

December 25, 2020

BSE Limited
P. J. Towers,
Dalal Street, Fort,
Mumbai - 400001
Security Code: 532892

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400051
Symbol: MOTILALOFS

Subject: Approving Scheme of Arrangement

Dear Sir /Madam,

In furtherance to our intimation letter dated December 21, 2020 and in terms of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (the "**Listing Regulations**"), we wish to inform the Stock Exchange(s) that the Board of Directors (the "**Board**") of Motilal Oswal Financial Services Limited ("**MOFSL**" or the "**Company**") at its Meeting held on December 24, 2020 has, inter-alia, subject to approval of the shareholders 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, Mumbai Bench.

The additional information required to be disclosed pursuant to Regulation 30 of Listing Regulations read with Circular No. CIR/CFD/CMD/4/2015 dated September 09, 2015 is enclosed as Annexure A. The brief presentation explaining the entire arrangement is uploaded on the website of the Company at www.motilalgroup.com. Further, the Company will file the Scheme with the Stock Exchange(s) pursuant to the provisions of Regulation 37 of the Listing Regulations.

Kindly take the same on record.

Thanking you,

Yours faithfully,

For Motilal Oswal Financial Services Limited

Kailash Purohit
Company Secretary & Compliance Officer

Encl.: As above

ANNEXURE A

Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Scheme of Arrangement

Sr. No.	Particulars	Remarks			
1	Name of the entity(ies) forming a part of the demerger and merger, details in brief such as size, turnover etc.	(INR Crores, as on September 30, 2020)			
		Name of the Entity	Total assets	Net worth	Turnover
		MOPE Investment Advisors Private Limited	100.82	76.70	37.66
		Motilal Oswal Real Estate Investment Advisors Private Limited	0.13	0.12	0.02
		Motilal Oswal Real Estate Investment Advisors II Private Limited	38.26	28.62	19.29
		MO Alternate Investment Advisors Private Limited	2.37	2.23	0.44
		Motilal Oswal Financial Services Limited	6,603.83	2,954.43	962.30

		(INR Crores, as on December 11, 2020)			
		Name of the Entity	Total assets	Net worth	Turnover
		Passionate Investment Management Private Limited	893.57	884.95	-
2	Area of business of the entity(ies);	<p>PIMPL: It is a holding company of the Company and is registered as stock broker with BSE Limited.</p> <p>MOPE: Investment manager / advisor to alternative investment funds, venture capital funds and Mauritius based funds. It is also engaged, inter alia, in the business of portfolio management services, providing financial, management & facilitation services and identifying investment opportunities.</p> <p>MORE: Managing Partner in India Realty Excellence Fund II LLP.</p> <p>MORE II: Investment manager / advisors to alternative investment funds. It is also engaged, inter alia, in the business of providing financial, investment advisory, management & facilitation services and investment opportunities.</p> <p>MO Alternate: The main object of the Company is to provide the SEBI registered investment advisory services, management/advisory/referral services, advising and/or managing real estate funds, alternative investment funds, venture capital funds etc.</p> <p>MOFSL: Stock 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. It is registered with the SEBI as Research Analyst, Portfolio Manager and with various other bodies / agencies like IRDA, AMFI, CERSAI, KRA agencies (CVL, Dotex, NDML, CAMS and Karvy) etc.</p>			

