

Additionally, financial liabilities such as trade payables and other financial liabilities are not measured at FVTPL, whose carrying amounts approximate fair value, because of their short-term nature.

c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 March 2021 and 31 March 2020:

Particulars	Private Equity Funds	Real Estate Funds	Debentures and Bonds	Security receipts	Unquoted Shares	Total
As at 1 April 2019	31,353	19,355	–	22,494	3,000	76,203
Additions	5,412	3,215	–	–	–	8,627
Disposals	–	(973)	–	–	–	(973)
Gains/(losses) recognised in statement of profit and loss	(7,025)	1,565	–	–	197	(5,264)
As at 31 March 2020	29,740	23,163	–	22,494	3,197	78,593
Additions	37,611	7,908	3,832	6,370	–	55,720
Disposals	(16,745)	(8,530)	–	(4,120)	–	(29,394)
Gains/(losses) recognised in statement of profit and loss	17,374	(1,858)	–	(3,127)	2,666	15,054
As at 31 March 2021	67,980	20,683	3,832	21,617	5,863	119,974

d) Transfers between levels 2 and 3

There are no transfers between Level 2 and Level 3 during the year.

e) Valuation inputs and relationships to fair value

The quantitative information about the significant unobservable inputs used in level 3 fair value measurements is summarised below.

i) Sensitivity analysis

Particulars	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Fair value of instruments	119,975	78,586
Significant unobservable inputs		
Net worth of the fund at Fair value		
– increase by 1000 bps	11,998	7,859
– decrease by 1000 bps	(11,998)	(7,859)

NOTE 56: FINANCIAL RISK MANAGEMENT

The Group is exposed primarily to fluctuations in credit, liquidity and price risk which may adversely impact the fair value of its financial instrument. The Group has a risk management policy which covers risk associated with the financial assets and liabilities. The focus of the risk management is to assess the unpredictability of the financial environment and to mitigate potential adverse effect on the financial performance of the Group.

Notes to Consolidated Financial Statement (Contd..)

The Group's principal financial liabilities comprises of trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. the Group's principal financial assets include Investments, loans, receivables and cash and cash equivalents that derive directly from its operations.

A Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure.

Management of credit risk

The Board of Directors has delegated responsibility for the oversight of credit risk to the Risk Management Committee, which in turn has appointed the Interest Rate Reset Committee (IRRC) which is the Internal committee and the meeting of the said committee(IRRC) is conducted on a monthly basis, the objective of which is to determine the Retail prime lending rates (RPLR) based on Market Scenarios such as borrowing costs of the Group, repo rates by Reserve Bank of India (RBI), the Interest Rate Reset Committee recommends the Asset Liability Management Committee for the changes in the prevailing RPLR for their further approval.

The Risk Management Committee develops the credit risk management framework, policies, procedures, reviews the same on periodic basis which is further noted and approved by the Board of Directors. The Risk Management Committee also reviews delinquent accounts and makes decisions on recovery actions. Credit reviews are conducted regularly to monitor the health of the loan portfolio and to detect early signs of weaknesses and deviations.

The Risk Management Committee manages risk on a portfolio-wide basis and recommends alternative portfolio strategies, analyses results of portfolio management actions and develops portfolio limits for each portfolio segment for approval of the Board of Directors. Credit risk concentration is addressed by setting a credit portfolio mix limit and monitoring the limits on a regular basis. Credit stress tests are also conducted periodically to determine the impact of security values and other stress parameters on the loan portfolio. The Group also conducts annual valuation of delinquent accounts, to determine the actual value and marketability of the collateral which is adequately factored in Capital Adequacy Ratio. This allows the Group to assess the potential financial impact of losses arising from plausible adverse scenarios on the Group's loan portfolio.

Expected credit loss measurements

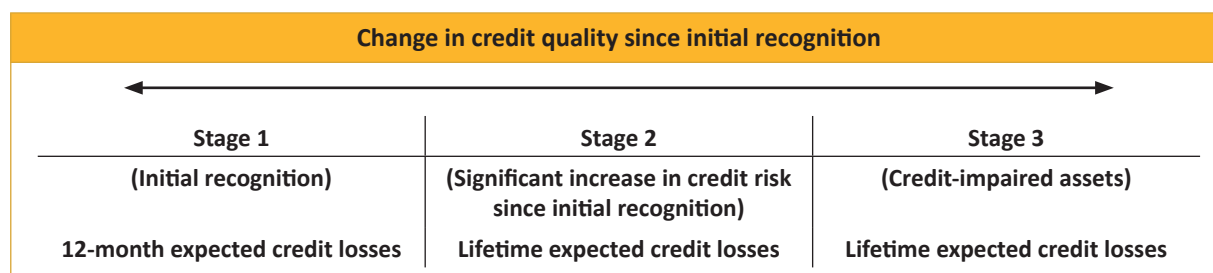
(I) Expected credit loss measurement for Loans :

Ind AS 109 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

1. A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
2. If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
3. If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

The following diagram summarises the impairment requirements under Ind AS 109 (other than purchased or originated credit-impaired financial assets):



The key judgements and assumptions adopted by the Group in addressing the requirements of the standard are discussed below:

Significant increase in credit risk (SICR)

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

a. Quantitative criteria:

When days passed dues from the borrower is more than 30 days but less than 90 days*

b. Qualitative criteria:

If the borrower meets one or more of the following criteria:

- a. In short-term forbearance
- b. Direct debit cancellation
- c. Extension to the terms granted*
- d. Previous arrears within the last [12] months

Default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

a. Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.*

b. Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- a. The borrower is in long-term forbearance
- b. The borrower is deceased
- c. The borrower is insolvent
- d. Concessions have been made by the lender relating to the borrower's financial difficulty
- e. It is becoming probable that the borrower will enter bankruptcy

The criteria above have been applied to home finance loans consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 & subsequent guidelines dated 17 April 2020 and 23 May 2020, the subsidiary company Motilal Oswal Home Finance Limited granted a moratorium of six months on payments of instalments and/ or interest falling due between 1 March 2020 and 31 August 2020 to eligible borrowers. For such accounts where the moratorium is granted, the asset /Stage-wise classification stood stand still during the moratorium period. (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification).

Measuring ECL - Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month basis (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

Notes to Consolidated Financial Statement (Contd..)

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12mECL. For stage 2, Stage 3 Financial Assets, the exposure at default is considered for events over the lifetime of the instruments.

- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each three bucket explained above and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each three buckets, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile. Estimate of an exposure at a future default date – expected changes in exposure after the reporting date, including repayment of principal and interest, and expected drawdowns on committed facilities. This is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by collateral type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed. the Group given its experience of sale of properties taken into possession we have experienced that there is 22.5 % loss incurred on the Outstanding amount (Principal + Interest). Hence the Group have taken 22.5% as LGD for computation of ECL on Stage 1 / 2 and 3 books.
- For unsecured products basically written off cases , LGD's has been maintained at 100% as loss given default as the Group don't foresee any cash flow on those assets.

Forward-looking economic variable/assumptions used are – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a quarterly basis. While estimating the expected credit losses, the Group reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Group analyses if there is any relationship between key economic trends like GDP, inflations rates set by International Monetary Fund, inflation etc. with the estimate of PD, LGD determined by the Group based on its internal data. While the internal estimates of PD, LGD rates by the Group may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

Impact of RBI Circular on subsidiary company Motilal Oswal Home Finance Limited- COVID-19 – Regulatory Package

As per Ind AS 109 - Financial Instruments, the subsidiary company Motilal Oswal Home Finance Limited has rebut the presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are due for more than 30 days, for the customers who have availed moratorium relief through the RBI circular of COVID-19 - Regulatory Package. The default period criteria of 90 days for the cases where moratorium is granted, the asset classification was kept stand still during the moratorium period.

RBI on 6 August 2020 came up with resolution plan Framework for COVID-19-related Stress, it has been decided to provide a window under the Prudential Framework to enable the lenders to implement a resolution plan in respect of eligible borrowers. Company in view of same duly implemented one time measure to offer the facility of restructuring to its eligible customers identified basis RBI circular on resolution plan & joint decision of credit, risk, collection & legal departments of the Company.

Company is of the view that the restructuring under the disruption scenario is not indicative of increase in credit risk. Accordingly, the same should ideally not be considered as a factor for considering SICR and in turn, should not result in shifting of the financial instruments from one stage to another. However, considering the requirements of RBI circular on resolution plan, Company's management has recognised provisions in terms of the requirements of the circular.

The Company has identified certain pool of assets where as per Company's internal evolution risk is higher considering their repayment history, behaviour during moratorium period, post moratorium period & valuation of its collaterals, basis this evaluation the company has decided to recognise additional provision on such pool of assets.

Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- a. Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" between 12-month and Lifetime ECL;
- b. Additional allowances for financial instruments de-recognised in the period;
- c. Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- d. Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period. The write-off of loans with a total gross carrying amount of INR 42,116 Lakhs resulted in the reduction of the Stage 3 loss allowance by the same amount.

Write-off policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Group may write-off financial assets that are still subject to enforcement activity. The Group still seeks to recover amounts it is legally receivable in full, but which have been full / partially written off due to no reasonable expectation of full recovery.

Modification of financial assets

The Group sometimes modifies the terms of home loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for a year or more. Currently there hasnt been any case.

(II) Expected credit loss measurement for Trade receivables :

The loss allowance has been measured using lifetime ECL except for financial assets on which there has been no significant increase in credit risk since initial recognition. At each reporting date, the Company assesses whether financial assets carried at amortised cost is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred since initial recognition.

A simplified approach has been considered for measuring expected credit losses (ECLs) of trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding three to five years on the total balance of trade receivables. For the purpose of computation of ECL, the term default implies an event where amount due towards margin requirement and / or mark to market losses for which the client was unable to provide funds / collaterals to bridge the shortfall, the same is termed as margin call triggered.

Notes to Consolidated Financial Statement (Contd..)

Based on the Industry practices and business environment in which the entity operates, Management considers unsecured receivables as default if the payment is overdue for more than 90 days for direct customer. For franchisee customers, Aggregate of unsecured receivables as reduced by Franchisee deposit/ future brokerages are considered as default. Management would also consider balance in client's family accounts and collaterals in form other than the securities while considering the secured position of the client. Management would also consider impairment on client balance which are unsecured and overdue for less than 90 days on case to case basis, based on their scope of recoverability. For litigation cases, management could provide enhanced provision if the probability of outflow of economic resource is higher. If there are specific cases which are overdue for more than 90 days and the management is very confident of its recovery in near future, impairment loss would not be provided for such cases based on the approval of business head for each reporting period. Probability of default (PD) on these receivables is considered at 100% and treated as credit impaired.

(II) Expected credit loss measurement for Margin Trading Facility (MTF) loan :

Loans includes Margin Trading Facility(MTF), Loans to staff and loans to subsidiaries for which staged approach is taken into consideration for determination of ECL.

Stage 1 : All positions in the MTF loan book are considered as stage 1 asset for computation of expected credit loss. For exposures where there has not been a significant increase in credit risk since initial recognition and that is not credit impaired upon origination. Margin trading facility and loans to staff are considered in stage 1 for determination of ECL.

Exposure to credit risk in stage 1 is computed considering historical probability of default, market movements and macro-economic environment.

