
Walker Chandiook & Co LLP

11th floor, Tower II,
One International Center,
SB Marg, Prabhadevi (W)
Mumbai – 400 013
India

T +91 22 6626 2699

F +91 22 6626 2601

Independent Auditor's Review Report on Standalone Unaudited Quarterly and Year to Date Financial Results of Motilal Oswal Financial Services Limited pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and SEBI Circular SEBI/HO/DDHS/DDHS/CIR/P/2019/ 115 dated 22 October 2019 (as amended)

To the Board of Directors of Motilal Oswal Financial Services Limited

1. We have reviewed the accompanying statement of standalone unaudited financial results of **Motilal Oswal Financial Services Limited** ('the Company') for the quarter ended 30 September 2020 and the year to date results for the period 01 April 2020 to 30 September 2020 ('the Statement'), being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and SEBI circular SEBI/HO/DDHS/CIR/P/2019/115 dated 22 October 2019 (as amended), including relevant circulars issued by the SEBI from time to time.
2. The Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and SEBI circular SEBI/HO/DDHS/CIR/P/2019/115 dated 22 October 2019 (as amended), including relevant circulars issued by the SEBI from time to time. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Motilal Oswal Financial Services Limited
Independent Auditor's Review Report on Standalone Unaudited Quarterly and Year to Date Financial Results of Motilal Oswal Financial Services Limited pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and SEBI Circular SEBI/HO/DDHS/DDHS/CIR/P/2019/ 115 dated 22 October 2019 (as amended)

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the accounting principles laid down in Ind AS 34, prescribed under Section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and SEBI circular SEBI/HO/DDHS/CIR/P/2019/115 dated 22 October 2019(as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to Note 3 in the accompanying Statement relating to carrying value of Investments in Real Estate Funds and Private Equity Funds amounting to Rs. 37,198 lakhs as at 30 September, 2020. As described in the aforesaid note, the carrying value of such investments is subject to the uncertainties related to the impact of the COVID 19 pandemic. Our conclusion is not modified in respect of this matter.

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

Murad D. Daruwalla
Partner
Membership No:043334

UDIN:20043334AAAAAS4763

Place: Mumbai
Date: 30 October 2020

MOTILAL OSWAL FINANCIAL SERVICES LIMITED

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CIN: L67190MH2005PLC153397

Statement of Standalone Financial Results for the quarter and half year ended 30 September 2020

(Rs. in lakhs, unless otherwise stated)

