Nikhil Singhi
Chartered Accountant & Registered Valuer

To

The Board of Directors MOTILAL OSWAL FINANCIAL SERVICES LIMITED Motilal Oswal Tower , RahimtullahSayani Road , Opposite Parel ST Depot , Prabhadevi, Mumbai -400025	The Board of Directors PASSIONATE INVESTMENT MANAGEMENT PRIVATE LIMITED Motilal Oswal Tower , RahimtullahSayani Road , Opposite Parel ST Depot , Prabhadevi, Mumbai -400025	The Board of Directors MOPE INVESTMENT ADVISORS PRIVATE LIMITED Motilal Oswal Tower , RahimtullahSayani Road , Opposite Parel ST Depot , Prabhadevi, Mumbai -400025
The Board of Directors MOTILAL OSWAL REAL ESTATE INVESTMENT ADVISORS PRIVATE LIMITED Motilal Oswal Tower , RahimtullahSayani Road , Opposite Parel ST Depot , Prabhadevi, Mumbai -400025	The Board of Directors MOTILAL OSWAL REAL ESTATE INVESTMENT ADVISORS II PRIVATE LIMITED Motilal Oswal Tower , RahimtullahSayani Road , Opposite Parel ST Depot , Prabhadevi, Mumbai -400025	The Board of Directors MO ALTERNATE INVESMENT ADVISORS PRIVATE LIMITED Motilal Oswal Tower , RahimtullahSayani Road , Opposite Parel ST Depot , Prabhadevi, Mumbai -400025

Dear Sir(s) / Madam(s),

Subject: Valuation report dated 24th December 2020 on Share Entitlement Ratio and Exchange Ratio on Proposed Scheme of Arrangement of above mentioned companies.

This is with reference to Valuation report dated 24th December 2020 by Mr. Nikhil Singhi, Registered Valuer on Share Entitlement Ratio and Exchange Ratio on Proposed Scheme of Arrangement of above mentioned companies.

We understand that some queries has been sought by BSE Ltd ("BSE"). In this relation we would like to state our position as under for each query of BSE:

Query 1: In valuation report, provide workings of valuation report, in annexure 3 for amalgamation of remaining MOPE into MO Alternate – mention reasons for not using methods of valuation for MOPE and in Annexure 5 for amalgamation of remaining MORE II into MO Alternate – mention reasons for not using methods of valuation for MORE II and in annexure 1, 2, 3 and 4 – mention reasons for not using methods of valuation for MOFSL.

Response: Please refer attached Annexures I, II, III, IV, V and VI incorporating workings of valuation and the reasons for not using methods of valuation as sought in Query 1.

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Query 2: Number of regulations of SEBI ICDR under which valuation of MOFSL is considered

Response: Shares of MOFSL are frequently traded on both the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). For our valuation, we have considered volume weighted average price of MOFSL as per Regulation 158 and 164 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 determined using the data of NSE as the traded volumes in NSE is higher compared to BSE for MOFSL. The price considered is higher of following:

a) Average of weekly high and low of volume weighted average price of the related equity shares quoted on NSE during the twenty six weeks preceding the relevant date.
b) Average of weekly high and low of volume weighted average price of the related equity shares quoted on NSE during the two week preceding the relevant date.

Query 3: Effect of the outstanding employee stock options / employee benefit plans / agreements issued to the employees of the MOFSL or its subsidiaries on the valuation of MOFSL.

Response: MOFSL is a listed company since long and its shares are frequently traded and hence we have considered the market price of the company to be the appropriate representation of the value of the company.

In case of Companies covered in the proposed scheme, only MOFSL have *outstanding employee stock options / employee benefit plans / agreements issued to the employees.* Market price would typically factors in all potential dilutive impacts / arrangements, hence there will be no impact of the outstanding employee stock options / employee benefit plans / agreements issued to the employees of the MOFSL on the valuation of MOFSL. For other subsidiaries covered in proposed scheme there will not be any impact on valuation as there are no *outstanding employee stock options / employee benefit plans / agreements issued to the employees.*

Yours faithfully,

Nikhil Singhi
Chartered Accountant and Registered Valuer
ICAI Membership Number: 061567
IBBI Registered Valuer Number:IBBI/RV/06/2019/11089
Date: 5th February 2021

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Annexure I

In respect of valuation of MOFSL, the Asset Based Method is not relevant given that the company directly and through its subsidiaries has multiple businesses most of which are not asset intensive businesses. We have not been provided with the financial projections for MOFSL and accordingly we have not used Income approach for valuation of MOFSL.

MOFSL is a listed company since long and its shares are frequently traded and hence we have considered the market price of the company to be the appropriate representation of the value of the company.