Stage 2 : Exposures under stage 2 include dues up to 90 days pertaining to principal amount, interest and any other charges on the MTF loan book which are unsecured. While arriving at the secured position of the client, management would also consider balance in client's family accounts, securities in other segment and collaterals in form other than the securities while considering the secured position of the client. At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Company uses days past due information and other qualitative factors to assess deterioration in credit quality of a financial asset.

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

Stage 3 : Exposures under stage 3 include dues past 90 days pertaining to principal amount, interest and any other charges on MTF loan book which are unsecured.

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised.

The movement in expected credit loss- refer note 7 (Loans)

B. Liquidity risk and funding management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Notes to Consolidated Financial Statement (Contd..)

(i) Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities.

As at 31 March 2021

₹ in Lakhs

Contractual maturities of assets and liabilities	Less than 1 year	1 to 5 years	above 5 Years	Total
Financial assets				
Cash and cash equivalents	129,202	–	–	129,202
Bank balance other than cash and cash equivalents above	48,181	172,290	–	220,472
Receivables				
(I) Trade receivables	91,652	–	–	91,652
(II) Other receivables	48	–	–	48
Loans	41,173	410,875	–	452,047
Investments	64,901	327,334	–	392,235
Other financial assets	(264,746)	332,876	–	68,131
Total financial assets	110,411	1,243,376	–	1,353,787
Financial liabilities				
Payables				
(I) Trade payables	302,568	–	–	302,568
Debt securities	187,820	161,904	–	349,724
Borrowings (Other than debt securities)	184,183	35,377	–	219,560
Deposits	–	45	–	45
Other financial liabilities	52,512	1,701	–	54,213
Total financial liabilities	727,083	199,026	–	926,109

As at 31 March 2020

₹ in Lakhs

Contractual maturities of assets and liabilities	Less than 1 year	1 to 5 years	above 5 Years	Total
Financial assets				
Cash and cash equivalents	84,352	–	–	84,352
Bank balance other than cash and cash equivalents above	45,749	7,694	–	53,443
Receivables				
(I) Trade receivables	74,553	–	–	74,553
(II) Other receivables	145	–	–	145
Loans	56,774	55,237	295,936	407,947
Investments	117,885	190,965	–	308,850
Other financial assets	1,325	13,600	–	14,925
Total financial assets	380,782	267,495	295,936	944,213
Financial liabilities				
Payables				
(I) Trade payables	179,798	–	–	179,798
Debt securities	147,219	130,107	5,000	282,326
Borrowings (Other than debt securities)	69,699	102,436	8,220	180,355
Deposits	–	12	–	12
Other financial liabilities	35,614	1,850	–	37,464
Total financial liabilities	432,330	234,405	13,220	679,955

Notes to Consolidated Financial Statement (Contd..)

C Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: Foreign currency risk, interest rate risk and price risk.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

Foreign currency risk management

In respect of the foreign currency transactions, the Group does not hedge the exposures since the management believes that the same is insignificant in nature and will not have a material impact on the Group.

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings/ debt securities and loans with variable rates, which expose the Group to cash flow interest rate risk. The Group is exposed to interest rate risk as it is involved in lending business. Interest rate risk can arise from either macro events in economy or due to company's financial position. Group tries to mitigate this risk by taking all positive measures which can boost profitability and strengthens company's balance sheet. Group takes continuous efforts to reduce its cost of funds by diversifying its liability mix and deepening its relationship with lenders.

The Group's fixed rate borrowings are not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Interest rate risk exposure

Out of the total Assets and Liabilities, exposure to the interest rate risk of the Group is mainly towards borrowings/ debt securities and loan assets.

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Group's statement of profit and loss and equity.

Particulars	Impact on profit after tax	
	As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
Loans		
Interest rates – increase by 100 basis points	2,788	2,427
Interest rates – decrease by 100 basis points	(2,788)	(2,427)
Borrowings		
Interest rates – increase by 100 basis points	(1,383)	(1,415)
Interest rates – decrease by 100 basis points	1,383	1,415

Exposure of price risk

The company is exposed to price risk from its investment in mutual funds, equity shares, exchange traded funds classified in the balance sheet at fair value through profit and loss or fair value through other comprehensive income.

The Investments held by the Company are ancillary to the Investment management business objective.

The investment in long term mutual fund is for high-RoE opportunities. They also serve as highly liquid "resources" available for future investments in business, if required.

Particulars	31 March 2021 ₹ in Lakhs	31 March 2020 ₹ in Lakhs
Exposure to price risk	392,230	308,845

Notes to Consolidated Financial Statement (Contd..)

Sensitivity to price risk

The following table summarises the impact of sensitivity of NAVs / price with all other variables held constant. The below impact on the Company's profit before tax is based on changes in the NAVs / price of the investments held at FVTPL/ FVOCI at balance sheet date:

Sensitivity	31 March 2021 ₹ in Lakhs	31 March 2020 ₹ in Lakhs
Impact on profit before tax for 10% increase in NAV/price	39,223	30,885
Impact on profit before tax for 10% decrease in NAV/price	(39,223)	(30,885)

NOTE 57 : CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as going concern while maximizing the return to stakeholder through the optimization of the debt and equity balance.

For the purpose of the Group's capital management, capital includes issued capital and other equity reserves. The primary objective of the Group's capital management is to maximize shareholders value. The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The capital composition is as follows:

Particulars	31 March 2021 ₹ in Lakhs	31 March 2020 ₹ in Lakhs
Gross debt*	569,284	462,681
Less: Cash and bank balances	349,674	137,795
Net debt (A)	219,610	324,887
Total equity (B)	448,776	312,288
Gearing ratio (A / B)	48.94%	104.03%

*Debt includes debt securities as well as borrowings.

NOTE 58 : PRINCIPLES AND ASSUMPTIONS USED FOR CONSOLIDATED FINANCIAL STATEMENTS AND PROFORMA ADJUSTMENTS:

- a) The Consolidated Financial Statements have been prepared by applying the principles laid in the Indian Accounting Standard (Ind AS) - 110 "Consolidated Financial Statements" and (Ind AS) - 28 "Investments in Associates and Joint Ventures" issued by the Institute of Chartered Accountants of India for the purposes of these Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and Summary of significant accounting policies and other explanatory information to the consolidated financial statements, together referred to in as 'Consolidated Financial Statements.'

The list of subsidiaries and associates in the consolidated financial statement are as under :-

Motilal Oswal Financial Services Limited ('the Company' or 'the holding company') shareholding in the following companies as on 31 March, 2021 and 31 March, 2020 is as under:

Name of the Entities	Country of incorporation	Proportion of ownership interest	
		As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
I) Name of the Subsidiary Companies			
a) Direct Subsidiaries			
Motilal Oswal Commodities Broker Private Limited	India	100	100
MOPE Investment Advisors Private Limited	India	87.16	87.16
Motilal Oswal Investment Advisors Limited (Formerly known as Motilal Oswal Investment Advisors Private Limited)	India	100	100

Notes to Consolidated Financial Statement (Contd..)

Name of the Entities	Country of incorporation	Proportion of ownership interest	
		As at 31 March 2021 ₹ in Lakhs	As at 31 March 2020 ₹ in Lakhs
MO Alternate Investment Private Limited (formerly known as Motilal Oswal Fincap Private Limited)	India	100	100
Motilal Oswal Finvest Limited (Formerly known as Motilal Oswal Capital Markets Ltd)	India	100	100
Motilal Oswal Wealth Management Limited	India	100	100
Motilal Oswal Asset Management Company Limited	India	98.64	98.64
Motilal Oswal Trustee Company Limited	India	100	100
Motilal Oswal Securities International Private Limited	India	100	100
Motilal Oswal Capital Markets (Singapore) Pte. Limited.	Singapore	100	100
Motilal Oswal Capital Markets (Hong Kong) Private Limited	Hong Kong	100	100
Motilal Oswal Home Finance Limited (formerly known as Aspire Home Finance Corporation Ltd)	India	97.87	97.94
Motilal Oswal Finsec IFSC Limited	India	100	100
Glide Tech Investment Advisory Private Limited	India	100	100
TM Investment Technologies Pvt. Ltd	India	63.83	–
b) Step down Subsidiaries			
Motilal Oswal Real Estate Investment Advisors Private Limited	India	87.16	87.16
Motilal Oswal Real Estate Investment Advisors II Private Limited	India	78.44	78.44
India Business Excellence Management Company	Mauritius	87.16	87.16
Motilal Oswal Asset Management (Mauritius) Limited	Mauritius	98.64	98.64
Motilal Oswal Capital Limited	India	98.64	98.64
II) Associate Enterprise			
India Reality Excellence Fund II LLP	India	20.44	20.44
III) Joint venture			
India Business Excellence Fund III (Till September 29, 2020)	India	–	12.97

NOTE 59 : Additional Disclosure pertaining to Subsidiaries/Associate as per division III of Companies Act, 2013

Name of the entity	Net Assets (i.e. Total Assets - Total Liabilities)		Share in Profit & (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated Net Assets	Amount ₹ in Lakhs	As % of Consolidated Profit / (Loss)	Amount ₹ in Lakhs	As % of Consolidated OCI	Amount ₹ in Lakhs	As % of Total Consolidated Income	Amount ₹ in Lakhs
Parent								
Motilal Oswal Financial Services Limited	79.68%	353,139	56.56%	71,239	83.58%	24,398	61.65%	95,636
Subsidiaries								
Indian								
Motilal Oswal Commodities Broker Private Limited	0.20%	884	-0.01%	(7)	0.00%	–	0.00%	(7)
Motilal Oswal Investment Advisors Limited (Formerly known as Motilal Oswal Investment Advisors Private Ltd.)	2.15%	9,524	-0.41%	(517)	-0.02%	(5)	-0.34%	(522)
MOPE Investment Advisors Private Ltd.	2.24%	9,946	3.16%	3,981	0.00%	1	2.57%	3,982

Notes to Consolidated Financial Statement (Contd..)