3	Whether the transaction would fall within the related party transactions? If yes, whether the same is done at “arm’s length”?	<p>All the above-mentioned parties (except PIMPL) are direct or indirect subsidiaries of the Company and PIMPL is the holding company of the Company and the transaction is being done at arm’s length.</p> <p>Pursuant to the Scheme, the Company will issue consideration by way of equity shares as recommended by the Board relying on the valuation report obtained from Mr. Nikhil Singhi, Registered Valuer (IBBI/RV/06/2019/11089) (Senior Partner at M/s. Singhi & Co., Chartered Accountants) and fairness opinion on the said valuation report issued by Ladderup Corporate Advisory Private Limited, Category-I, SEBI Registered Independent Merchant Banker (Reg. No. INM000011765).</p> <p>In connection with aforesaid, it will be pertinent to mention that the Ministry of Corporate Affairs vide its general circular bearing number 30/2014 dated July 17, 2014 has clarified that transactions arising inter alia, out of Compromises, Arrangements and Amalgamation will not attract requirement of Section 188 of the Companies Act, 2013.</p>									
4	Brief details of the division(s) demerged into listed entity Turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding financial year / based on financial year;	<p>The Fund Management Undertakings of MOPE and MORE II consists of fund management business and investment advisory services and managing and advising private equity growth capital and real estate funds.</p> <p>Details of the Fund Management Undertakings are given below:</p> <p style="text-align: right;">(INR Crores, as on March 31, 2020)</p> <table border="1" data-bbox="643 1507 1551 1803"> <thead> <tr> <th>Name</th> <th>Turnover</th> <th>% to the total turnover of the Company</th> </tr> </thead> <tbody> <tr> <td>Fund Management Undertaking of MOPE</td> <td>72.40</td> <td>99.67%</td> </tr> <tr> <td>Fund Management Undertaking of MORE II</td> <td>44.07</td> <td>99.87%</td> </tr> </tbody> </table>	Name	Turnover	% to the total turnover of the Company	Fund Management Undertaking of MOPE	72.40	99.67%	Fund Management Undertaking of MORE II	44.07	99.87%
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Fund Management Undertaking of MOPE	72.40	99.67%									
Fund Management Undertaking of MORE II	44.07	99.87%									
5	Rationale for the Scheme;	Rationale of the Scheme is given below the table.									

6	In case of cash consideration – amount or otherwise share exchange ratio	<p>On amalgamation of PIMPL with MOFSL</p> <p>MOFSL shall issue and allot the same number of New Equity Shares i.e. 8,49,21,363 to the equity shareholders of PIMPL in the proportion of their holding. In the event, PIMPL holds more than 8,49,21,363 fully paid up equity shares of MOFSL (without incurring any additional liability) on the Record Date, New Equity Shares to be issued and allotted by MOFSL to the shareholders of the PIMPL shall stand increased by such additional number of equity shares held by the PIMPL.</p> <p>On amalgamation of MORE with MOPE;</p> <p>As the entire equity share capital of MORE is held by MOPE, which shall stand cancelled pursuant to the amalgamation and no shares shall be issued as consideration for the amalgamation of MORE with MOPE. Therefore, there is no requirement to determine the Share Exchange Ratio for the proposed amalgamation of MORE into MOPE.</p> <p>On demerger of the Fund Management Undertaking of MOPE into MO Alternate;</p> <p><i>120 equity shares of MOFSL for 1 equity share of MOPE</i></p> <p>On amalgamation of MOPE with MOFSL;</p> <p><i>75 equity shares of MOFSL for 1 equity share of MOPE</i></p> <p>On demerger of the Fund Management Undertaking of MORE II into MO Alternate;</p> <p><i>372 equity shares of MOFSL for 1 equity share of MORE II</i></p> <p>On amalgamation of MORE II with MOFSL;</p> <p><i>24 equity shares of MOFSL for 1 equity share of MORE II</i></p>
7	Brief details of change in shareholding pattern (if any) of all entities	<p>Post the Scheme becoming effective, all the shareholders of the PIMPL, MOPE and MORE II to receive proportionate shares in the Company based on the share entitlement ratio as approved by the Board basis Valuation Report issued by Mr. Nikhil Singhi, Registered Valuer (IBBI/RV/06/2019/11089) (Senior Partner at M/s. Singhi & Co., Chartered Accountants).</p>

		<p>Upon issuance and allotment of shares by the Company pursuant to the Scheme, the Promoter and Promoter Group in the Company is estimated to change from current 70.49% to 69.60%. However, such a change is estimated based on present total equity share capital of the Company as on date. The actual shareholding would depend on the then total equity share capital of the Company as on the record date.</p> <p>On demerger of the Fund Management Undertaking of MOPE and MORE II into MO Alternate, the consideration will be issued by the Company in form of its equity shares to the shareholders of MOPE and MORE II in proportion to their holding in the respective companies. Thus, there will be no change in the shareholding pattern of the MO Alternate.</p> <p>Further, on Scheme becoming effective, PIMPL, MOPE, MORE and MORE II shall stand dissolved without winding up and no post Scheme shareholding will be applicable to PIMPL, MOPE, MORE and MORE II.</p>
8	Whether listing would be sought for the resulting entity?	<p>On demerger of the Fund Management Undertaking of MOPE and MORE II into MO Alternate, the consideration will be issued by the Company in form of its equity shares to the shareholders of MOPE and MORE II in proportion to their holding in the respective companies. Thus, MO Alternate will not seek listing pursuant to the Scheme being effective.</p> <p>The Company is a listed entity on BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”). Accordingly, the Company will apply for listing of the new equity shares of the Company to be issued and allotted pursuant to the Scheme, on BSE and NSE.</p>

