

Walker Chandiook & Co LLP

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Independent Auditor's Report on Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Motilal Oswal Financial Services Limited

1. We have audited the accompanying statement of standalone financial results ('Statement') of Motilal Oswal Financial Services Limited ('the Company') for the year ended 31 March 2018, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to Note 13 to the standalone financial results regarding the figures for the quarter ended 31 March 2018 as reported in these standalone financial results, which are the balancing figures between audited standalone figures in respect of the full financial year and the published standalone year to date figures up to the end of the third quarter of the financial year. Also, the figures up to the end of the third quarter had only been reviewed and not subjected to audit. These standalone financial results are based on the standalone financial statements for the year ended 31 March 2018 prepared in accordance with the accounting principles generally accepted in India, including Accounting Standards ('AS') specified under section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and published standalone year to date figures up to the end of the third quarter of the financial year prepared in accordance with the recognition and measurement principles laid down in AS 25, Interim Financial Reporting, specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, which are the responsibility of the Company's Management. Our responsibility is to express an opinion on these standalone financial results based on our audit of the standalone financial statements for the year ended 31 March 2018 and our review of standalone financial results for the nine months period ended 31 December 2017.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



3. In our opinion and to the best of our information and according to the explanations given to us, the standalone financial results:
- (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016 in this regard; and
 - (ii) give a true and fair view of the standalone net profit and other financial information in conformity with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Act for the year ended 31 March 2018.
4. The audited standalone financial results for the year ended 31 March 2017 (including unaudited standalone financial results for the quarter ended 31 March 2017), was carried out and reported by Haribhakti & Co. LLP, vide their unmodified audit report dated 27 April 2017, whose report has been furnished to us by the management and which has been relied upon by us for the purpose of our audit of the standalone financial results. Our audit report is not qualified in respect of this matter.

Walker Chandiok & Co LLP

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

Sudhir N. Pillai

per **Sudhir N. Pillai**
Partner
Membership No. 105782

Place : Mumbai
Date : 21 May 2018

MOTILAL OSWAL FINANCIAL SERVICES LIMITED

Registered office:- Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025
Tel: +91-22-39804200, Fax: +91-22-33124997 email:shareholders@motilaloswal.com Website: www.motilaloswalgroup.com
CIN: L67190MH2005PLC153397

STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2018

(Rs. in Lakhs, unless otherwise stated)

Particulars	For the Quarter ended			For the Year ended	
	31-Mar-18 (Unaudited)*	31-Dec-17 (Unaudited)	31-Mar-17 (Unaudited)*	31-Mar-18 (Audited)	31-Mar-17 (Audited)
1) Income					
Revenue from operations	2,695	7,779	2,004	21,997	17,544
Other income	14	22	42	338	90
Total Income (1)	2,709	7,801	2,046	22,336	17,634
2) Expenses					
Employee benefit expenses	271	270	195	1,066	854
Finance cost	668	742	776	3,219	3,638
Depreciation and amortisation expense	166	167	173	653	694
Operating expenses	-	72	14	83	124
Other expenses	371	225	290	1,069	966
Total Expenses (2)	1,476	1,476	1,448	6,090	6,275
3) Profit before exceptional item and tax (1-2)	1,233	6,325	598	16,245	11,359
4) Exceptional item - (expenses)	-	-	-	-	(2,788)
5) Profit before tax (3+4)	1,233	6,325	598	16,245	8,571
6) Tax expense/(credit)					
Current tax	117	1,358	65	2,339	663
Deferred tax	(26)	(120)	(34)	(131)	355
Minimum alternate tax (credit)/write-off	-	-	(65)	1,020	(791)
Short/(excess) provision for earlier years	-	-	48	48	(286)
Total tax expenses / (credit) (6)	91	1,238	14	3,276	(59)
7) Net profit after tax (5)-(6)	1,142	5,087	584	12,969	8,630
8) Extraordinary items	-	-	-	-	-
9) Net profit for the period/year (7)-(8)	1,142	5,087	584	12,969	8,630
10) Paid-up equity share capital (Face value Re. 1 per equity share)	1,451	1,447	1,445	1,451	1,445
11) Reserves excluding revaluation reserves as per Balance sheet				71,933	65,473
12) Earnings Per Share (EPS) (Face value Re. 1 per equity share) (EPS for the quarters and year not annualised)					
Basic (Amount in Rs.)	0.79	3.52	0.41	8.96	6.03
Diluted (Amount in Rs.)	0.78	3.46	0.40	8.82	5.94

* See Note - 13



AIR

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STANDALONE ASSETS AND LIABILITIES AS AT 31 MARCH 2018

(Rs. in Lakhs)