Relevant Date i.e. Date of Board Meeting: December 24, 2020

A] Average of weekly high & low of the volume weighted average price (VWAP) of the equity shares of Motilal Oswal Financial Services Limited quoted on the National Stock Exchange of India Limited during the last twenty six weeks preceding the relevant date (considering relevant date as December 24, 2020)

Figures in INR

Week	Week Start	Week End	VWAP High	VWAP Low	Average (VWAP High, VWAP Low)
1	17-Dec-20	23-Dec-20	642.08	599.62	620.85
2	10-Dec-20	16-Dec-20	654.46	640.59	647.53
3	03-Dec-20	09-Dec-20	654.71	617.01	635.86
4	26-Nov-20	02-Dec-20	611.62	605.88	608.75
5	19-Nov-20	25-Nov-20	622.56	607.88	615.22
6	12-Nov-20	18-Nov-20	613.45	552.90	583.18
7	05-Nov-20	11-Nov-20	570.17	559.40	564.79
8	29-Oct-20	04-Nov-20	578.30	551.49	564.90
9	22-Oct-20	28-Oct-20	572.25	550.86	561.56
10	15-Oct-20	21-Oct-20	592.45	573.94	583.20
11	08-Oct-20	14-Oct-20	620.18	591.58	605.88
12	01-Oct-20	07-Oct-20	637.37	625.20	631.29
13	24-Sep-20	30-Sep-20	648.46	623.53	636.00
14	17-Sep-20	23-Sep-20	654.68	612.92	633.80
15	10-Sep-20	16-Sep-20	660.27	650.46	655.37
16	03-Sep-20	09-Sep-20	684.02	644.86	664.44
17	27-Aug-20	02-Sep-20	714.35	672.54	693.45
18	20-Aug-20	26-Aug-20	703.29	686.91	695.10
19	13-Aug-20	19-Aug-20	715.08	664.17	689.63
20	06-Aug-20	12-Aug-20	671.35	663.12	667.24
21	30-Jul-20	05-Aug-20	682.99	668.92	675.96
22	23-Jul-20	29-Jul-20	718.84	688.08	703.46
23	16-Jul-20	22-Jul-20	687.81	666.38	677.10
24	09-Jul-20	15-Jul-20	709.01	655.88	682.45
25	02-Jul-20	08-Jul-20	681.75	598.90	640.33
26	25-Jun-20	01-Jul-20	620.06	582.78	601.42
Average Price					**636.10**

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B] Average of weekly high & low of the volume weighted average price (VWAP) of the equity shares of Motilal Oswal Financial Services Limited quoted on the National Stock Exchange of India Limited during the last two weeks preceding the relevant date (considering relevant date as December 24, 2020)

Figures in INR

Week	Week Start	Week End	VWAP High	VWAP Low	Average (weekly high and low)
1	17-Dec-20	23-Dec-20	642.08	599.62	620.85
2	10-Dec-20	16-Dec-20	654.46	640.59	647.53
Average Price					**634.19**

A] Average of the weekly high and low of VWAP during last 26 weeks preceding the relevant date: **INR 636.10**

B] Average of the weekly high and low of VWAP during last 2 weeks preceding the relevant date: **INR 634.19**

Applicable Minimum Price(higher of A] and B]) : INR 636.10

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Annexure II

DCF Analysis of Fund Management Undertakingof MOPE Investment Advisors Private Limited (MOPE)

Cost of Equity

Risk free rate %	6.06%
Market Risk Premium	4.80%
Beta	1.02
Cost of Equity	10.96%
Add: illiquidity discount @10%	1.10%
Cost of Equity	**12.05%**

Assumptions

Terminal Growth Rate	5.00%
Tax Rate	25.17%

Computation of Share Value

Particulars	**Amount INR Crores**
Present Value (PV) of Free Cash Flow for the explicit period	128.60
Add: PV of Terminal Value	313.95
Enterprise Value	**442.55**
Less: Debt	9.45
Add: Net Assets of IBEMC	13.70
Add: Cash and cash equivalents	0.49
Equity Value	**447.29**
Total Equity Shares (nos.)	58,825
Value per Equity Share (INR)	**76,037.70**

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The Computation of Fair Share Entitlement Ratio as derived by us for proposed demerger of Fund Management Undertaking 1 of MOPE Investment Advisors Private Limited, is given below:

Valuation Approach	Fund Management Undertaking 1		MOFSL	
	Value per share INR	Weight	Value per share INR	Weight
Asset approach	NA	-	NA	-
Income Approach	76,037.70	100%	NA	-
Market Approach	NA	-	636.10	100%
Relative Value per share *	**76,037.70**	**100 %**	**636.10**	**100 %**
Entitlement Ratio (Rounded off)	**120**			

* Face value INR 10 per share for Fund Management Undertaking 1 of MOPE Investment Advisors Private Limited
* Face value INR 1 per share for MOFSL
NA = Not Adopted / Not Applicable

We have applied Discounted Cash Flow ('DCF') method for valuation of Fund Management Undertaking 1. The asset based approach is not relevant in this instance as the business is not asset intensive, the market based approach is not considered appropriate given the lack of similar comparable companies/ transactions with publicly available information in this space.