Name of the entity	Net Assets (i.e. Total Assets - Total Liabilities)		Share in Profit & (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated Net Assets	Amount ₹ in Lakhs	As % of Consolidated Profit / (Loss)	Amount ₹ in Lakhs	As % of Consolidated OCI	Amount ₹ in Lakhs	As % of Total Consolidated Income	Amount ₹ in Lakhs
Motilal Oswal Finvest Limited (Formerly known as Motilal Oswal Capital Markets Ltd)	16.36%	72,492	2.62%	3,296	16.02%	4,675	5.14%	7,971
Motilal Oswal Wealth Management Limited	2.27%	10,045	3.26%	4,108	0.13%	38	2.67%	4,145
MO Alternate Investment Private Limited (formerly known as Motilal Oswal Fincap Private Limited)	0.07%	289	0.08%	107	0.00%	–	0.07%	107
Motilal Oswal Asset Management Company Limited	17.05%	75,589	32.55%	41,001	0.15%	45	26.46%	41,046
Motilal Oswal Trustee Company Limited	0.01%	51	0.02%	20	0.00%	–	0.01%	20
Motilal Oswal Securities International Private Limited	0.11%	473	0.01%	11	0.00%	–	0.01%	12
Motilal Oswal Real Estate Investment Advisors Private Limited	0.00%	14	0.00%	4	0.00%	–	0.00%	4
Motilal Oswal Real Estate Investment Advisors II Private Limited	0.91%	4,032	1.28%	1,617	0.02%	6	1.05%	1,623
Motilal Oswal Home Finance Limited (formerly known as Aspire Home Finance Corporation Limited)	20.52%	90,954	3.19%	4,023	0.14%	41	2.62%	4,064
Motilal Oswal Capital Limited	0.18%	814	0.01%	8	0.00%	–	0.01%	8
Glide Tech Investment Advisory Private Limited	0.03%	130	-0.16%	(206)	-0.01%	(3)	-0.13%	(209)
Motilal Oswal Finsec IFSC Limited	0.29%	1,305	0.08%	98	0.00%	(1)	0.06%	97
TM Investment Technologies Pvt. Ltd.	0.16%	726	-0.14%	(172)	-0.01%	(2)	-0.11%	(174)
Foreign								
Motilal Oswal Capital Markets (Honkong) Private Limited	0.02%	103	-0.03%	(40)	0.00%	–	-0.03%	(40)
Motilal Oswal Capital Markets (Singapore) Pte. Limited	0.32%	1,413	0.03%	33	0.00%	–	0.02%	33
India Business Excellence Management Company	0.36%	1,606	0.69%	869	0.00%	–	0.56%	869
Motilal Oswal Asset Management (Mauritius) Pvt. Ltd.	0.09%	390	0.08%	107	0.00%	–	0.07%	107
Total	143.02%	633,919	102.87%	129,579	100.00%	29,192	102.36%	158,771
Associates & Joint Venture								
Indian								
India Reality Excellence Fund II LLP	0.69%	3,077	-0.76%	(955)	0.00%	–	-0.62%	(955)
India Business Excellence Fund III (up to 29 September 2020)	10.58%	46,900	5.66%	7,132	0.00%	–	4.60%	7,132
Total	11.28%	49,977	4.90%	6,177	0.00%	–	3.98%	6,177
Eliminations Adjusted	-53.05%	(235,119)	-6.67%	(8,406)	0.00%	–	-5.42%	(8,403)
Net Total	101.25%	448,777	101.11%	127,350	100.01%	29,192	100.92%	156,545
Minority Interest in all Subsidiaries	-1.24%	(5,560)	-1.11%	(1,404)	-0.01%	(3)	-0.90%	(1,407)
Grand Total	100%	443,217	100%	125,946	100%	29,189	100%	155,138

Notes to Consolidated Financial Statement (Contd..)

NOTE 60: NEGATIVE PRICE SETTLEMENT OF FUTURES APRIL WEST TEXAS INTERMEDIATE (WTI) CONTRACT

Exceptional item comprises of bad debts of ₹ 8,810 Lakhs on account of outstanding dues as at 31 March 2021 from clients towards settlement obligation. MCX vide its circular dated 21 April 2020, has considered the negative price for settlement of futures contract on expiry. Thus the customers who entered on the buy side of the contract had to settle for negative price on expiry. While entering into the contract, the customers were required to pay only the margin as was required by the exchange including mark to market losses. Since MCX has effected the settlement of such contract upon expiry at negative price, the client's account was debited with above amount as settlement obligation on account of negative price settlement in respect of its outstanding Contract. Since the client has defaulted to honour the settlement obligation required by MCX, Company has paid the said amount to MCX on behalf of its clients. For recovering the said amount from client, Company has filed an arbitration claim for recovery of outstanding dues, against the clients and simultaneously company has also filed the writ petition in Bombay high Court to challenge the said MCX circular for negative price settlement.

NOTE 61 :

Amounts below 0.50 lakhs are rounded off and shown as "0".

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

Murad D. Daruwalla

Partner

Membership No: 043334

Place : Mumbai

Date : 29 April 2021

For and on behalf of the Board of Directors

Motilal Oswal Financial Services Limited

Motilal Oswal

Managing Director and Chief Executive Officer

DIN : 00024503

Shalibhadra Shah

Chief Financial Officer

Place : Mumbai

Date : 29 April 2021

Navin Agarwal

Director

DIN : 00024561

Kailash Purohit

Company Secretary

Financial Highlights of Subsidiary

FINANCIAL HIGHLIGHTS OF SUBSIDIARY FOR YEAR ENDED 31 MARCH 2021

FORM AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

₹ in Lakhs

1	Sl. No.	1	2	3	4
2	Name of the subsidiary	Motilal Oswal Investment Advisors Limited (Formerly known as Motilal Oswal Investment Advisors Private Limited) (MOIAL)	MOPE Investment Advisors Private Limited (MOPE)	Motilal Oswal Commodities Broker Private Limited (MOCBPL)	MO Alternate Investment Private Limited (formerly known as Motilal Oswal Fincap Private Limited) (MOFPL)
3	The date since when subsidiary was acquired	16/06/2006	13/04/2006	06/04/2006	04/09/2009
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	The reporting period of all the subsidiaries is similar as of holding company			
5	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA	NA	NA
6	Share capital	100	6	41	300
7	Reserves & surplus	9,424	9,940	843	(11)
8	Total assets	11,242	13,011	26,430	293
9	Total Liabilities	1,718	3,065	25,545	4
10	Investments	10,451	7,018	–	170
11	Turnover	1,008	8,538	1	89
12	Profit before taxation	(785)	4,830	(7)	81
13	Provision for taxation	(268)	849	(0)	(26)
14	Profit after taxation	(517)	3,981	(7)	107
15	Other Comprehensive Income	(5)	1	–	–
16	Total Comprehensive Income	(522)	3,982	(7)	107
17	Proposed dividend	–	–	–	–
18	% of shareholding	100	87.16	100	100

Financial Highlights of Subsidiary (Contd..)

₹ in Lakhs

1	Sl. No.	5	6	7	8
2	Name of the subsidiary	Motilal Oswal Finvest Limited (Formerly known as Motilal Oswal Capital Markets Ltd) (MOFL)	Motilal Oswal Asset Management Company Limited (MOAMC)	Motilal Oswal Trustee Company Limited (MOTC)	Motilal Oswal Capital Limited (MOCL)
3	The date since when subsidiary was acquired	18/12/2007	14/11/2008	14/11/2008	19/09/2016***
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	The reporting period of all the subsidiaries is similar as of holding company			
5	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA	NA	NA
6	Share capital	5,893	6,774	10	800
7	Reserves & surplus	66,599	68,815	41	14
8	Total assets	150,623	91,324	53	826
9	Total Liabilities	78,132	15,735	2	11
10	Investments	80,783	73,326	45	251
11	Turnover	10,491	80,950	38	86
12	Profit before taxation	3,531	48,435	23	11
13	Provision for taxation	235	7,434	2	3
14	Profit after taxation	3,296	41,001	20	8
15	Other Comprehensive Income	4,675	45	–	–
16	Total Comprehensive Income	7,971	41,046	20	8
17	Proposed dividend	–	–	–	–
18	% of shareholding	100	98.64	100	98.64

₹ in Lakhs

1	Sl. No.	9	10	11	12
2	Name of the subsidiary	Glide Tech Investment Advisory Private Limited (GTIAPL)	TM Investment Technologies Pvt. Ltd. (TMITPL)	Motilal Oswal Wealth Management Limited (MOWML)	Motilal Oswal Securities International Private Limited (MOSIPL)
3	The date since when subsidiary was acquired	25/11/2019	24/07/2020	29/09/2008	27/06/2011
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	The reporting period of all the subsidiaries is similar as of holding company			
5	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA	NA	NA
6	Share capital	400	900	8	457

Financial Highlights of Subsidiary (Contd..)

₹ in Lakhs

1	Sl. No.	9	10	11	12
2	Name of the subsidiary	Glide Tech Investment Advisory Private Limited (GTIAPL)	TM Investment Technologies Pvt. Ltd. (TMITPL)	Motilal Oswal Wealth Management Limited (MOWML)	Motilal Oswal Securities International Private Limited (MOSIPL)
7	Reserves & surplus	(270)	(174)	10,037	16
8	Total assets	174	772	12,611	480
9	Total Liabilities	43	46	2,566	7
10	Investments	–	–	8,897	
11	Turnover	–	4	14,226	95
12	Profit before taxation	(249)	(172)	5,228	14
13	Provision for taxation	(43)	–	1,121	3
14	Profit after taxation	(206)	(172)	4,108	11
15	Other Comprehensive Income	(3)	(2)	38	0
16	Total Comprehensive Income	(209)	(174)	4,145	12
17	Proposed dividend	–	–	–	–
18	% of shareholding	100	63.83	100	100

₹ in Lakhs

1	Sl. No.	13	14	15	16
2	Name of the subsidiary	Motilal Oswal Capital Markets (Hong Kong) Private Limited (MOCMPL(HK))	Motilal Oswal Capital Markets (Singapore) Pte. Limited (MOCMSPL)	Motilal Oswal Home Finance Limited (formerly known as Aspire Home Finance Corporation Ltd (MOHFL))	Motilal Oswal Real Estate Investment Advisors Private Limited (MORE)
3	The date since when subsidiary was acquired	30/09/2011	30/09/2011	01/10/2013	13/09/2013*
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	The reporting period of all the subsidiaries is similar as of holding company			
5	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	1 HKD = ₹ 9.558	1 SGD = ₹ 54.247	NA	NA
6	Share capital	412	1,041	60,178	100
7	Reserves & surplus	(309)	372	30,775	(86)
8	Total assets	60	1,559	389,758	15
9	Total Liabilities	(42)	146	298,805	2
10	Investments	–	–	–	14
11	Turnover	59	263	54,552	5
12	Profit before taxation	(40)	34	9,045	4
13	Provision for taxation	–	1	5,022	0
14	Profit after taxation	(40)	33	4,023	4
15	Other Comprehensive Income	–	–	41	–

Financial Highlights of Subsidiary (Contd..)

₹ in Lakhs

1	Sl. No.	13	14	15	16
2	Name of the subsidiary	Motilal Oswal Capital Markets (Hong Kong) Private Limited (MOCMPL(HK))	Motilal Oswal Capital Markets (Singapore) Pte. Limited (MOCMSPL)	Motilal Oswal Home Finance Limited (formerly known as Aspire Home Finance Corporation Ltd (MOHFL))	Motilal Oswal Real Estate Investment Advisors Private Limited (MORE)
16	Total Comprehensive Income	(40)	33	4,064	4
17	Proposed dividend	–	–	–	–
18	% of shareholding	100	100	97.87	87.16

₹ in Lakhs

1	Sl. No.	17	18	19	20
2	Name of the subsidiary	Motilal Oswal Real Estate Investment Advisors II Private Limited (MORE II)	Motilal Oswal Asset Management (Mauritius) Private Limited (MOAMC (Mauritius))	India Business Excellence Management Company (IBEMC)	Motilal Oswal Finsec IFSC Limited (MOFIL)
3	The date since when subsidiary was acquired	07/03/2014**	08/01/2015***	21/03/2014*	07/05/2018
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	The reporting period of all the subsidiaries is similar as of holding company			
5	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	1 USD = ₹ 73.297	1 USD = ₹ 73.297	NA
6	Share capital	1	479	18	1,200
7	Reserves & surplus	4,031	(90)	1,588	105
8	Total assets	5,138	499	1,615	1,330
9	Total Liabilities	1,106	110	8	24
10	Investments	2,819	0	1	–
11	Turnover	4,652	422	1,708	166
12	Profit before taxation	2,098	107	891	100
13	Provision for taxation	481	–	22	2
14	Profit after taxation	1,617	107	869	98
15	Other Comprehensive Income	6	–	–	(1)
16	Total Comprehensive Income	1,623	107	869	97
17	Proposed dividend	–	–	–	–
18	% of shareholding	78.44	98.64	87.16	100

* through MOPE; ** through MORE; *** through MOAMC

Notes:-

- There are no subsidiaries which were liquidated or sold off during the year under review.
- Share application money is not included in total liability as well as share capital.
- Turnover includes other income.
- Percentage of shareholding is Effective Shareholding.