Rationale of the Scheme

Amalgamation of PIMPL with MOFSL

- (i) MOFSL is the flagship company of the Motilal Oswal Group (“the Group”).
- (ii) PIMPL forms part of the Promoter Group of MOFSL. It is equally owned by Mr. Motilal Oswal and Mr. Raamdeo Agrawal and their family members / family trusts.
- (iii) PIMPL presently holds 8,49,21,363 equity shares of MOFSL of face value of INR 1/- each, representing about 57.95% of the total paid up share capital of MOFSL as on date.
- (iv) It is proposed to amalgamate PIMPL into MOFSL, as a result of which the shareholders of PIMPL (Mr. Motilal Oswal and Mr. Raamdeo Agrawal and their family members / family trusts) who also form part of the Promoter Group of MOFSL shall directly hold shares in MOFSL.
- (v) This will lead to clear cut and straight forward shareholding structure and eliminating needless layers of shareholding tiers and at the same time demonstrate the Promoter Group’s direct commitment and engagement with MOFSL and improve the confidence of all shareholders.

Amalgamation of MORE into MOPE and Demerger of the Fund Management Undertaking of MOPE and MORE II into MO Alternate and consequent amalgamation of MOPE and MORE II with MOFSL.

- (i) Consolidation of fund management business of the Group:
 - MORE, MOPE and MORE II are currently managing and advising three Private Equity growth capital and four real estate funds. MOPE primarily caters to four industry sectors, i.e., consumer products & services, financial services, life sciences and industrial products whereas MORE and MORE II are focused on real estate sectors.
 - MOPE, MORE and MORE II have emerged as a strong alternative investment platform in mid-market segment.
 - It is considered necessary to consolidate the fund management business and investment

advisory services across sectors in a single entity. As MORE is a wholly owned subsidiary of MOPE, considering there are no material activities left in MORE for absorption by MOFSL, the Group is proposing to amalgamate MORE into MOPE. This will be followed by demerger of fund management business and investment advisory services from MOPE and MORE II into MO Alternate. This would help the Group in expanding into and providing alternative investment option to the private market investor class. The entire ownership of the fund management business will continue to remain with the Holding Company of MO Alternate through MO Alternate, being a wholly owned subsidiary.

- Further, such consolidation can also help the Group achieve following benefits:
 - Concentrated management focus on the business in a more professional manner;
 - Develop combined long-term corporate strategies and financial policies; and
 - Operational rationalization, organizational efficiency and optimal utilization of resources.

(ii) Alignment of Key Managerial Personnel ('KMPs') and employees of MOPE and MORE II with overall strategy of the Group:

- Currently, the employees of the fund management business are holding shares of MOPE and MORE II and the management of MOPE, MORE II and MOFSL had an understanding to issue shares of MOFSL to such employees at a later date. Further, keeping in mind growth strategy for the business, it is desired that KMPs / employees should be directly holding shares in MOFSL so that they are aligned with overall vision, performance goals and strategy of the Group.

(iii) Layered Structure:

- The Fund Management and investment advisory services are carried on by three layered companies.
- From a governance perspective and keeping in mind amendments as per Section 2(87) and Section 186 of the Companies Act, 2013, reduced layer of entities shall enhance flexibility to MOFSL to incorporate subsidiaries and/or acquire companies or any other body corporates with controlling stake as per their business strategies. Therefore, the

Group intends to reduce the three-layers and simplify the corporate structure.

- The other businesses of the Group are largely carried on by a single-layered wholly owned subsidiaries. Therefore, the Group desires that fund management should also be carried on by a single wholly owned subsidiary.
- (iv) Segregation of Remaining Business i.e., Investment Division of MOPE and MORE II:
- While MOPE, MORE and MORE II consolidates its fund management business across different sectors under single vehicle, it is advisable that the investments lying in these companies are consolidated at MOFSL's level.
 - MOFSL is holding various public market and private market investments and has capabilities of mobilising further funds. Therefore, pursuant to the consolidation of core business of MOPE, MORE and MORE II, the Remaining Business i.e., Investment Division of these entities can be amalgamated with MOFSL and consolidation of investment business can be achieved.