Particulars	For the quarter ended			For the half year ended		For the year ended
	30 September 2020 (Unaudited)	30 June 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	31 March 2020 (Audited)
Revenue from operations						
(i) Interest income	4,411	3,545	4,428	7,956	8,620	17,291
(ii) Dividend income	29	0	5,273	29	5,273	13,986
(iii) Rent income	514	514	515	1,028	1,025	2,084
(iv) Fees and commission income						
-Brokerage income	31,535	25,104	18,830	56,639	36,301	79,538
-Other commission income	2,443	1,662	2,969	4,105	5,134	10,937
(v) Net gain on fair value changes	11,526	11,080	2,889	22,606	5,917	-
(vi) Other operating revenue	1,182	1,161	936	2,343	1,943	3,113
(I) Total Revenue from operations	51,640	43,066	35,840	94,706	64,213	1,26,949
(II) Other income	642	882	886	1,524	1,772	3,690
(III) Total Income (I+II)	52,282	43,948	36,726	96,230	65,985	1,30,639
Expenses						
(i) Finance cost	2,920	3,165	3,194	6,085	5,982	12,924
(ii) Fees and commission expense	13,330	9,839	7,663	23,169	15,136	33,310
(iii) Impairment on financial instruments	418	316	194	734	367	1,439
(iv) Net loss on fair value changes	-	-	-	-	-	15,849
(v) Employee benefit expenses	8,984	8,322	8,137	17,306	15,626	31,171
(vi) Depreciation and amortisation expense	850	806	740	1,657	1,464	2,984
(vii) Other expenses	3,908	3,210	3,358	7,118	6,236	13,552
(IV) Total Expenses (IV)	30,410	25,658	23,286	56,069	44,811	1,11,229
(V) Profit/(Loss) before exceptional items and tax (III-IV)	21,872	18,290	13,440	40,161	21,174	19,410
(VI) Exceptional items (Refer note 4)	-	8,896	-	8,896	-	-
(VII) Profit/(Loss) before tax (V-VI)	21,872	9,394	13,440	31,265	21,174	19,410
Tax expense/(credit)						
(1) Current tax	3,970	2,337	1,216	6,307	4,107	7,056
(2) Deferred tax/(credit)	(116)	(1,952)	(2,992)	(2,068)	(4,461)	(7,326)
(3) (Excess)/ short provision for earlier years	47	-	-	47	-	-
(VIII) Total tax expenses / (credit)	3,901	385	(1,776)	4,286	(354)	(270)
(IX) Profit/(Loss) after tax (VII-VIII)	17,971	9,009	15,216	26,979	21,527	19,680
Other Comprehensive income						
A(i) Items that will not be reclassified to profit or loss						
(a) Remeasurement of the defined employee benefit plans	54	90	349	144	149	57
(b) Changes in fair value gain/(loss) of FVOCI equity instruments	4,377	2,072	(1,367)	6,450	2,325	(4,489)
(ii) Deferred tax related to items that will not be reclassified to profit and loss account	(514)	(260)	86	(774)	(304)	499
(X) Other Comprehensive Income/(Loss)	3,917	1,902	(932)	5,820	2,171	(3,933)
(XI) Total Comprehensive Income/(Loss) (IX+X)	21,888	10,911	14,284	32,799	23,698	15,747
(XII) (a) Paid-up Equity Share Capital (Face value of Re. 1)	1,469	1,479	1,473	1,469	1,473	1,481
(b) Other Equity						2,74,933
Earnings/(loss) Per Share (EPS)						
(Face value Re. 1 per equity share) (not annualised)						
Basic (amount in Rs.)	12.17	6.09	10.40	18.25	14.72	13.39
Diluted (amount in Rs.)	11.91	5.96	10.25	17.87	14.51	13.09

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CIN: L67190MH2005PLC153397

Standalone Statement of Assets and Liabilities

(Rs. in lakhs, unless otherwise stated)

Particulars	As at 30 September 2020 (Unaudited)	As at 31 March 2020 (Audited)
I ASSETS		
1. Financial assets		
Cash and cash equivalents	82,051	67,668
Bank balance other than above	1,14,302	52,640
Receivables		
(i) Trade receivables	48,121	47,831
(ii) Other Receivables	357	820
Loans	35,145	19,963
Investments	2,75,094	3,78,019
Other financial assets	70,467	13,325
Sub - total financial assets	6,25,537	5,80,266
2. Non - financial assets		
Current tax assets (net)	1,780	1,338
Deferred tax assets (net)	133	-
Investment Property	7,785	7,813
Property, plant and equipment	20,562	20,785
Other intangible assets	2,389	2,139
Other non - financial assets	2,197	4,249
Sub - total non - financial assets	34,846	36,324
Total assets	6,60,383	6,16,590
II LIABILITIES AND EQUITY		
Liabilities		
1. Financial liabilities		
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	2,06,536	1,56,675
Debt securities	71,576	1,06,659
Borrowings(Other than debt securities)	38,230	36,313
Deposits	16	12
Other financial liabilities	34,980	29,199
Sub - total financial liabilities	3,51,338	3,28,858
2. Non - financial liabilities		
Current tax liabilities	4,043	583
Provisions	5,919	7,999
Deferred tax liabilities (net)	-	1,161
Other non - financial liabilities	3,640	1,575
Sub - total non - financial liabilities	13,602	11,318
3. Equity:		
Equity share capital	1,469	1,481
Other equity	2,93,974	2,74,933
Sub - total equity	2,95,443	2,76,414
Total liabilities and equity	6,60,383	6,16,590