Financial Highlights of Subsidiary (Contd..)

Part "B": Associates and Joint Ventures *

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to associate companies and joint ventures

Name of Associates/ Joint Ventures	Latest audited Balance Sheet Date	Shares of Associate/Joint Ventures held by the Company on the year end		Description of how there is significant influence	Reason why the associate/joint venture is not consolidated	Networth attributable to Shareholding as per latest audited Balance Sheet	Profit / Loss for the year	
		No.	Amount of Investment in Associates/Joint Venture				i. Considered in Consolidation	i. Not Considered in Consolidation
NOT APPLICABLE								

* Disclosure is given only in case of associate/Joint venture company and not in case of other enterprises. The Group consolidates IREF II LLP as an associates and IBEF III (upto 29th September 2020) as a joint venture following equity accounting.

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EQUITY EXPERTS
FOR OVER
30
YEARS

MOTILAL OSWAL

MOTILAL OSWAL FINANCIAL SERVICES LTD.

Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot, Prabhadevi, Mumbai-400025

www.motilaloswalgroup.com



MOTILAL OSWAL FINANCIAL SERVICES LIMITED

CIN: L67190MH2005PLC153397

Registered Office: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025, Maharashtra, India

E-mail: shareholders@motilaloswal.com | Website: www.motilaloswalgroup.com

Tel: +91 22 7193 4200/+91 22 7193 4263 | Fax: +91 22 5036 2365

NOTICE OF THE SIXTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Sixteenth Annual General Meeting (“AGM”) of the Members of Motilal Oswal Financial Services Limited (“the Company”) will be held on **Monday, August 09, 2021 at 4.00 p.m.** through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the below businesses. The venue of the Meeting shall be deemed to be the Registered Office of the Company at Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai – 400 025.

ORDINARY BUSINESSES:

1. To consider and adopt the Audited Standalone Financial Statement of the Company together with the Report of the Board of Directors and the Auditors thereon for the financial year ended March 31, 2021.
2. To consider and adopt the Audited Consolidated Financial Statement of the Company together with the Report of the Auditors thereon for the financial year ended March 31, 2021.
3. To declare a final dividend of ₹ 5/- per equity share of face value of ₹ 1/- each and to confirm the interim dividend paid @ ₹ 5/- equity share of face value of ₹ 1/- each to its equity shareholders for the financial year ended March 31, 2021.
4. To appoint a Director in place of Mr. Ajay Menon (DIN: 00024589), who retires by rotation, and being eligible, offers himself for re-appointment.

The Members are requested to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:-

RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Ajay Menon (DIN: 00024589), who retires by rotation, be and is hereby re-appointed as a director liable to retire by rotation.

SPECIAL BUSINESSES:

ITEM NO. 5

To re-appoint Mr. Motilal Oswal as Managing Director and Chief Executive Officer of the Company

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 160, 196, 197, 198 and all other applicable provisions of the Companies Act, 2013 (“the Act”) and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V to the said Act (including any statutory modification(s) or re-enactment thereof for the time being in force), the relevant provisions of the Articles of Association of the Company and pursuant to the recommendation made by the Nomination and Remuneration Committee and approval of the Board of Directors, consent of the Members of the Company be and is hereby accorded to re-appoint Mr. Motilal Oswal (DIN: 00024503) as Managing Director and Chief Executive Officer of the Company under the Act for a term of 5 years i.e. w.e.f. January 18, 2021 to January 17, 2026, being liable to retire by rotation, on the following terms and conditions including remuneration as mentioned herein below:-

A. BASIC SALARY:

₹ 2,40,00,000/- (Rupees Two Crores and Forty Lakhs) per annum

B. ALLOWANCES:

Allowances in accordance with the policies of the Company.

C. VARIABLE REMUNERATION:

Variable remuneration by way of incentive / bonus / performance linked incentive payable to Managing Director & Chief Executive Officer, as may be determined by the Board and / or the Nomination and Remuneration Committee within the overall permissible limits as prescribed under the provisions of the Act or rules made thereunder or any other applicable laws (as amended from time to time).

D. PERQUISITES:

- The Managing Director & Chief Executive Officer may be entitled to free accommodation (Company Owned or leased / rented).
- The Managing Director & Chief Executive Officer may be entitled to club membership, telephone and other communication facilities at residence, medical & life insurance, Chauffeur, any other benefits applicable to the employees, etc., in accordance with the policies of the Company.
- The Managing Director & Chief Executive Officer shall be entitled to a Company car (owned / leased or hired) in accordance with the policies of the Company.
- The Managing Director & Chief Executive Officer shall be entitled to Company's contribution to Provident Fund, benefits of Gratuity, adjustment of earned leave at the end of the tenure.
- The Contribution to National Pension Scheme in accordance with the policies of the Company.

E. Increment in salary, perquisites and allowances and remuneration based on net profits as may be determined by the Board and / or the Nomination and Remuneration Committee of the Board within the overall permissible limits as prescribed under the provisions of the Act or rules made thereunder or any other applicable laws (as amended from time to time).

RESOLVED FURTHER THAT the remuneration payable to Mr. Oswal, shall not exceed the overall ceiling of the total managerial remuneration as provided under section 197 of the Act or such other limits as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) in the event of no profit or inadequate profit may alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. Oswal, subject to the same not exceeding the limits specified under Schedule V of the Act.

RESOLVED FURTHER THAT notwithstanding anything herein, where in any financial year during the tenure of the Managing Director & Chief Executive Officer, the Company has no profits or its profits are inadequate, the Company may subject to receipt of the requisite approvals, if any, pay to the Managing Director & Chief Executive Officer the above remuneration as the minimum remuneration by way of salary, perquisites, performance pay, other allowances and benefits as aforesaid.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board (including any Committee thereof) be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard."

ITEM NO. 6

To appoint Mr. Rajat Rajgarhia (DIN: 07682114) as Whole-time Director of the Company

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 160, 196, 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors), Rules, 2014 read with Schedule V to the said Act (including any statutory modification(s) or re-enactment thereof for the time being in force), the relevant provisions of the Articles of Associations of the Company and pursuant to the recommendation made by the Nomination and Remuneration Committee and approval of the Board of Directors, Mr. Rajat Rajgarhia (DIN: 07682114) who was appointed as an Additional Director of the Company with effect from July 31, 2020 and who holds office up to the date of Sixteenth Annual General Meeting, be and is hereby appointed as Director of the Company w.e.f. July 31, 2020 and as Whole-time Director of the Company for a term of 5 years i.e. from July 31, 2020 to July 30, 2025, being liable to retire by rotation, on the following terms and conditions including remuneration as mentioned herein below:

A. BASIC SALARY:

₹ 72,00,000/- (Rupees Seventy Two Lakhs Only) per annum.

B. ALLOWANCES:

- **House Rent Allowance:** ₹ 36,00,000/- (Rupees Thirty Six Lakhs Only) per annum.
- **Supplementary Allowance:** ₹ 66,96,000/- (Rupees Sixty Six Lakhs Ninety Six Thousand Only) per annum.
- **Leave Travel Allowance:** ₹ 60,000/- (Rupees Sixty Thousand Only) per annum.
- **Other Allowance:** Other allowance in accordance with the policies of the Company.

C. VARIABLE REMUNERATION:

Variable remuneration by way of incentive / bonus / performance linked incentive payable to Whole-time Director, as may be determined by the Board and/or the Nomination and Remuneration Committee within the overall permissible limits as prescribed under the provisions of the Companies Act, 2013 or rules made thereunder or any other applicable laws (as amended from time to time).

D. PERQUISITES:

- The Whole-time Director may be entitled to free accommodation (Company Owned or leased / rented).
 - The Whole-time Director may be entitled to club membership, telephone and other communication facilities at residence, medical & life insurance, Chauffeur, any other benefits applicable to the employees, etc., in accordance with the policies of the Company.
 - The Whole-time Director shall be entitled to a Company car (owned / leased or hire) in accordance with the policies of the Company.
 - The Whole-time Director shall be entitled to Company's contribution to Provident Fund, benefits of Gratuity, adjustment of earned leave at the end of the tenure.
 - The Contribution to National Pension Scheme in accordance with the policies of the Company.
- E. It is clarified that employee stock options granted / to be granted to Whole-time Director, from time to time, shall not be considered as a part of perquisites and that the perquisite value of stock options exercised shall form part of the remuneration.
- F. Increment in salary, perquisites and allowances and remuneration based on net profits as may be determined by the Board and / or the Nomination and Remuneration Committee within the overall permissible limits as prescribed under the provisions of the Act or rules made thereunder or any other applicable laws (as amended from time to time).

RESOLVED FURTHER THAT the remuneration payable to Mr. Rajgarhia, shall not exceed the overall ceiling of the total managerial remuneration as provided under section 197 of the Act or such other limits as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) in the event of no profit or inadequate profit may alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. Rajgarhia, subject to the same not exceeding the limits specified under Schedule V of the Act.

RESOLVED FURTHER THAT notwithstanding anything herein, where in any financial year during the tenure of the Whole-time Director, the Company has no profits or its profits are inadequate, the Company may subject to receipt of the requisite approvals, if any, pay to the Whole-time Director the above remuneration as the minimum remuneration by way of salary, perquisites, performance pay, other allowances and benefits as aforesaid.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board (including any Committee thereof) be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard."

ITEM NO. 7

To appoint Mr. Chandrashekhar Karnik (DIN: 00003874) as an Independent Director of the Company

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 149, 152, 160, 161 and any other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the said Act (including any statutory modification(s) or re-enactment thereof for the time being in force), the relevant provisions of the Articles of Association of the Company and pursuant to the recommendation made by the Nomination and Remuneration Committee and approval of the Board of Directors, Mr. Chandrashekhar Karnik (DIN: 00003874), being appointed as an Additional Independent

Director of the Company with effect from September 16, 2020 and who holds office up to the date of Sixteenth Annual General Meeting of the Company, be and is hereby appointed as an Independent Director of the Company for a term of 3 years i.e. from September 16, 2020 to September 15, 2023.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board (including any Committee thereof) be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard.”

ITEM NO. 8

To appoint Mrs. Swanubhuti Jain (DIN: 09006117) as an Independent Director of the Company

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 149, 152, 160, 161 and any other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the said Act (including any statutory modification(s) or re-enactment thereof for the time being in force), the relevant provisions of the Articles of Association of the Company and pursuant to the recommendation made by the Nomination and Remuneration Committee and approval of the Board of Directors, Mrs. Swanubhuti Jain (DIN: 09006117), being appointed as an Additional Independent Director of the Company with effect from December 24, 2020 and who holds office up to the date of Sixteenth Annual General Meeting of the Company, be and is hereby appointed as an Independent Director of the Company for a term of 3 years i.e. from December 24, 2020 to December 23, 2023.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board (including any Committee thereof) be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard.”