Particulars	As At 31-Mar-18	As At 31-Mar-17
	(Audited)	(Audited)
<u>I. EQUITY AND LIABILITIES</u>		
1. Shareholders' Funds		
a. Share capital	1,451	1,445
b. Reserves and surplus	71,933	65,473
Total (1)	73,384	66,918
2. Non-current liabilities		
a. Long-term borrowings	-	10,000
b. Deferred tax liabilities (net)	296	427
c. Other long term liabilities	1,112	981
d. Long-term provision	46	24
Total (2)	1,454	11,432
3. Current liabilities		
a. Short-term borrowings	21,829	25,759
b. Other current liabilities	11,893	11,562
c. Short-term provision	691	253
Total (3)	34,412	37,574
TOTAL (1+2+3)	1,09,250	1,15,924
<u>II. ASSETS</u>		
1. Non-current assets		
a. Property, plant and equipment	13,153	13,763
b. Intangible assets	6	2
c. Non current investments	64,571	57,841
d. Long-term loans and advances	689	1,599
Total (1)	78,418	73,205
2. Current assets		
a. Current investments	-	8,000
b. Cash and bank balances	545	663
c. Short-term loans and advances	29,358	33,799
d. Other current assets	928	257
Total (2)	30,832	42,719
TOTAL (1+2)	1,09,250	1,15,924

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STANDALONE NOTES:-

- 1) The audited standalone financial results have been reviewed and recommended by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 21 May 2018, in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").
- 2) The Statutory Auditors have carried out audit of the standalone annual financial results as required under Regulation 33 of Listing Regulations and have issued an unmodified opinion thereon.
- 3) Pursuant to the exercise of Employee Stock Options under various Employee Stock Options Scheme, the Company has allotted 3,62,775 and 6,26,082 equity shares to the employees during the quarter and year ended 31 March 2018, respectively.
- 4) As per AS 17 Para 4, Segment has been disclosed in Consolidated Financial Results, Hence no separate disclosure has been given in standalone financial results of the Company.
- 5) The Company's long term investments in Motilal Oswal's Mutual fund products stands at Rs.42,051 lakhs and Rs.38,151 lakhs as at 31 March 2018 and as at 31 March 2017 respectively. The unrealized gain on these investments is Rs. 26,431 lakhs as of 31 March 2018 as against Rs. 19,556 lakhs as of 31 March 2017. The long term investments are valued at cost and hence the unrealised gain is not reflected in the statement of profit and loss for the quarter and year ended 31 March 2018 and 31 March 2017 respectively.
- 6) During the quarter, CRISIL Limited and India Ratings & Research Private limited has re-affirmed the credit rating of "CRISIL A1+" and "IND A1+" to the Commercial Paper Programme of Rs. 25,000 Lakhs of the Company.
- 7) Effective 1 April 2017, the Company has changed its accounting policy for ESOPs valuation from intrinsic value method to fair value method for more appropriate presentation of financial statements. The change is applied retrospectively, accordingly accumulated expense of Rs. 2 lakhs and Rs. 7 lakhs has been debited to the statement of profit and loss for the quarter and year ended 31 March 2018 respectively. Had the Company continued to use the earlier method of accounting profit before tax would have been higher by Rs. 2 lakhs and Rs. 7 lakhs for the quarter and year ended 31 March 2018.
- 8) The Company has derecognised the opening accumulated Minimum Alternative Tax (MAT) credit balance as at 31 March 2017 of Rs. 1,021 lakhs and has deferred the recognition of Rs. 1,538 lakhs for the year ended 31 March 2018 which could be available for set off against future tax liability under the provisions of Income Tax Act, 1961 on account of uncertainty around the time frame within which income tax will be payable under the normal provisions against which the MAT credit can be utilised.
- 9) The total Exceptional Items due to Write-off on account of Doubtful Non-performing assets during the year ended 31 March 2018 and 31 March 2017 is Rs. Nil and Rs. 2,788 Lakhs respectively.
- 10) Under the head revenue from operations, profit on sale of investments includes gain from India Business Excellence Funds of Rs. Nil and Rs. 5,828 lakhs for the quarter ended 31 March 2018 and 31 December 2017 respectively and Rs. 8,461 lakhs and Rs. 6,065 lakhs for the year ended 31 March 2018 and 31 March 2017 respectively.
- 11) The Board of Directors ("the Board") of the Company at its Meetings held on 4 November 2017, subject to approval of the Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") and other regulatory authorities, had approved the Scheme of Amalgamation of Motilal Oswal Securities Limited (wholly owned subsidiary company) with the Company and their respective shareholders ("Scheme"). Further, the Board vide resolution passed by circulation on 10 January 2018 has made partial modification to resolution dated 4 November, 2017, so as to transfer the Company's lending business to existing wholly owned subsidiary of the Company namely, Motilal Oswal Capital Markets Limited ("MOCML") or any other wholly owned subsidiary of the Company. Further, pursuant to order dated 22 December, 2017 passed by the Hon'ble NCLT, the Members of the Company at their meeting held on 20 February, 2018 have approved the Scheme. Also, the approval of the Members of the Company, was received for slump sale of the lending business of the Company to MOCML, through Postal Ballot process on 19 February, 2018. The final hearing by Hon'ble NCLT for approving the Scheme is awaited."
- 12) The Board of Directors at its meeting held on 21 May 2018, has recommended a final dividend of Rs. 4.5/- per equity share (on face value of Re 1/- per equity share) for financial year 2017-18 subject to approval of shareholders in forthcoming Annual General Meeting.
- 13) The figures for quarter ended 31 March 2018 and 31 March 2017 represents the balance between audited financial in respect of the full financial year and those published till the third quarter of the respective financial years.
- 14) Previous quarters/year ended figures have been regrouped/reclassified wherever necessary to confirm to the current period/quarter presentation.



Mumbai, 21 May 2018



AIR

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

Motilal Oswal
Chairman & Managing Director
(DIN 00024503)