

REPORT OF THE AUDIT COMMITTEE ("COMMITTEE") OF MOTILAL OSWAL FINANCIAL SERVICES LIMITED ON THE DRAFT SCHEME OF ARRANGEMENT BETWEEN MOTILAL OSWAL FINANCIAL SERVICES LIMITED ("THE TRANSFEROR COMPANY" OR "THE RESULTING COMPANY" OR "MOFSL" OR "THE COMPANY") AND GLIDE TECH INVESTMENT ADVISORY PRIVATE LIMITED ("THE TRANSFEREE COMPANY" OR "GLIDE") AND MOTILAL OSWAL WEALTH LIMITED ("THE DEMERGED COMPANY" OR "MOWL") AND THEIR RESPECTIVE SHAREHOLDERS ("THE SCHEME")

This Report of the Audit Committee is considered and approved by the Committee in its meeting held on July 27, 2023.

Members Present:

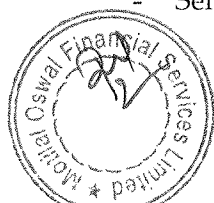
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|---------------------------|-----------------------------------|
| Mr. Pankaj Bhansali | - Independent Director – Chairman |
| Mr. C. N. Murthy | - Independent Director |
| Mr. Chandrashekhar Karnik | - Independent Director |
| Mrs. Divya Momaya | - Independent Director |

In Attendance:

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| Mr. Kailash Purohit | - Company Secretary and Compliance Officer |
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By Invitation:

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| Mr. Motilal Oswal | - Managing Director & Chief Executive Officer |
| Mr. Raamdeo Agarawal | - Non-Executive Chairman |
| Mr. Navin Agarwal | - Non-Executive Director |
| Mr. Ajay Menon | - Whole-Time Director |
| Mr. Rajat Rajgarhia | - Whole-Time Director |
| Mrs. Swanubhuti Jain | - Independent Director |
| Mr. Shalibhadra Shah | - Chief Financial Officer |
| Mr. Vishal Tulsyan | - Managing Director & Chief Executive Officer of MO Alternate Investment Advisors Private Limited, subsidiary company |
| Mr. Neeraj Agarwal | - Compliance Officer, Broking and Distribution Business |
| Mr. Chetan Parmar | - Senior Vice President, Investor Relations and Corporate Planning |
| Mr. Prashant Jain | - Senior Manager, Corporate Secretarial |



Invitees:

- | | |
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| Mr. Samip Barlotia | - Partner, Price Waterhouse & Co LLP |
| Ms. Falguni Shah | - Representative, PricewaterhouseCoopers Private |
| Ms. Nidhi Mehta | - Limited Representative, Price Waterhouse & Co LLP |
| Ms. Urvashi Ojha | - Representative, Price Waterhouse & Co LLP |
| Mr. Girish Kaushik | - Registered Valuer (Partner of JAA & Associates) |
| Mr. Harshit Goyal | - Representative of Sundae Capital Advisors Private Limited (Merchant Banker) |
| Mr. Nikhil Singhi | - Partner, Singhi & Co., Chartered Accountants, Statutory Auditors |
| Mr. Amit Hundia | - Partner, Singhi & Co., Chartered Accountants, Statutory Auditors |

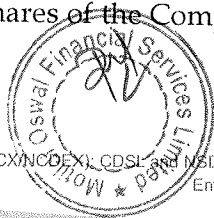
1. Background:

1.1. The proposal to consider and recommend the draft Scheme of Arrangement between Motilal Oswal Financial Services Limited ("the Transferor Company" or "the Resulting Company" or "MOFSL" or "the Company") and Glide Tech Investment Advisory Private Limited ("the Transferee Company" or "Glide") and Motilal Oswal Wealth Limited ("the Demerged Company" or "MOWL") and their respective shareholders ("the Scheme") was presented to and considered by the members of the Committee at its Meeting held on Thursday, July 27, 2023 at 2:00 p.m. through electronic mode at Motilal Oswal Tower, Prabhadevi, Mumbai – 400 025. The said proposal involves:

- 1.1.1. Transfer of Broking and Distribution ("B&D") Undertaking of the Company into the Transferee Company by way of Slump Sale (as defined in the Scheme);
- 1.1.2. Demerger of Wealth Business Undertaking of the Demerged Company into the Company (as defined in the Scheme); and
- 1.1.3. Various other matters consequential or otherwise integrally connected therewith, with effect from the Appointed Date or such other date as may be approved by Hon'ble National Company Law Tribunal, Mumbai Bench or any other competent authority, in accordance of the terms of the Scheme.

The Scheme is to be implemented in accordance with Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013, as may be applicable.