ITEM NO. 9

To approve Motilal Oswal Financial Services Limited - Employee Stock Option Scheme – IX for Issuance of Stock Options to the employees of the Company

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:-

“**RESOLVED THAT** in accordance with the provisions contained in the Articles of Association of the Company, Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the “Act”) read with the Companies (Share Capital and Debenture) Rules, 2014 and all other applicable provisions including but not limited to the provisions contained in the SEBI (Share Based Employee Benefits) Regulations, 2014 (the “ESOP Regulations”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”), including any statutory modification(s) or re-enactment(s) thereof and subject to such approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee constituted by the Board to exercise its powers, including the powers, conferred by this resolution), consent of the Members of the Company be and is hereby accorded to the Board to create, offer, grant, issue, allot, lapse and cancel, from time to time, 30,00,000 (Thirty Lakhs) Employee Stock Options under the Motilal Oswal Financial Services Limited – Employee Stock Option Scheme - IX (“ESOS-IX”), under direct route, convertible into equivalent number of equity shares of the Company in one or more tranches at such price and on such terms and conditions as may be fixed or determined by the Board in accordance with the prevailing law, to or for the benefit of such:-

- a. Employees, who are in permanent employment of the Company.
- b. Directors of the Company, whether whole time or otherwise.
- c. Other persons as may from time to time be allowed to be eligible for the benefits of ESOS - IX under applicable laws and regulations prevailing from time to time but excluding the persons not eligible to participate as per the Act and the ESOP Regulations.

RESOLVED FURTHER THAT the consent of the Members of the Company be and is hereby accorded to the Board to grant such number of stock options which could give rise to issue of such number of Equity Shares of the Company of the face value of ₹ 1 each, in one or more tranches, for the purpose of making a fair and reasonable adjustment to the Stock Options, shares arising there from and / or to the Exercise Price in accordance with the provisions of the ESOS - IX, in the event of any corporate action(s) such as rights issue, bonus issues, merger and sale of division or other re-organisation of capital structure of the Company etc.

Notice (Contd..)

RESOLVED FURTHER THAT the Board be and is hereby authorised to create, issue and allot equity shares upon exercise of Stock Options from time to time in accordance with ESOS - IX and such equity shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the Equity Shares allotted under ESOS - IX on the Stock Exchanges where the shares of the Company are listed in accordance with the applicable provisions of the Listing Regulations, the ESOP Regulations and other applicable Laws and Regulations.

RESOLVED FURTHER THAT subject to and in accordance with the provisions of law, as may be applicable from time to time, the Board be and is hereby authorised on behalf of the Company to make any modifications, changes, variations, alterations or revisions in the ESOS - IX from time to time or to suspend, withdraw or revive the ESOS - IX from time to time and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the shareholders of the Company."

ITEM NO. 10

To approve the extension of benefits of Motilal Oswal Financial Services Limited - Employee Stock Option Scheme – IX and Issuance of Stock Options to the employees of present / future subsidiary companies / holding Company of the Company

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:-

"**RESOLVED THAT** in accordance with the provisions contained in the Articles of Association of the Company, Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the "Act") read with the Companies (Share Capital and Debenture) Rules, 2014 and all other applicable provisions including but not limited to the provisions contained in the SEBI (Share Based Employee Benefits) Regulations, 2014 (the "ESOP Regulations"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), including any statutory modification(s) or re-enactment(s) thereof and subject to such approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee constituted by the Board to exercise its powers, including the powers, conferred by this resolution), consent of the Members of the Company be and is hereby accorded to extend the benefits and coverage of 30,00,000 (Thirty Lakhs) Employee Stock Options under Motilal Oswal Financial Services Limited - Employee Stock Option Scheme - IX ("ESOS - IX") referred to in the Resolution under Item No. 9 of this Notice, under direct route, to or for the benefit of following persons, in the manner mentioned in the said Resolution No. 9 of this Notice, as may be decided by the Board in accordance with the SEBI Guidelines or other provisions of the law as may be prevailing at that time:-

- a. Employees, who are in permanent employment of the present and future subsidiary companies / holding company of the Company.
- b. Director of the present and future subsidiary companies / holding company of the Company, whether whole time or otherwise.
- c. Other persons as may from time to time be allowed to be eligible for the benefits of 'ESOS - IX' under applicable laws and regulations prevailing from time to time but excluding the persons not eligible to participate as per the Act and the ESOP Regulations.

RESOLVED FURTHER THAT subject to and in accordance with the provisions of law, as may be applicable from time to time, the Board be and is hereby authorised on behalf of the Company to make any modifications, changes, variations, alterations or revisions in the ESOS - IX from time to time or to suspend, withdraw or revive the ESOS - IX from time to time and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the shareholders of the Company."

By Order of the Board
Motilal Oswal Financial Services Limited

Sd/-
Kailash Purohit
Company Secretary & Compliance Officer
(ACS: 28740)

Date: July 17, 2021
Place: Mumbai

Notice (Contd..)

Notes:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") vide its circular dated April 8, 2020, April 13, 2020, May 05, 2020, January 13, 2021 and such related circulars issued from time to time (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide circular dated May 12, 2020 and January 15, 2021 (collectively referred to as "SEBI Circulars") permitted the holding of the Annual General Meeting ("the AGM") through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members (also referred as "Shareholders") at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), MCA Circulars and SEBI Circular (amended from time to time), the AGM of the Company is being held through VC / OAVM and Members can attend and participate in the ensuing AGM through VC/OAVM.

For this purpose, necessary arrangements have been made by the Company with **Central Depository Services (India) Limited ("CDSL")** and instructions for the process to be followed for attending and participating in the ensuing AGM through VC/OAVM is forming part of this Notice.

2. The Explanatory Statement as required under Section 102 of the Act relating to the Special Businesses to be transacted at the AGM is annexed hereto. Further, the explanatory statement relating to Ordinary Business in Item No. 4 to be transacted at the AGM is also annexed hereto.
3. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the Listing Regulations and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020, the Company is providing facility of Remote e-voting (e-voting from a place other than venue of the Meeting) and E-voting during AGM, to its Members in respect of the businesses to be transacted at the AGM.

For this purpose, necessary arrangements have been made by the Company with CDSL to facilitate Remote e-voting and E-voting during AGM. The instructions for the process to be followed for Remote e-voting and E-voting during AGM is forming part of this Notice.

4. Pursuant to Section 105 of the Act and Rule 19 of the Companies (Management and Administration) Rules, 2014 (as amended from time to time), a member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote, instead of himself/herself and the proxy need not be a Member of the Company. However, pursuant to MCA Circulars and SEBI Circular, since the AGM will be held through VC/OAVM, the physical attendance of Members in any case has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form is not annexed to this Notice.
5. Pursuant to Section 113 of the Act, representatives of Corporate Members may be appointed for the purpose of voting through Remote e-voting or for participation and voting in the AGM to be conducted through VC / OAVM. Corporate Members intending to attend the AGM through their authorised representatives are requested to send a Certified True Copy of the Board Resolution and Power of Attorney, (PDF / JPG Format), authorizing its representative to attend and vote on their behalf at the AGM. The said Resolution/Authorisation shall be sent to the Company by e-mail through its registered e-mail address at shareholders@motilaloswal.com with a copy marked to helpdesk.evoting@cdslindia.com.
6. In compliance with the aforesaid MCA and SEBI Circulars, this Notice of the AGM along with the Annual Report for FY 2020-21 is being sent only through electronic mode to those Members whose name appear in the Register of Members/Beneficial Owners maintained by the Depositories as on benpos date i.e. Friday, July 9, 2021 and whose email addresses are registered with the Company / Depositories. Members may note that the Notice and Annual Report for FY 2020-21 will also be available on website of the Company, i.e. www.motilaloswalgroup.com, website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of the CDSL at www.evotingindia.com.
7. Process for registration of email id for obtaining Annual Report in electronic mode and User ID / password for e-voting is annexed to this Notice.
8. The Relevant documents referred to in the accompanying Notice and the Explanatory Statement, Registers and all other documents will be available for inspection in electronic mode. Members can inspect the same up to the date of AGM, by sending an e-mail to the Company at shareholders@motilaloswal.com.
9. The Company has appointed Mr. Umashankar K. Hegde, Practicing Company Secretary, as the Scrutinizer for scrutinizing the e-voting process to ensure that the process is carried out in a fair and transparent manner.
10. Interim dividend for the financial year ended March 31, 2021 @ ₹ 5.00/- per Equity Share of face value of ₹ 1/- each was paid by February 25, 2021.

Notice (Contd..)

11. The Member whose name appears on the Register of Members / Beneficial Owners maintained by the Depositories as on cut-off date i.e. Tuesday, August 3, 2021 will only be considered for the purpose of e-voting.
12. Voting rights shall be reckoned on the paid-up value of shares registered in the name of Members / Beneficial Owners maintained by the Depositories as on the cut-off date i.e. Tuesday, August 3, 2021.
13. The Remote e-voting period commences on Friday, August 6, 2021 at 9.30 a.m. and ends on Sunday, August 8, 2021 at 5.00 p.m. During this period, shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Tuesday, August 3, 2021 may cast their vote electronically. The Remote e-voting module shall be disabled by CDSL for voting thereafter.
14. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
15. The Members attending the AGM should note that those who are entitled to vote but have not exercised their right to vote by Remote e-voting, may vote during the AGM through E-voting for all businesses specified in the accompanying Notice. The Members who have exercised their right to vote by Remote e-voting may attend the AGM but shall not vote at the AGM.
16. A person who is not a Member as on the cut-off date i.e. Tuesday, August 3, 2021 should treat this Notice for information purpose only. However, the Members who are holding shares in physical form or who have not registered their e-mail address with the Company / Depositories or any person who acquires shares of the Company and becomes a Member of the Company after the Notice has been sent electronically by the Company, and holds shares as of the cut-off date, i.e. Tuesday, August 03, 2021, may obtain the User ID and password by following the instructions as mentioned in the Notice of the AGM.
17. Members can avail the facility of nomination in respect of the Equity Shares held by them in physical form pursuant to the provisions of Section 72 of the Act read with rules thereunder. Members desiring to avail this facility may send their nomination in Form SH-13 duly filled in to the Registrar & Share Transfer Agent ("RTA") of the Company i.e. Link Intime India Private Limited. Further, Members desirous of cancelling / varying nomination pursuant to the provisions of the Act are requested to send their requests in Form SH-14 to RTA of the Company. These forms will be made available on request.
18. In case the final dividend as recommended by the Board is declared at the AGM, payment of such dividend will be made on or before Monday, September 6, 2021 to those Members whose name appear in the Register of Members/Beneficial Owners as on the Record Date i.e. Tuesday, August 3, 2021.
19. As per the Listing Regulations and pursuant to SEBI Circular dated April 20, 2018, the Company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the Members. Accordingly, the dividend, if declared, will be paid through electronic mode, where the bank account details of the shareholders are available. In case, where the dividend cannot be paid through electronic mode, the same will be paid through physical instrument such as banker's cheque or demand draft incorporating bank account details of such Members.
20. The Members holding shares in dematerialized form are requested to update with their respective Depository Participant, their bank account details (account number, 9 digit MICR code and 11 digit IFSC), e-mail IDs and mobile number. Members holding shares in physical form may communicate details to the Company / RTA before Friday, July 30, 2021 by quoting the Folio No. and attaching a photocopy of the cancelled cheque leaf of their bank account and a self-attested copy of their PAN card.
21. The Members who still hold share certificate(s) in physical form are advised to dematerialise their shareholding to avail the benefits of dematerialization, which include easy liquidity, since trading is permitted in dematerialised form only, electronic transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries. Further, effective from April 01, 2019, requests for effecting transfer of securities shall not be processed unless the securities are held in a dematerialized form with a depository except in case of transmission or transposition of securities as per the Listing Regulations. Therefore, the Members who still hold share certificate(s) in physical form are advised to dematerialize their shareholding at the earliest.
22. The Finance Act, 2020 has abolished the Dividend Distribution Tax (DDT) and has introduced the system of dividend taxation in the hands of the shareholders with effect from April 1, 2020. Accordingly, the Company would be required to deduct Tax at Source ('TDS') in respect of payment of dividend, if declared, to its shareholders (resident as well as non-resident). A list of documents / declarations required to be provided by the resident shareholders and list of documents / declarations required to claim the benefit of Double Tax Avoidance Agreement ("DTAA") by the non-resident shareholders are available on the Company's website at www.motilaloswalgroup.com.
23. **Unclaimed Dividend**

Pursuant to the provisions of Section 124 and 125 of the Act read with the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends which remain unclaimed / unpaid for a period of 7 years are required to be transferred to Investor Education and Protection Fund ("IEPF").