In respect of valuation of MOFSL, the Asset Based Method is not relevant given that the company directly and through its subsidiaries has multiple businesses most of which are not asset intensive businesses. We have not been provided with the financial projections for MOFSL and accordingly we have not used Income approach for valuation of MOFSL.

MOFSL is a listed company since long and its shares are frequently traded and hence we have considered the market price of the company to be the appropriate representation of the value of the company.

Share Entitlement Ratio – Demerger of Fund Management Undertaking 1of MOPE Investment Advisors Private Limited into MO Alternate Investment Advisors Private Limited:

"120 equity shares of the face value of Re. 1 each fully paid-up of MOFSL for every 1 fully paid-up equity share of Rs.10 each of MOPE"

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Annexure III

Valuation of Remaining MOPE as per Adjusted Net Asset Value method

Particulars	Amount INR Crores
Equity	0.06
P&L Reserve	53.23
Other reserves	(0.02)
Adjusted Net Asset Value	**53.27**
Add: 90% Equity Value of MORE II	**227.19**
Adjusted NAV of Remaining MOPE	**280.46**
Total Equity Shares (nos.)	58,825
Value per Equity Share (INR)	**47,677.75**

The Computation of Fair Share Exchange Ratio for proposed Remaining MOPE as derived by us, is given below:

Valuation Approach	Remaining MOPE		MOFSL	
	Value per share INR	Weight	Value per share INR	Weight
Asset approach	47,677.75	100 %	NA	-
Income Approach	NA	-	NA	-
Market Approach	NA	-	636.10	100 %
Relative Value per share *	**47,677.75**	**100 %**	**636.10**	**100 %**
Exchange Ratio (Rounded off)	**75**			

* Face value INR 10 per share for Remaining MOPE
* Face value INR 1 per share for MOFSL
NA = Not Adopted / Not Applicable

We have applied Adjusted Net Asset Value method for valuation of Remaining MOPE. Considering the residual nature of assets with no significant operations in Remaining MOPE, after demerger of the Fund Management Undertaking of MOPE into MO ALTERNATE, Income approach was not relevant. Market approach is not considered as the equity shares of MOPE are not listed on any stock exchange.

In respect of valuation of MOFSL, the Asset Based Method is not relevant given that the company directly and through its subsidiaries has multiple businesses most of which are not asset intensive businesses. We have not been provided with the financial projections for MOFSL and accordingly we have not used Income approach for valuation of MOFSL.

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MOFSL is a listed company since long and its shares are frequently traded and hence we have considered the market price of the company to be the appropriate representation of the value of the company.

Share Exchange Ratio – Amalgamation of Remaining MOPE Investment Advisors Private Limited into Motilal Oswal Financial Services Ltd.:

> *"75 equity shares of the face value of Re. 1 each fully paid-up of MOFSL for every 1 fully paid equity share of Rs.10 each of MOPE"*

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Annexure IV

DCF Analysis of Fund Management Undertaking of Motilal Oswal Real Estate Investment Advisors II Private Limited (MORE II)

Cost of Equity

Risk free rate %	6.06%
Market Risk Premium	4.80%
Beta	1.23
Cost of Equity	11.96%
Add: illiquidity discount @10%	1.20%
Add:Company risk premium @ 2.5%	0.30%
Cost of Equity	**13.46%**

Assumptions

Terminal Growth Rate	5.00%
Tax Rate	25.17%

Computation of Share Value

Particulars	**Amount INR Crores**
Present Value (PV) of Free Cash Flow for the explicit period	61.21
Add: PV of Terminal Value	175.06
Enterprise Value	**236.27**
Less: Debt	-
Add: Cash and cash equivalents	0.66
Equity Value	**236.93**
Total Equity Shares (nos.)	10,000
Value per Equity Share (INR)	**2,36,927.04**

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The Computation of Fair Share Entitlement Ratio for proposed Demerger of Fund Management Undertaking 2 of Motilal Oswal Real Estate Investment Advisors II Private Limited as derived by us, is given below:

Valuation Approach	Fund Management Undertaking 2		MOFSL	
	Value per share INR	Weight	Value per share INR	Weight
Asset approach	NA	-	NA	-
Income Approach	2,36,927.04	100 %	NA	-
Market Approach	NA	-	636.10	100 %
Relative Value per share *	**2,36,927.04**	**100 %**	**636.10**	**100 %**
Entitlement Ratio (Rounded off)	**372**			

* Face value INR 10 per share for Fund Management Undertaking 2
* Face value INR 1 per share for MOFSL
NA = Not Adopted / Not Applicable

We have applied Discounted Cash Flow ('DCF') method for valuation of Fund Management Undertaking 2. The asset based approach is not relevant in this instance as the business is not asset intensive, the market based approach is not considered appropriate given the lack of similar comparable companies/ transactions with publicly available information in this space.

