

### **Independent Auditor's Report on proposed buy-back of equity shares pursuant to the requirements of clause (xi) of the Schedule I to the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 as amended**

To,  
The Board of Directors  
**Motilal Oswal Financial Services Limited**  
Motilal Oswal Tower, Rahimtullah Sayani  
Opposite Parel ST Depot,  
Prabhadevi, Mumbai-400025

1. This report is issued in accordance with the terms of our engagement letter dated May 14, 2022 with Motilal Oswal Financial Services Limited ("the Company"). The management of the Company has requested us to report on the accompanying statement (Annexure A) - permissible capital payment as at March 31, 2022 ("the Statement") prepared by them pursuant to the proposed buy-back of equity shares approved by the Board of Directors of the Company at their meeting held on May 17, 2022, in accordance with the provisions of sections 68, 69 and 70 of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 ("the SEBI Buy-back Regulations"). The Statement contains the computation of amount of permissible capital payment towards buy-back of equity shares in accordance with the requirements of section 68(2)(c) of the Act and based on the audited standalone and consolidated financial statements for the year ended March 31, 2022 ("Audited Financial Statements"). We have initialed the Statement for the identification purposes only.

#### **Management's Responsibility**

2. The preparation of the Statement is in accordance with the requirements of section 68(2)(c) of the Act and in compliance with the SEBI Buy-back Regulations which is determining the amount permissible to be paid for the buy back, is the responsibility of the management of the Company, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
3. The Board of Directors are responsible to make a full inquiry into the affairs and prospects of the Company and to form an opinion on reasonable grounds that the Company will be able to pay its debts from the date of Board meeting and will not be rendered insolvent within a period of one year from the date of the Board meeting at which the proposal for buy-back was approved by the Board of Directors of the Company and in forming this opinion, it has taken into account the liabilities (including prospective and contingent liabilities) as if the Company were being wound up under the provisions of the Act or the Insolvency and Bankruptcy Code 2016. Further, a declaration is required to be signed by at least two directors of the Company in this respect in accordance with the requirements of the section 68 (6) of the Act and the SEBI Buy-back Regulations.

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

4. Pursuant to the requirements of the SEBI Buy-back Regulations, it is our responsibility to provide reasonable assurance on the following "Reporting Criteria" whether:
  - (i) we have inquired into the state of affairs of the Company in relation to the Audited Financial Statements;
  - (ii) the amount of permissible capital payment for the buy-back as stated in Annexure A has been determined considering the audited financial statements for the year ended March 31, 2022 and is within the permissible limit as computed in accordance with the provisions of section 68(2)(c) of the Act;



- (iii) Audited Financial Statements, on the basis of which calculation with reference to buy-back is done, are not more than six months old from the date of offer documents; and
- (iv) the Board of Directors of the Company, in its meeting dated May 17, 2022, has formed the opinion as specified in clause (x) of Schedule I to the SEBI Buy-back Regulations, on a reasonable ground that the Company having regard to its state of affairs will not be rendered insolvent within a period of one year from the date of passing the Board meeting resolution;
5. The Audited Financial Statements for the year ended March 31, 2022 have been audited by us on which we have issued an unmodified audit opinion vide our report dated April 28, 2022. Our audit of these financial statements were conducted in accordance with the Standards on Auditing, as specified under section 143(10) of the Companies Act, 2013 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
6. We conducted our examination of the Statement in accordance with the "Guidance Note on Reports or Certificates for Special Purposes" ("Guidance Note"), issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. 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, issued by the Institute of Chartered Accountants of India.
8. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting Criteria mentioned in paragraph 4 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the Reporting Criteria. We have performed the following procedures in relation to the statement:
- Inquired into the state of affairs of the Company in relation to Audited Financial Statements as at and for the year ended March 31, 2022;
  - Examined authorisation for buy back from the Articles of Association of the Company;
  - Agreed the balance of the Statement of Profit and Loss, Securities Premium Account and General Reserve as at March 31, 2022 as disclosed in the Statement with the Audited Financial Statements;
  - Examined that the ratio of secured and unsecured debt owed by the Company, is not more than twice the capital and its free reserves after such buy-back;
  - Examined that all the shares for buy-back are fully paid-up;
  - Examined that the amount of permissible capital payment for the buy-back as detailed in Annexure A is within permissible limit computed in accordance with section 68(2)(c) of the Act;
  - Inquired if the Board of Directors of the Company, in its meeting held on May 17, 2022 has formed the opinion as specified in Clause (x) of Schedule I to the SEBI buy-back regulations, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the aforesaid date of the board meeting;
  - Examined the resolutions passed in the minutes of the meetings of the Board of Directors;
  - Examined the Directors' declarations for the purpose of buy-back and solvency of the Company;
  - Verified the arithmetical accuracy of the Statement; and
  - Obtained appropriate representations from the management of the Company.