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The Company requests the Members to claim the unclaimed dividends within the prescribed period. The details of the unclaimed dividends are available on the website of the Company at www.motilaloswalgroup.com and Ministry of Corporate Affairs at www.iepf.gov.in. The Members can contact Link Intime India Private Limited for claiming the unclaimed dividends standing to the credit in their account.

24. Shares transferred to IEPF:

The Equity shares in respect to which dividend has not been encashed for seven consecutive years or more will be required to transfer to IEPF pursuant to Section 124(6) of the Act. Relevant details in this respect are posted on the website of the Company at www.motilaloswalgroup.com in Investor Relations section.

In this regard, the Company has sent intimations to the Members from time to time. The Members are requested to contact Company or RTA to claim their dividend and in case of any pending legal disputes, provide certified copy of order from Court / Authority restraining transfer, payment of dividend etc. During the financial year 2020-21, the Company has transferred 181 equity shares on September 22, 2020 and 493 equity shares on December 17, 2020 to IEPF.

25. SEBI has mandated the registration of Permanent Account Number (PAN) and Bank Account Details for all securities holders. Members holding shares in physical form are therefore, to send duly signed letter including Folio No., Bank Account Details (account number, 9 digit MICR code and 11 digit IFSC), e-mail IDs and mobile number along with self-attested copy of PAN Card and original cancelled cheque to RTA / Company through e-mail at rnt.helpdesk@linkintime.co.in / shareholders@motilaloswal.com. The original cancelled cheque should bear the name of the Member. Members holding shares in demat form are requested to submit the aforesaid information to their respective Depository Participant.
26. Additional Information of Directors seeking appointment / re-appointment as per Item No. 4, 5, 6, 7 and 8, at the ensuing AGM, as required under Regulation 36(3) of the Listing Regulations and Clause 1.2.5 of the Secretarial Standard-2 on General Meetings ("SS-2"), is annexed to the Notice.
27. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Senior Manager, CDSL, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.
28. Since the AGM will be held through VC / OAVM, the Route Map and Attendance Slip is not annexed to this Notice.

Voting Results:

1. The Scrutinizer shall, after the conclusion of the AGM, electronically submit the Consolidated Scrutinizer's Report (i.e. votes cast through Remote e-voting and E-voting during AGM) of the total votes cast in favour or against the resolution and invalid votes, to the Chairman of the AGM or to any other person authorised by the Chairman of the Company.
2. Based on the Scrutinizer's Report, the Company will submit within 48 hours of the conclusion of the AGM to the Stock Exchanges, details of the voting results as required under Regulation 44(3) of the Listing Regulations.
3. The result declared along with Scrutinizer's Report will be placed on the website of the Company at www.motilaloswalgroup.com and on the website of CDSL at www.evotingindia.com.

INSTRUCTIONS FOR REMOTE E-VOTING AND E-VOTING DURING AGM

I. LOGIN METHOD FOR E-VOTING AND JOINING VIRTUAL MEETINGS FOR INDIVIDUAL SHAREHOLDERS HOLDING SECURITIES IN DEMAT MODE

Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on "e-Voting facility provided by Listed Companies", e-Voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process.

Shareholders are advised to update their mobile number and e-mail ID with their DPs in order to access e-Voting facility.

Pursuant to aforesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for shareholders holding securities in Demat mode with CDSL / National Securities Depository Limited ("NSDL") is given below:

Notice (Contd..)

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN from an e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com / Evoting / EvotingLogin. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com / either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password / OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL / CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

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Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

II. LOGIN METHOD FOR E-VOTING AND JOINING VIRTUAL MEETINGS FOR PHYSICAL SHAREHOLDERS AND SHAREHOLDERS OTHER THAN INDIVIDUAL HOLDING IN DEMAT FORM

- (i) The equity shareholders should log on to the e-voting [website www.evotingindia.com](http://www.evotingindia.com).
- (ii) Click on “Shareholders / Members” tab to cast your votes.
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

For Equity Shareholders holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both i.e. for equity shareholders holding shares in Demat Form and Physical Form) <ul style="list-style-type: none">• Equity shareholders who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number which is printed on Postal Ballot Form indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. <ul style="list-style-type: none">• If both the details are not recorded with the Company / Depository Participant, please enter the DP ID and Client ID / Folio number in the Dividend Bank details field as mentioned in instruction (v).

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, equity shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For equity shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the Electronic Voting Sequence Number (“EVSN”) for the relevant “Motilal Oswal Financial Services Limited” on which you choose to vote.
- (xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES / NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

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- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvi) If demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Equity Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xviii) Additional Facility for Non-Individual Shareholders and Custodians –For Remote Voting only.
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively Non Individual shareholders are required to send the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at shareholders@motilaloswal.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding attending AGM and e-voting from CDSL e-Voting system, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

III. INSTRUCTIONS FOR E-VOTING DURING THE AGM:

1. The procedure for E-voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those Members, who are present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through Remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through E-voting system available during the AGM.
3. Members who have voted through Remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

IV. INSTRUCTIONS FOR ATTENDING THE AGM THROUGH VC / OAVM:

1. Member will be provided with a facility to attend the AGM through VC / OAVM through the CDSL e-Voting system. The procedure for attending meeting and e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting. The link for VC/OAVM will be available in shareholder / members login where the EVSN of Company will be displayed.
2. The Members can join the AGM in the VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available to at least 1000 Members on first come first served basis.

This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee

and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

3. The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Act.
4. Members are encouraged to join the AGM through Laptops / iPads for better experience.
5. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the AGM.
6. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. The Members who would like to express their views / ask questions during the AGM may register themselves as a speaker by sending their request from their registered e-mail Id mentioning their name, demat account number / folio number, email id, mobile number at shareholders@motilaloswal.com up to July 31, 2021 (5.00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM.
8. The Members who do not wish to speak during the AGM but have queries may send their queries from their registered e-mail Id mentioning their name, demat account number / folio number, email id, mobile number at shareholders@motilaloswal.com up to July 31, 2021 (5.00 p.m. IST). These queries will be replied by the Company appropriately during the AGM. Alternatively, Members can also put question on the Q&A box available at the time of the AGM.
9. Members who need technical assistance before or during the AGM can send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

V. INSTRUCTIONS FOR SHAREHOLDERS FOR REGISTRATION OF E-MAIL ADDRESS

I. Temporary Registration for Demat shareholders:

The Members of the Company holding Equity Shares of the Company in Demat Form and who have not registered their e-mail addresses may temporarily get their e-mail addresses registered with the Company by sending the mail to the Company at shareholders@motilaloswal.com. The Members are requested to provide details such as Name, DP ID, Client ID / PAN, mobile number and e-mail id.

II. Permanent Registration for Demat Shareholders:

It is clarified that for permanent registration of e-mail address, the Members are requested to register their e-mail address, in respect of demat holdings with the respective Depository Participant ("DP") by following the procedure prescribed by the DP.

III. Registration for Shareholders holding physical shares:

The Members of the Company holding Equity Shares of the Company in physical Form and who have not registered their e-mail addresses may get their e-mail addresses registered with RTA of the Company i.e. Link Intime India Private Limited by sending the request at rnt.helpdesk@linkintime.co.in. The Members are requested to provide details such as Name, Folio Number, Certificate number, PAN, mobile number and e-mail id and the image of share certificate in PDF or JPEG format (up to 1 MB).

ANNEXURE TO THE NOTICE

The Statement under Section 102 of the Companies Act, 2013 ("the Act")

ITEM NO. 4

In terms of the provisions of section 152 of the Act and in accordance with the Articles of Association of the Company, the two third of the total number of Directors, excluding Independent Directors, shall be eligible to retire by rotation, out of which, one-third shall retire. The Directors which are liable to retire by rotation would be those who have been longest in office since their last appointment.

Accordingly Mr. Motilal Oswal, Mr. Raamdeo Agarawal, Mr. Navin Agarwal, Mr. Ajay Menon and Mr. Rajat Rajgarhia, non-independent directors are eligible to retire by rotation. However, Mr. Ajay Menon, being longest in the office will retire by rotation and would be eligible for re-appointment in the forthcoming Annual General Meeting ("AGM").

Mr. Ajay Menon is a member of the Institute of Chartered Accountants of India and has done his graduation from Narsee Monjee College of Commerce and Economics, Mumbai. He has also cleared the Series 7, 24 and 63 of FINRA Regulations. He possesses over 18 years of capital markets experience. He joined the Group in 1998 and was responsible for operations, compliance, legal, risk management, business process excellence and information technology. He has been the cornerstone of strong performance track record and a driving force behind the operational excellence at the Group which has enabled the businesses to deliver strong customer delight. He has also been instrumental in various change initiatives including driving a culture of systems and processes across all group businesses. He has also engineered the development of several state-of-the art technology initiatives to provide businesses a cutting edge and also a unique value proposition within the spaces they operate. Besides, a strong focus on compliance and risk management has helped the group deliver superior business results even during volatile market conditions.

Accordingly, the Board recommends the Ordinary Resolution set out in Item No. 4 of the Notice for approval of the Members.

Save and except Mr. Menon who is appointee, none of the other Directors and Key Managerial Personnel of the Company or their respective relatives except to the extent of their shareholding, if any, in the Company are concerned or interested, financial or otherwise, in said Resolution.

ITEM NO. 5

The Members at the Eleventh Annual General Meeting ("AGM") held on July 21, 2016 approved the re-appointment of Mr. Motilal Oswal as Managing Director and Chief Executive Officer of the Company for a period of 5 years from January 18, 2016 with remuneration of ₹ 20,00,000 per month plus perquisites and other benefits. The term of 5 years for Mr. Motilal Oswal in the office of Managing Director expired on January 17, 2021.

Taking into account the responsibilities borne by Mr. Oswal as Managing Director and Chief Executive Officer, the Board of Directors of the Company at its Meeting held on October 30, 2020, pursuant to the recommendation of the Nomination and Remuneration Committee and subject to the approval of Members, approved the re-appointment of Mr. Motilal Oswal, Managing Director and Chief Executive Officer for a term of 5 years i.e. January 18, 2021 to January 17, 2026, being liable to retire by rotation.

Accordingly, the Board recommends the Ordinary Resolution set out in Item No. 5 of the Notice for approval of the Members.

Save and except Mr. Oswal who is appointee, none of the other Directors and Key Managerial Personnel of the Company or their respective relatives except to the extent of their shareholding, if any, in the Company are concerned or interested, financial or otherwise, in said Resolution.