1.2. The equity shares of the Company are listed on BSE Limited ("BSE") and the National



Stock Exchange of India Limited (“NSE”, and together with BSE, “Stock Exchanges”). The Company will be filing the Scheme along with necessary information/ documents with the Stock Exchanges.

1.3. The Report of the Committee is made in order to comply with the requirements of the Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 (“SEBI Circular”), as issued by the Securities and Exchange Board of India (“SEBI”), read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), after considering the following:

1.3.1. Draft Scheme;

1.3.2. Valuation report dated July 27, 2023 issued by Mr. Girish Shivaram Kaushik of M/s. JAA & Associates (Registration No. IBBI/RV/06/2018/10398), being registered valuer appointed for the purpose of the Scheme (“Valuation Report”);

1.3.3. Fairness opinion report dated July 27, 2023 issued by Sundae Capital Advisors Private Limited, Category I SEBI Registered Independent Merchant Banker (Registration NoINM000012494) providing the fairness opinion on the share entitlement recommended in the Valuation Report (“Fairness Opinion”); and

1.3.4. Certificate dated July 27, 2023 obtained from the Statutory Auditors of the Company i.e. M/s. Singhi & Co, Chartered Accountants (FRN: 302049E) to the effect that the Scheme is in compliance with applicable Accounting Standards specified by the Central Government under Section 133 of the Companies Act, 2013 (“Statutory Auditors Certificate”).

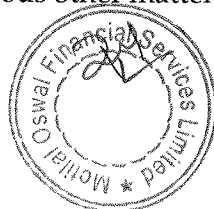
2. Proposed Scheme:

2.1. The Scheme, inter-alia, provides for the following:

2.1.1. Transfer of Broking and Distribution (“B&D”) Undertaking of the Company into the Transferee Company by way of Slump Sale (as defined in the Scheme);

2.1.2. Demerger of Wealth Business Undertaking of the Demerged Company into the Company (as defined in the Scheme); and

2.1.3. Various other matters consequential or otherwise integrally connected herewith.



2.2. Consideration/Share Exchange Ratio:

In terms of the Scheme and based on Valuation Report and Fairness Opinion, following would be the share entitlement ratio:

On transfer of B&D Undertaking of the Company into the Transferee Company by way of Slump Sale

“17,63,90,393 (Seventeen Crore Sixty Three Lakhs Ninety Thousand Three Hundred Ninety Three), rounded off, fully paid-up equity shares (“New Equity Shares”) having face value of INR 10/- (Rupees Ten Only) each, aggregating to INR 176,39,03,930/- (One Hundred Seventy-Six Crore Thirty-Nine Lakhs Three Thousand Nine Hundred Thirty Only) of the Transferee Company to the Company”

On demerger of Wealth Business Undertaking of the Demerged Company into the Company

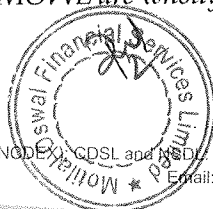
“The Demerged Company is a wholly owned subsidiary of the Resulting Company. Therefore, on demerger of the Wealth Business Undertaking of Demerged Company into the Resulting Company there shall be no issue of shares by the Resulting Company in this regard as consideration.”

- 2.3. The “Appointed Date” for the Scheme means April 1, 2023.
- 2.4. The “Effective Date” for the Scheme shall mean the day on which last of the conditions specified in Clause 31 (Conditionality of the Scheme / Conditions Precedent) of this Scheme are complied with.
- 2.5. The Scheme would be subject to the sanction or approval of the Hon’ble National Company Law Tribunal, SEBI, Stock Exchanges, shareholders, creditors and other Appropriate Authorities (as defined in the Scheme).

3. Rationale / Need for the Scheme:

RATIONALE OF THE SCHEME

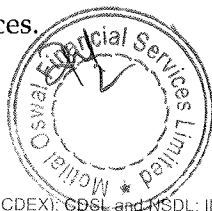
- (i) MOFSL is the flagship company of the Motilal Oswal Group (“the Group”).
- (ii) Glide and MOWL are wholly owned subsidiaries of MOFSL.



- (iii) MOFSL along with its subsidiaries offers a diversified range of financial products and services such as B&D, Institutional Equities, Asset Management Business, Housing Finance, Private Equity, Private Wealth Management, Investment Banking, Loan against Securities and Investment activities.
- (iv) With a view to realign its holding and business structure for commercial & regulatory reasons, the Group proposes restructuring as under:
- transfer of B&D Undertaking of MOFSL into Glide by way of Slump Sale; and
 - demerger of Wealth Business Undertaking of MOWL into MOFSL.
- (v) This restructuring will help the Group achieve following benefits:
- Flexibility to expand into newer segments/ line of businesses;
 - Concentrated management focus on the business in a more professional and regulatory manner;
 - Develop combined long-term corporate strategies and financial policies; and
 - Operational rationalization, organizational efficiency and optimal utilization of resources.