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Standalone Statement of Cash Flow

(Rs. in lakhs, unless otherwise stated)

Particulars	For the half year ended 30 September 2020	For the half year ended 30 September 2019
A. Cash flow from operating activities		
Profit before taxation	31,263	21,174
Adjustment for:		
Net loss/(gain) on fair value change	(14,665)	5,702
Employee stock option scheme cost	1,086	1,072
Interest expense	128	114
Depreciation, amortisation and impairment	1,657	1,464
Dividend income	(29)	(5,273)
Profit on sale of investment	(7,941)	(11,619)
Gain on partnership firm	(11)	-
Impairment on financial instruments	733	367
Operating profit	12,221	13,001
Adjustment for working capital changes		
Adjustment for working capital changes		
1) Increase/(decrease) in provision	(1,935)	(1,994)
2) Increase/(decrease) in borrowings	1,917	(59,606)
4) Increase/(decrease) in other financial liabilities	6,162	2,767
5) Increase/(decrease) in trade payables	49,861	12,454
6) (Increase)/decrease in loans	(15,181)	14,546
7) Increase/(decrease) in debt securities	(35,083)	59,275
8) (Increase)/decrease in other non financial liabilities	2,065	1,051
9) (Increase)/decrease in other financial assets	(57,142)	(14,597)
10) (Increase)/decrease in other non financial asset	2,051	471
11) (Increase)/decrease in trade receivables	(559)	45,207
12) (Increase)/decrease in fixed deposit	(61,662)	(34,028)
13) (Increase)/decrease in liquid investment	1,12,568	26,499
Cash generated/(used) from operations	15,283	65,046
Direct taxes paid (net)	(3,337)	(4,289)
Net cash generated/(used) from operating activities (A)	11,946	60,757
B. Cash flow from investing activities		
Proceeds from sale of investment	32,045	9,686
Purchase of equity shares in subsidiary company	(574)	(22,039)
Purchase of Investments	(12,047)	(4,928)
Purchase of Property, plant and equipment and intangible asset	(1,659)	(1,073)
Sale of Property, plant and equipment	2	-
Dividend Income	29	5,273
Net cash generated/(used) from investing activities (B)	17,796	(13,081)
C. Cash flow from financing activities		
Cash Payment of lease liability and interest	(510)	(649)
Proceeds from issue of equity shares	-	4
Premium on issue of equity shares	-	1,188
Proceeds from deposits received	4	-
Dividend paid (including Dividend distribution tax)	-	(6,555)
Buyback of shares(including buyback tax)	(14,853)	-
Increase/(decrease) in unpaid dividend	-	(3)
Net cash generated/(used) from financing activities (C)	(15,359)	(6,015)
Net increase/(decrease) in cash and cash equivalents during the year (A +B +C)	14,383	41,661

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 Standalone Statement of Cash Flow

(Rs. in lakhs, unless otherwise stated)

Particulars	For the half year ended 30 September 2020	For the half year ended 30 September 2019
<u>Cash and cash equivalents as at beginning of the year</u>		
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
<u>Cash and cash equivalents as at end of the year :</u>		
Cash in hand	44	18
Cheque on hand	-	-
Scheduled bank - In current account	74,022	46,723
Fixed deposit with banks (Maturity within 3 months)	7,985	20,719
Total	82,051	67,460
<u>Reconciliation of cash and cash equivalents as above with cash and bank balances</u>		
Cash and cash equivalents as at end of the year as per above	74,066	46,741
Add:- Fixed deposit with banks (Maturity within 3 months)	7,985	20,719
Total Cash and bank balances equivalents as at end of the year	82,051	67,460

Notes :

- (i) 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).
- (ii) Figures in brackets indicate cash outflows.