ITEM NO. 6

The Members are informed that in order to take up full time assignment as Managing Director & Chief Executive Officer of Motilal Oswal Asset Management Company Limited, material subsidiary of the Company and to relinquish the executive responsibilities in the Company, Mr. Navin Agarwal stepped down from the position of Managing Director of the Company with effect from i.e. July 31, 2020 and held the position of Non-Executive Director of the Company.

Consequent to stepping down of Mr. Navin Agarwal as Managing Director of the Company, considering the vast experience of Mr. Rajat Rajgarhia in capital markets and being associated with the Company since 20 years, pursuant to the recommendation by Nomination and Remuneration Committee, the Board of Directors at its Meeting held on July 31, 2020 had appointed Mr. Rajgarhia (DIN: 07682114) as an Additional Director of the Company w.e.f. July 31, 2020 in accordance with the provisions of Section 161 of the Companies Act, 2013 ("the Act") to hold office up to this Annual General Meeting ("AGM"). Mr. Rajgarhia is appointed as Director of the Company w.e.f. July 31, 2020 and as Whole-time Director of the Company for a term of 5 years i.e. from July 31, 2020 to July 30, 2025, subject to approval of Members at the Sixteenth AGM.

Mr. Rajgarhia is a qualified Chartered Accountant and has done Master of Business Administration from Management Development Institute, Gurgaon with experience of more than 20 years in the market research. He joined Motilal Oswal Group in 2001 as a research analyst and headed research team. Currently, he is the Chief Executive Officer of Institutional Equities business of the Company which caters to the Institutional clients across the globe. Due to his dedication and efforts, the Company has amongst the largest research team in the business. He was earlier associated with India Infoline Limited for a short stint.

Accordingly, the Board recommends the Ordinary Resolution set out in Item No. 6 of the Notice for approval of the Members.

Save and except Mr. Rajgarhia who is appointee, none of the other Directors and Key Managerial Personnel of the Company or their respective relatives except to the extent of their shareholding, if any, in the Company are concerned or interested, financial or otherwise, in said Resolution.

ITEM NO. 7 & 8

The Members are informed that in order to fulfil the requirement of appointment of Independent Directors pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (as amended from time to time) due to completion of tenure / resignation of existing independent directors, considering the vast experience of Mr. Chandrashekhar Karnik and Mrs. Swanubhuti Jain, pursuant to the recommendations by Nomination and Remuneration Committee, the Board of Directors on September 12, 2020 had appointed Mr. Chandrashekhar Karnik (DIN: 00003874), as an Additional Independent Director of the Company w.e.f. September 16, 2020 in accordance with the provisions of Section 161 of the Companies Act, 2013 ("the Act") to hold office up to Sixteenth Annual General Meeting ("AGM") of the Company. Further, the Board of Directors has appointed Mr. Karnik as an Independent Director of the Company for a term of 3 years i.e. from September 16, 2020 to September 15, 2023, subject to approval of Members at Sixteenth AGM of the Company, without being liable to retire by rotation.

Further, the Board of Directors on December 24, 2020 had appointed Mrs. Swanubhuti Jain (DIN: 09006117), as an Additional Independent Director of the Company w.e.f. December 24, 2020 in accordance with the provisions of Section 161 of the Companies Act, 2013 ("the Act") to hold office up to Sixteenth AGM of the Company. Further, the Board of Directors has appointed Mrs. Jain as an Independent Director of the Company for a term of 3 years i.e. from December 24, 2020 to December 23, 2023, subject to approval of Members at the Sixteenth AGM of the Company, without being liable to retire by rotation.

The brief profile of Independent Director(s) is given below:-

Brief Profile of Mr. Chandrashekhar Karnik

Mr. Chandrashekhar Karnik, after completing his Bachelor of Science from Bombay University, has done Post Graduation in Business Management. He also holds Post Graduate Diploma in Industrial Relations and Personnel Management. In addition to this, he possesses degree in law with specialisation in Labour Welfare.

He retired as a Director-Human Resources of the Forbes Group.

He is a Business focussed and strategic HR leader with over 43 years of experience across different industry sectors and verticals in the areas of Human Resource Management.

He has worked with corporates such as Forbes & Company Ltd., Hotel Corporation of India Ltd., FER Electricals Ltd. and Bombay Oxygen Corporation Ltd.

In an executive role, he was responsible for leading diverse and multicultural teams in a widely diversified Group. In these situations, he had intense involvement in strategic business decision making, planning as well as execution with regard to diversification, restructuring of businesses etc.

He has served as a Non-Executive Director on the Boards of numerous Forbes Group Companies & has vast experience of handling Board level assignments.

Mr. Karnik is a Certified Leadership Coach. He is a Board Member and Advisor to several companies, institutions, businesses and entrepreneur families. He is also Member, Board of Governors of a leading Private University.

Currently, he is actively engaged in (a) family business consulting, (b) coaching and mentoring of CEO / CXOs and (c) advising companies on strategic HR matters.

He held Chairmanship of Human Resource Committees of number of Management Organisations such as Employer's Federation of India, Bombay Chamber of Commerce & Industry etc.

He was Employer's Representative on the National Medical Benefit Council of Employees' State Insurance Corporation (ESIC).

Mr. Karnik is a Life member of National Institute of Personnel Management (NIPM) & National Human Resource Development Network (NHRD).

Brief Profile of Mrs. Swanubhuti Jain

Mrs. Swanubhuti Jain has done Post Graduate Diploma in Sales and Marketing Management from Narsee Monjee Institute of Management Studies (NMIMS) and Mphil from Mumbai University. In addition to this, she has done graduation in Sanskrit medium in Logic, Philosophy & Literature. i.e. Shastri, from Rajasthan University.

In past, she has been associated with various organisations viz. Accenture Consulting India, Multi Commodity Exchange of India Ltd., Asit C. Mehta Investment Intermediates Ltd., ICICI Prudential Life Insurance Co. Ltd., Birla Sun Life Insurance Co. Ltd. Performing various roles of Business development (Hunting & Mining), Client relationship management & C-Sat, Marketing Strategy, Lead generation & Sales (Retail, Institutional & Corporate), Quality Ops (Lean Six Sigma).

She spearheaded the JITO Incubation & Innovation Foundation to become one of the fastest growing Angel Network & Incubator. At ICICI Prudential Life Insurance Co. Ltd, she was the youngest Branch Manager, got promoted to Quality Function and to national role and successfully launched new business models like hub & spoke with 40 branches & 400 spokes within the short span of 4 months. She also won award for Process Excellence from Mr. K.V. Kamath in ICICI Group Forum (2007-08) for savings of INR 350 Million facilitating business optimization through Lean & Six Sigma DMAIC Methodology for Sales related functions. Birla Sun Life Insurance Co. Ltd. Continuously ranked her amongst top 20 Managers in India at BSLI and youngest Manager to achieve highest business.

She is also an avid reader and speaker on practical spiritualism at international level, regular expert speaker at CNBC Awaaz Show "Startup Nation", invitee at JAINA and JAANA USA during their Annual conferences, an Honorary lecturer at Mumbai University Dept. of Philosophy between 2001-2010, Founder of a 5 year course on Practical Spiritualism with 50+ batches across US, Canada, UK, Dubai, Nairobi, Australia & Singapore (www.practicaljainism.com).

Since 2017, she is been associated with JITO Incubation & Innovation Foundation (JIIF) and is currently serving as Chief Executive Officer / Chief Operating Officer of JIIF and spearheading various businesses of JIIF.

Currently, she is also developing an exclusive E-Learning web series and multiple Micro-learning modules to aid thinking beyond the routine and create moral awareness.

The Company has received all disclosures / declarations from Mr. Karnik and Mrs. Jain as required under Act and Regulations. The Company has also received a declaration to the effect that they meet the criteria of independence as per the applicable provisions of the Companies Act, 2013 & SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended from time to time) and they have registered on the Independent Director's Databank. The copy of the draft letter of appointment of Independent Directors setting out their terms and conditions would be available for inspection in electronic mode. Members can inspect the same up to the date of AGM, by sending an e-mail to the Company at shareholders@motilaloswal.com.

The Board is of the view that the Company would greatly benefit from the rich and varied experience of Mr. Karnik and Mrs. Jain and accordingly recommends the Ordinary Resolution set forth in Item No. 7 & 8 of the Notice for approval of the Members.

Mr. Karnik and Mrs. Jain respectively, are concerned or interested in the resolution(s) of the accompanying Notice relating to their own appointment.

None of the other Directors and Key Managerial Personnel of the Company or their respective relatives except to the extent of their shareholding, if any, in the Company are concerned or interested, financial or otherwise, in these Resolutions.

Additional Information of Directors seeking appointment / re-appointment as per Item No. 4, 5, 6, 7 and 8, at the ensuing AGM, as required under Regulation 36(3) of the Listing Regulations and Clause 1.2.5 of the Secretarial Standard-2 on General Meetings ("SS-2"), is annexed to the Notice.

ITEM NO. 9 & 10

The Company believes in rewarding its employees which are the backbone of the organization for their long term association, continuous hard work, dedication and support which has led to the progress of the Company.

The Company had earlier granted stock options to the employees of the Company under Motilal Oswal Financial Services Limited - Employee Stock Option Scheme - V', Motilal Oswal Financial Services Limited - Employee Stock Option Scheme – VI, Motilal Oswal Financial Services Limited - Employee Stock Option Scheme – VII and Motilal Oswal Financial Services Limited - Employee Stock Option Scheme – VIII. The Stock Options available with the Company through the aforesaid Stock Option Schemes have nearly exhausted.

Hence, the Company proposes to introduce "Motilal Oswal Financial Services Limited - Employee Stock Option Scheme - IX" (hereinafter referred to as the "Scheme / ESOS - IX") for the benefit of the permanent employees of the Company and its subsidiary companies, its directors, and such other persons / entities as may be prescribed by the Securities and Exchange Board of India ("SEBI") and Companies Act, 2013 from time to time, and in accordance with the provisions of prevailing rules and regulations.

Notice (Contd..)

The following is the explanatory statement which sets out various disclosures as required in terms of SEBI (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as "ESOP Regulations") (as amended from time to time).

The salient features / brief description of the Scheme is as under:

(a) Total number of Stock Options to be granted and maximum number of Stock Options to be issued per employee.

The total number of Stock Options to be granted under Scheme (together with the Securities proposed to be created / offered / issued / allotted for the benefit of such persons who are in permanent employment of the Company or Company's subsidiary/holding companies in terms of Scheme) shall not exceed 30,00,000 (Thirty Lakhs) Stock Options. Each Stock Option when exercised would be converted into one Equity Share of ₹ 1/- each fully paid-up. The Stock Options will lapse if not exercised within the specified exercise period as specified in the Scheme. Vested Stock Options that lapse due to non-exercise or unvested Stock Options that get cancelled due to resignation of the employees or otherwise, would be available for re-grant at a future date.

(b) Identification of classes of employees entitled to participate and be beneficiaries in the Scheme:

All permanent employees (including a director, whether whole-time or not) of the Company/its subsidiary companies / holding company, working in India or outside India, shall be eligible to participate in the Scheme. However, the persons who are excluded as per the Act and the ESOP Regulations shall not be eligible to participate in the Scheme.

Before granting the Stock Options to the employees under the Scheme, the Nomination and Remuneration Committee of the Company would, apart from evaluating overall group corporate performance, inter alia, take into consideration grade, performance, merit, key position, future potential contribution and conduct of the employees and such other factors as may be deemed appropriate by it.