4. Synergies

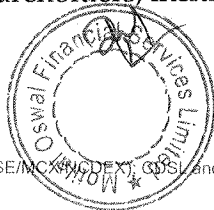
- 4.1. Considering the commercial & regulatory reasons the Group proposes to realign its holding and business structure.
- 4.2. In case of transfer of B&D Undertaking of the Company into the Transferee Company by way of Slump Sale there is no additional business synergies and neither any adverse implication arising out of this on the Company or its shareholders as Slump Sale is from the Company into its wholly owned subsidiary.
- 4.3. Further, the Demerged Company is also wholly owned subsidiary of the Company and thus the said demerger of the Wealth Business Undertaking from the Demerged Company into the Company, will not lead to any additional business synergies and neither have any adverse implication arising out of this on the Company or its shareholders.
- 4.4. This restructuring will help the Group achieve following benefits:
- 4.4.1. Flexibility to expand into newer segments/ line of businesses;
 - 4.4.2. Concentrated management focus on the business in a more professional and regulatory manner;
 - 4.4.3. Develop combined long-term corporate strategies and financial policies; and
 - 4.4.4. Operational rationalization, organizational efficiency and optimal utilization of resources.



5. Impact of the Scheme on the shareholders of the Company

The Committee reviewed the draft Scheme, Valuation Report, Fairness Opinion and Statutory Auditor's Certificate and noted the same and recommended the following:

- 5.1 Upon the Scheme becoming effective, all properties, rights and powers and all debts, liabilities, duties and obligations and such other ventures including ancillary and support services in relation to the B&D Undertaking of the Company shall be transferred to the Transferee Company, a wholly owned subsidiary of the Company on a going concern basis by way of Slump Sale.
- 5.2 Pursuant to the Scheme, in consideration for the Slump Sale, the Transferee Company will issue its equity shares to the Company based on the Valuation Report.
- 5.3 Further, in case of demerger of the Wealth Business Undertaking from the Demerged Company into the Company all the respective properties, rights and powers and all debts, liabilities, duties and obligations and such other ventures including ancillary and support services in relation to the Wealth Business Undertaking shall be transferred to the Company, on a going concern basis by way of demerger as the case maybe.
- 5.4 The Demerged Company is the wholly owned subsidiary of the Company. Thus, pursuant to the Scheme, in consideration for the demerger, there shall be no issue of shares by the Company in this regard as stated in the Valuation Report.
- 5.5 The provisions of the Scheme have also been drawn up to comply with the conditions relating to:
 - 5.5.1 "Slump Sale" as defined under section 2(42C) of the Income Tax Act, 1961 ("IT Act); and
 - 5.5.2 "Demerger" as defined under section 2(19AA) of the IT Act.
- 5.6 Based on the above and as there is no proposed change in the shareholding pattern of the Company pursuant to the Scheme and all the businesses of the Company will be either directly carried out by the Company or indirectly by its wholly owned subsidiaries, the Committee is of the informed opinion that the proposed Scheme is in the best interests of the shareholders of the Company and not detrimental to the interest of the shareholders, including the minority shareholders of the Company.



5.7 Further, the Fairness Opinion confirmed that the share entitlement in the Valuation Report is fair to the Parties of the Scheme and their respective shareholders.

6. **Cost benefit analysis of the Scheme**

There would be no change in the financial position of the Group as all the businesses of the Company will be either directly carried out by the Company or indirectly by its wholly owned subsidiaries.


Further, the Committee is of the opinion that the expected benefits of the Scheme/ need for regulatory reasons, as described hereinabove, which are not quantifiable, would offset the impact of transaction costs.

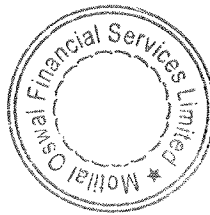
7. **Recommendations of the Audit Committee:**

The Committee, after due deliberations and consideration of all the terms of the draft Scheme, Valuation Report, Fairness Opinion, and the specific points mentioned above recommends the draft Scheme for favorable consideration by the Board of Directors of the Company, the BSE, the NSE and SEBI.

This Report of the Committee is made after considering the above documents and the same shall be treated as compliance under the applicable provisions of the SEBI Listing Regulations, SEBI Circular and other applicable provisions, if any. The Committee is entitled to make relevant modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.

**For Audit Committee of
Motilal Oswal Financial Services Limited**


Pankaj Bhansali
Chairman of the Committee
DIN: 03154793



**Date: July 27, 2023
Place: Mumbai**