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Notes to Statement of Standalone Financial Results for the quarter and half year ended 30 September 2020

Standalone Notes:-

- 1) The standalone financial results have been reviewed by the Audit Committee and taken on record by the Board of Directors of the Motilal Oswal Financial Services Limited (the 'Company') at its Meeting held on Friday 30 October 2020. The results for the quarter and half year ended 30 September 2020 have been reviewed by the Statutory Auditors of the Company.
- 2) This statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (IndAS) prescribed under Section 133 of the Companies Act, 2013.
- 3) The SARS-CoV-2 virus responsible for COVID-19 has spread across the globe and India, which has contributed to a significant decline in the economic activities. Government have introduced a variety of measures to contain the spread of the virus. Governments have Introduced various lockdowns since March 2020. Such lockdowns have been lifted for activities In a phased manner by various governments at various points in time depending on the situation prevailing in their respective jurisdictions. The Company believes that it has taken into account the possible impact of known events arising out of COVID 19 pandemic in the preparation of financial results. The Company will continue to monitor for any material changes to future economic conditions.
The Company as a Sponsor/as a part of its Investment portfolio makes various investments in the Alternative Funds (Private Equity Funds & Real Estate Funds). The company fair values these investments at every Balance sheet date and the Mark to Market impact on the same is taken in the Statement of Profit & Loss for the reporting period. Fair valuation of these Investments amounting to Rs.37,198 lakhs are dependent on respective Fund's Fair value which is determined by Scheme's Investment Manager. They are required to make judgements, estimates and assumptions which are also based on historical experience and various other factors including the possible effects that may result from the pandemic, that are believed to be reasonable under the current circumstances. Given the dynamic nature of the pandemic situation, the carrying valuation of the Company's investment in Private Equity Funds and Real Estate Funds as at 30 September 2020, may be affected by the severity and duration of the outbreak; however the Company believes that it has taken into account all the possible impact of known events arising out of COVID 19 pandemic in the preparation of financial results resulting out of fair valuation of these investments. However the impact assessment of COVID 19 is a continuing process given its nature and duration. The Company will continue to monitor for any material changes to future economic conditions.
- 4) Exceptional item comprises of provision made by the Company of Rs.8,896 lakhs (post tax Rs.6,657 lakhs) on account of negative price settlement effected by MCX vide its circular dated 21 April 2020, in respect of Client positions. The customers who entered on the buy side of the contract had to settle for negative price on expiry. While entering the contract for taking exposure on the contract value, the customers were required to pay only the margin as required by the exchange including mark to market losses. In relation to such contracts, the Company has net receivables from the clients aggregating Rs.8,896 lakhs (post tax Rs.6,657 lakhs). The Company has filed writ petition before the Bombay High court (BHC) against the MCX circular and the said writ petition is pending. Moreover the Company has filed arbitration petition for interim relief before the BHC against the client where the court has directed the client not to dispose off its assets; Further the Company has filed an arbitration claim for recovery of outstanding debts against the clients. The Company is hopeful of recovery as the major clients are reputed entity / persons and have resources to pay, however pending the arbitration proceedings, the Company had conservatively provided for the full outstanding amount in respect of its client positions in quarter ended 30 June 2020.
- 5) Pursuant to SEBI circular SEBI/HO/DDHS/CIR/P/2019/115 dated October 22, 2019, on "Framework for listing of Commercial Paper", information as required under Regulation 52(4) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (the Regulations) and Additional Line Items pursuant to Regulation 52(4) of the Regulations in respect of Non-Convertible Debentures of the Company are as below:
- a) During the quarter, CRISIL has reaffirmed the rating of "CRISIL A1+" to the Commercial Paper Programme of the Company for Rs. 1,30,000 lakhs, India Ratings & Research has affirmed the rating of "IND A1+" to the Commercial Paper Programme of the Company for Rs. 1,30,000 lakhs. The ratings indicate a very strong degree of safety regarding timely servicing of financial obligations.
- b) Details of previous due date, next due date for the payment of interest and repayment of commercial papers:

Sr No.	Commercial Paper Date of Issue	Redemption Amount	Previous due date (01 April 2020 to 30 September 2020)	Whether paid or not	Next due date
		(Rs. in lakhs)	Principal & Interest		Principal & Interest
1	28-Jan-20	30,000	28-Apr-20	Yes	NA
2	31-Jan-20	17,500	30-Apr-20	Yes	NA
3	28-Feb-20	20,000	28-May-20	Yes	NA
4	06-Mar-20	25,000	04-Jun-20	Yes	NA
5	29-Apr-20	5,000	26-Jun-20	Yes	NA
6	29-Apr-20	10,000	26-Jun-20	Yes	NA
7	28-May-20	2,500	21-Aug-20	Yes	NA
8	22-May-20	40,000	21-Aug-20	Yes	NA
9	10-Jun-20	20,000	28-Aug-20	Yes	NA
10	19-Jun-20	15,000	17-Sep-20	Yes	NA
11	31-Jul-20	10,000	NA	-	28-Oct-20
12	31-Jul-20	10,000	NA	-	28-Oct-20
13	21-Aug-20	25,000	NA	-	19-Nov-20
14	28-Aug-20	7,500	NA	-	26-Nov-20
15	01-Sep-20	30,000	25-Sep-20	Yes	NA
16	01-Sep-20	12,500	25-Sep-20	Yes	NA
17	08-Sep-20	10,000	NA	-	19-Mar-21
18	08-Sep-20	10,000	NA	-	19-Mar-21

c) Assets Cover available in case of Non Convertible Debt Securities : NA.

d) Credit rating, previous due date, next due date for payment of interest/repayment of principal of non convertible debentures

ISIN	Series	Credit rating	Issue size (In lakhs)	Previous due date		Next due date	
				Principal	Interest	Principal	Interest
INE886107030	C	ICRA AA	15,000	03-Jul-20	03-Jul-20	NA	NA

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Notes to Statement of Standalone Financial Results for the quarter and half year ended 30 September 2020

e) Financial Key Ratios :

Particulars	Quarter ended			Half year ended		Year ended
	30 September 2020	30 June 2020	30 September 2019	30 September 2020	30 September 2019	31 March 2020
Debt Equity Ratio	0.37	0.45	0.49	0.37	0.49	0.52
Debt Service Coverage Ratio	0.16	0.10	0.16	0.28	0.25	0.40
Interest Service Coverage Ratio	6.90	4.96	6.93	5.91	5.84	5.04

f) Debenture Redemption Reserve as at 30 September 2020: NA.

g) Net worth of the Company (As per section 2 (57) of the Companies Act,2013) for the half year ended 30 September 2020 is Rs.2,95,443 lakhs.

6) As per Ind AS 108 'Operating Segments', Segment has been disclosed in consolidated financial results, Hence no separate disclosure has been given in standalone financial results of the Company.

7) As per IndAS 109 the Company has unrealised gain of Rs 6,910 lakhs and Rs 14,665 lakhs for the quarter ended 30 September 2020 and half year ended 30 September 2020 respectively which has been classified under head 'Net gain on fair value changes'. Further, the Company has investment in financial instruments designated as ' Fair value through other comprehensive income' amounting to Rs. 4,377 lakhs and Rs 6,450 lakhs for the quarter ended 30 September 2020 and half year ended 30 September 2020.

8) The Buy-back window of the Company commenced on 01 April 2020 and was closed from closure of trading hours of 30 September 2020. During the Buy-back period i.e. 01 April 2020 till 30 September 2020 the Company bought-back 19,09,144 Equity Shares of the Company out of which 11,78,182 equity shares were extinguished during quarter ended 30 September 2020 and balance 7,30,962 equity shares were extinguished on 06 October 2020. The Company has deployed Rs. 12,033 lakhs, representing 80.22% of the Maximum Buy-back Size of Rs. 15,000 lakhs.

9) The amounts reflected as "0" in the Financial Information are values with less than rupees one lakhs.

10) Previous quarter and half year ended figures have been regrouped/reclassified, wherever found necessary, to confirm to the current quarter/half year/year end presentation.

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

MOTILAL
GOPILAL
OSWAL

Motilal Oswal
Managing Director and Chief executive officer
(DIN 00024503)

Mumbai,
30 October 2020