(c) Requirements of vesting, period of vesting and maximum period within which the Stock Options shall be vested:

All the Stock Options granted on any date shall vest in tranches from the date of grant of Stock Options as may be determined by the Nomination and Remuneration Committee (hereinafter be referred as Committee). The Committee may extend, shorten or otherwise vary the vesting period from time to time, in accordance with the applicable law. The Stock Options would vest in an employee only if he continues to be in the employment with the Company or its subsidiaries. In addition to this, the Board / Committee may specify performance criteria / conditions to be met subject to which Stock Options would vest in the employee. The Stock Options would vest in a Director only if he / she continue to remain a Director on the date of Vesting of the Stock Options. The Stock Options may vest in tranches subject to the terms and conditions stipulated by the Board of Directors or Nomination and Remuneration Committee. The vesting dates in respect of the Stock Options granted under the Scheme shall be determined by the Nomination and Remuneration Committee and may vary from an employee to employee or any class thereof and / or in respect of the number or percentage of stock options granted to an employee.

Stock Options eligible for vesting on the basis of performance parameters, if any, such percentage or such number of Stock Options as may be specified by the Nomination and Remuneration Committee in the grant letter or any of the other writings, having regard to the performance of the grantee evaluated in accordance with such performance criteria as may be laid down by the Committee, shall vest in the option grantee. The vesting period would be 1 year to 6 years or as may be decided by the Nomination and Remuneration Committee subject to the requirements of the ESOP Regulations or all other applicable statutory requirements. In case of performance based vesting, the options would vest on achievement of performance parameters irrespective of time horizon.

(d) Exercise price or Pricing Formula:

The exercise price payable under the Scheme by the Eligible Employees for exercising the vested Stock Options shall be decided by Board / Nomination and Remuneration Committee from time to time at a premium or at a discount or at market price. (Market price means the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted / shares are issued, on the stock exchange where there is highest trading volume on the said date shall be considered.)

(e) Exercise period and process of exercise:

The Exercise period would be as decided by the Nomination and Remuneration Committee. The Stock Options will be exercisable at one time or at various points of time within the exercise period by the employees as per the process set by the Nomination and Remuneration Committee from time to time. The Stock Options will lapse if not exercised within the specified exercise period.

(f) Appraisal / Assessment Process for determining the eligibility of employees to the Scheme:

The appraisal process for determining the eligibility would be determined by the Nomination and Remuneration Committee from time to time based on broad criteria for appraisal and selection such as parameters like tenure of association with the Company, performance during the previous years, contribution towards strategic growth, contribution to team building and succession, cross functional relationship, corporate governance, Company's values, etc. As regard the new joinees especially appointed in the senior

cadre, the Nomination and Remuneration Committee shall have the discretion to decide the criteria for ascertaining the eligibility for grant of stock options.

(g) Maximum number of stock options to be issued per employee and in aggregate:

The number of stock options that would be granted to an employee under the Scheme shall be decided by the Nomination and Remuneration Committee. Total number of stock options that may be granted to any specific employee under the Scheme shall not be equal to or exceed 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of stock options.

(h) Transferability of Employee Stock Options:

The Options granted to an employee shall not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of the Option grantee, the right to exercise all the Options granted to him till such date shall be transferred to his legal heirs or nominees within the period as may be prescribed under the Scheme.

(i) whether the scheme(s) is to be implemented and administered directly by the company or through a trust:

The Scheme shall be implemented and administered directly by the Company and not through a Trust.

(j) whether the scheme(s) involves new issue of shares by the company or secondary acquisition by the trust or both:

The Scheme involves new issuance of the shares by the Company.

(k) the amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc.:

Not Applicable since Scheme shall be implemented and administered directly by the Company.

(l) maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s):

Not Applicable since Scheme shall be implemented and administered directly by the Company.

(m) Compliance with Accounting Policies:

The Company shall comply with the disclosure and the accounting policies prescribed by the ESOP Regulations, including but not limited to the accounting policies specified in Regulation 15 and any authorities concerned, from time to time.

(n) Method of valuation:

The Scheme provides that employees are granted an option to subscribe to equity share of the Company that vest on the satisfaction of vesting conditions. The fair value of options granted under the Scheme is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined reference to the fair value of the options granted excluding the impact of any service conditions.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of options that are expected to vest based on the service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. As the Scheme provides for issue of shares to be offered to employees other than existing shareholders of the Company, consent of the shareholders is being sought pursuant to section 62 and all other applicable provisions, if any, of the Companies Act, 2013 and as per the ESOP Regulations. On exercise of vested Stock Options by the employees / directors, subject to the terms of the Scheme, the Board of Directors or its Committee will approve the issue and allotment of Equity Shares to the Employees / Directors.

Regulation 6 of the ESOP Regulations requires that any ESOP Scheme for offering Stock Options to the employees of the subsidiary/ holding companies must be approved by the Members by way of a special resolution. Accordingly, the Board recommends the Special Resolutions set out in Item No. 9 & 10 of the Notice for approval of the Members.

Only those Non Promoter, Non-Independent Directors of the Company who may be eligible and granted Stock Options under the Scheme may be regarded as concerned or interested in the resolution in Item No. 9 & 10 to the extent of Stock Options, which may be granted to them pursuant to the Scheme.

Other than aforesaid, none of the other Directors / Key Managerial Personnel of the Company / their relatives is in any way, concerned or interested, financially or otherwise, in the said resolution(s).

Notice (Contd..)

ANNEXURE TO ITEM NO. 4, 5, 6, 7 & 8

Additional Information of Director seeking appointment / re-appointment at the Sixteenth AGM pursuant to SS-2 and Listing Regulations:

Name of Director	Mr. Ajay Menon	Mr. Motilal Oswal	Mr. Rajat Rajgarhia
Date of Birth	September 25, 1974	May 12, 1962	June 14, 1975
Qualifications	Chartered Accountant	Chartered Accountant	Chartered Accountant
Effective Date of Appointment/ Re-appointment on the Board	August 21, 2018	January 18, 2021	July 31, 2020
Remuneration	Refer below Note (1)	Refer below Note (1)	Refer below Note (1)
Terms and conditions of appointment/re-appointment	Appointed as a Director liable to retire by rotation.	Appointed as Managing Director and Chief Executive Officer for the term of 5 years.	Appointed as a Whole-time Director of the Company for a term of 5 years.
Directorships held in other companies (excluding foreign companies) as on date	<ol style="list-style-type: none"> 1) Motilal Oswal Finvest Limited 2) Motilal Oswal Finsec IFSC Limited 3) TM Investment Technologies Private Limited 4) Motilal Oswal Wealth Limited 	<ol style="list-style-type: none"> 1) Motilal Oswal Finvest Limited 2) Motilal Oswal Home Finance Limited 3) MO Alternate Investment Advisors Private Limited 4) MOPE Investment Advisors Private Limited 5) Motilal Oswal Capital Limited 6) Motilal Oswal Investment Advisors Limited 7) Motilal Oswal Real Estate Investment Advisors Private Limited 8) Motilal Oswal Real Estate Investment Advisors II Private Limited 9) Passionate Investment Management Private Limited 10) Motilal Oswal Foundation 	<ol style="list-style-type: none"> 1) Motilal Oswal Finsec IFSC Limited 2) Motilal Oswal Investment Advisors Limited
Memberships of committees across companies (only Statutory Committees as required to be constituted under the Act are considered)	<p>A. Audit Committee</p> <ol style="list-style-type: none"> 1) Motilal Oswal Finvest Limited <p>B. Nomination and Remuneration Committee</p> <ol style="list-style-type: none"> 1) Motilal Oswal Finvest Limited <p>C. Corporate Social Responsibility Committee</p> <ol style="list-style-type: none"> 1) Motilal Oswal Wealth Limited 	<p>A. Audit Committee</p> <ol style="list-style-type: none"> 1) Motilal Oswal Finvest Limited 2) Motilal Oswal Home Finance Limited <p>B. Nomination and Remuneration Committee</p> <ol style="list-style-type: none"> 1) Motilal Oswal Finvest Limited 2) Motilal Oswal Home Finance Limited <p>C. Stakeholders Relationship Committee</p> <ol style="list-style-type: none"> 1) Motilal Oswal Financial Services Limited 2) Motilal Oswal Home Finance Limited <p>D. Corporate Social Responsibility Committee</p> <ol style="list-style-type: none"> 1) Motilal Oswal Investment Advisors Limited 2) Motilal Oswal Home Finance Limited 3) Passionate Investment Management Private Limited 	<p>Corporate Social Responsibility Committee</p> <ol style="list-style-type: none"> 1) Motilal Oswal Investment Advisors Limited

Notice (Contd..)

Name of Director	Mr. Ajay Menon	Mr. Motilal Oswal	Mr. Rajat Rajgarhia
		4) MOPE Investment Advisors Private Limited 5) Motilal Oswal Investment Advisors Limited 6) Motilal Oswal Finvest Limited	
Shareholding in the Company (Equity) as on the date of notice	4,00,000	81,91,072	17,42,838
Relationship with other Directors / Manager / Key Managerial Personnel	None	None	None
Number of Board meetings attended during the FY2020-21	Four out of Five Meetings	Five out of Five Meetings	Three out of Three Meetings

Name of Director	Mr. Chandrashekhar Karnik	Mrs. Swanubhuti Jain
Date of Birth	June 17, 1952	October 4, 1979
Qualifications	Bachelor of Science from Mumbai University, Post Graduation in Business Management, Post Graduate Diploma in Industrial Relations and Personnel Management and holds Law degree with specialization in Labour Welfare.	Post Graduate Diploma in Sales and Marketing Management from Narsee Monjee Institute of Management Studies (NMIMS) and Mphil from Mumbai University
Effective Date of Appointment/ Re-appointment on the Board	September 16, 2020	December 24, 2020
Remuneration	Refer below Note (1) and (2)	Refer below Note (1) and (2)
Terms and conditions of appointment/re-appointment	Appointed as an Independent Director of the Company for a term of 3 years.	Appointed as an Independent Director of the Company for a term of 3 years.
Directorships held in other companies (excluding foreign companies) as on date	1) Forbes Facility Services Private Limited	1) Motilal Oswal Asset Management Company Limited
Memberships of committees across companies (only Statutory Committees as required to be constituted under the Act are considered)	A. Audit Committee 1) Motilal Oswal Financial Services Limited B. Nomination and Remuneration Committee 1) Motilal Oswal Financial Services Limited C. Stakeholders Relationship Committee 1) Motilal Oswal Financial Services Limited D. Corporate Social Responsibility Committee 1) Forbes Facility Services Private Limited	Nil
Shareholding in the Company (Equity) as on the date of notice	Nil	Nil
Relationship with other Directors / Manager / Key Managerial Personnel	None	None
Number of Board meetings attended during the FY2020-21	Three out of Three Meetings	One out of One Meeting

Notice *(Contd..)*

Notes:-

- (1) The Remuneration details is mentioned in Report on Corporate Governance forming part of Annual Report of the Company.
- (2) The Director is entitled to receive sitting fees and commission as paid to other Independent Directors of the Company.

**By Order of the Board of Directors
Motilal Oswal Financial Services Limited**

**Sd/-
Kailash Purohit
Company Secretary & Compliance Officer
(ACS: 28740)**

Date: July 17, 2021
Place: Mumbai