### Opinion

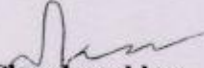
9. Based on our examination as above and the information, explanations and representations provided to us by the management, in our opinion:
- we have inquired into the state of affairs of the Company in relation to Audited Financial Statements
  - the Statement of permissible capital payment towards the proposed buy-back of equity shares as stated in Annexure A, in our view is properly determined in accordance with the requirements of section 68(2)(c) of the Act;
  - Audited Financial Statements, on the basis of which calculation with reference to buy-back is done, are not more than six months old from the date of offer documents;
  - the Board of Directors of the Company, in its meeting held on May 17, 2022 have formed the opinion, as specified in clause (x) of Schedule I to the SEBI Buy-back Regulations, on reasonable grounds that the Company, having regard to its state of affairs, will not be rendered insolvent within a period of one year from the date of board meeting.



**Restriction on distribution or use**

10. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the provisions of section 68 and other applicable provisions of the Act and the SEBI Buy-back Regulations, pursuant to the proposed buy-back of equity shares. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have had as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of the Company.
11. This report is addressed to and provided to the Board of Directors of the Company solely for the purpose of enabling it to comply with the aforesaid requirements and to include this report, pursuant to the requirements of the SEBI Buy-back Regulations, (a) in the public announcement to be made to the shareholders of the Company, (b) in the draft letter of offer and the letter of offer to be filed with the Registrar of Companies, Securities and Exchange Board of India, National Stock Exchange of India Limited and BSE Limited, as required by the SEBI buy-back regulations, the Central Depository Services (India) Limited, National Securities Depository Limited and (c) for providing to the manager(s) to the buy-back, each for the purpose of extinguishment of equity shares. Accordingly, this report may not be suitable for any other purpose, and therefore, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose for which or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Singhi & Co**  
Chartered Accountants  
Firm Registration No.: 302049E

  
**S. Chandrasekhar**  
Partner  
Membership No. 007592



UDIN: 22007592AJCREJ5745

Place: Mumbai  
Date: May 17, 2022

**Motilal Oswal Financial Services Limited**

CIN: L67190MH2005PLC153397

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**Annexure A****Statement of permissible capital payment**

Computation of amount of permissible capital payment towards buyback of equity shares in accordance with the requirements of Section 88(2)(c) of the Companies Act, 2013 ("Act") and Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018, as amended ("SEBI Buyback Regulations"), based on the audited standalone and consolidated financial statements for the year ended 31 March 2022.

(in Rs. Lakhs)

Particulars	Amount (Standalone)	Amount (Consolidated)
Paid-up Equity Share Capital (X)	1,491	1,491
Free Reserves*		
- General Reserve	4,559	4,776
- Securities premium	58,816	51,051
- Retained earnings	2,49,780	3,32,134
<b>Total Free Reserves (Y)</b>	<b>3,13,155</b>	<b>3,87,961</b>
<b>Total of Paid up Equity Share Capital and Free Reserves (X+Y)</b>	<b>3,14,646</b>	<b>3,89,452</b>
<b>Maximum amount permissible for the buyback i.e. 25% of total paid-up equity capital and free reserves*</b>	<b>78,662</b>	<b>97,363</b>
Amount approved by Board at its meeting held on 17 May 2022, approving the buy back	<b>Not Exceeding Rs. 160 Crores</b>	

\* free reserves as defined in Section 2(43) of the Act read along with Explanation II provided in Section 68 of the Act.

For **Motilal Oswal Financial Services Limited**

**Shalabh Shah**  
 Chief Financial Officer

 Place: Mumbai  
 Date: 17 May 2022