In respect of valuation of MOFSL, the Asset Based Method is not relevant given that the company directly and through its subsidiaries has multiple businesses most of which are not asset intensive businesses. We have not been provided with the financial projections for MOFSL and accordingly we have not used Income approach for valuation of MOFSL.

MOFSL is a listed company since long and its shares are frequently traded and hence we have considered the market price of the company to be the appropriate representation of the value of the company.

Share Entitlement Ratio – Demerger of Fund Management Undertaking 2 of Motilal Oswal Real Estate Investment Advisors II Private Limited into MO Alternate Investment Advisors Private Limited :

"372 equity shares of the face value of Re. 1 each fully paid-up of MOFSL for every 1 fully paid equity share of Rs.10 each ofMORE II"

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Annexure V

Valuation of Remaining MORE II as per Adjusted Net Asset Value method

Particulars	Amount INR Crores
Equity	0.01
P&L Reserve	12.30
Other Reserves	3.21
Adjusted NAV of Remaining MORE II	15.52
Total Equity Shares (nos.)	10,000.00
Value per Equity Share (INR)	**15,517.44**

The Computation of Fair Share Exchange Ratio for Remaining MORE II as derived by us, is given below:

Valuation Approach	Remaining MORE II		MOFSL	
	Value per share INR	Weight	Value per share INR	Weight
Asset approach	15,517.44	100 %	NA	-
Income Approach	NA	-	NA	-
Market Approach	NA	-	636.10	100 %
Relative Value per share *	**15,517.44**	**100 %**	**636.10**	**100 %**
Exchange Ratio (Rounded off)	**24**			

* Face value INR 10 per share for Remaining MORE II
* Face value INR 1 per share for MOFSL
NA = Not Adopted / Not Applicable

We have applied Adjusted Net Asset Value method for valuation of Remaining MORE II. Considering the residual nature of assets with no significant operations in Remaining MORE II, after demerger of the Fund Management Undertaking of MORE II into MO ALTERNATE, Income approach was not relevant. Market approach is not considered as the equity shares of MORE II are not listed on any stock exchange.

In respect of valuation of MOFSL, the Asset Based Method is not relevant given that the company directly and through its subsidiaries has multiple businesses most of which are not asset intensive businesses. We have not been provided with the financial projections for MOFSL and accordingly we have not used Income approach for valuation of MOFSL.

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Share Exchange Ratio – Amalgamation of Remaining Motilal Oswal Real Estate Investment Advisors II Private Limited with Motilal Oswal Financial Services Ltd. :

"24 equity shares of the face value of Re. 1 each fully paid-up of MOFSL for every 1 fully paid equity share of Rs. 10 each of MORE II "

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Annexure VI

The Computation of Fair Share Exchange Ratio for PIMPL is given below:

Valuation Approach	PIMPL		MOFSL	
	Value per share INR	Weight	Value per share INR	Weight
Asset approach	NA	NA	NA	NA
Income Approach	NA	NA	NA	NA
Market Approach	NA	NA	NA	NA
Relative Value per share	**NA**		**NA**	

NA = Not Adopted / Not Applicable

PIMPL is the holding company of MOFSL and does not have any other significant operations/business. There are no listed companies strictly comparable to PIMPL since holding companies can vary in terms of quantity, quality and geographical location of investment portfolio, operating and capital structures etc. Accordingly, for our analysis we have not considered the Income based or Market based approaches for the valuation of PIMPL.

For assessing the equity value of PIMPL, we have adopted the Asset based approach by considering assets and liabilities of PIMPL as at 11th December 2020. Further, as discussed with the PIMPL management and as provided in the Proposed Scheme of Arrangement, apart from its investments in equity shares of MOFSL, no value has been attributed to other positive net assets of PIMPL, which have been adjusted for the expenses / costs to be incurred pursuant to this amalgamation and thus NA mentioned in above table for Asset Approach also.

Details of methodology adopted for valuation of PIMPL is provided in section 4 Valuation Analysis of the Valuation report dated 24th December 2020.

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