

INDEPENDENT AUDITOR'S REPORT

To The Members of Oxyzo Financial Services Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Oxyzo Financial Services Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

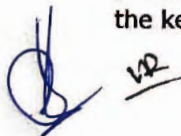
Emphasis of Matter

We draw attention to Note 41 to the Ind AS financial statements, which fully describes that the Company has recognised impairment on financial assets to reflect the adverse business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

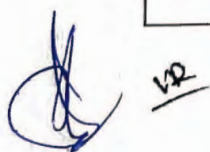
Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	Auditor's Response
First time adoption of Indian Accounting Standards (Ind AS): (Refer Note 43 to the Ind AS financial statements) The Company has adopted Ind AS from April 1, 2019 with an effective date of April 1, 2018 for such transition. For periods up to and including the year ended March 31, 2019, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). To give effect of the transition to Ind AS, these financial statements for the year ended March 31, 2020, together with the comparative financial information for the previous year ended March 31, 2019 and the transition date Balance Sheet as at April 1, 2018 have been prepared under Ind AS. The transition has involved significant change in the Company's policies and processes for financial reporting, including generation of supportable information and applying estimates to inter alia determine impact of Ind AS on accounting and disclosure requirements prescribed under extant Reserve Bank of India (RBI) directions. In view of the complexity involved, Ind AS transition and the preparation of financial statements subsequent to the transition date have been areas of key focus in our audit.	Principal audit procedures: • Read the Ind AS impact assessment performed by the Management and the resultant changes made to the accounting policies considering the requirements of the new framework. • Evaluated the exemptions and exceptions allowed by Ind AS and applied by the Management in applying the first-time adoption principles of Ind AS 101 in respect of fair valuation of assets and liabilities existing as at transition date. • Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS. • Evaluated the appropriateness of the disclosures required for the first time adoption of Ind AS which includes the appropriateness of the reconciliations of the previously published retained earnings and profits with the restated Ind AS balances. • Tested the adequacy of required disclosures made as per Ind AS in the financial statements.
Allowances for Expected Credit Losses: (Refer Note 2.13 and 41 to the Ind AS financial statements) As at March 31, 2020, loan assets aggregated ₹89,786.80 lakhs, constituting 93% of the Company's total assets. Significant judgement is used in classifying these loan assets and applying appropriate measurement principles. The allowance for expected credit losses ("ECL") on such loan assets measured at amortised cost is a	Principal audit procedures: We have examined the policies approved by the Board of Directors of the Company that articulate the objectives of managing each portfolio and their business models. We have also verified the methodology adopted for computation of ECL ("ECL Model") that addresses policies approved by the Board of Directors, procedures and controls for assessing and measuring credit risk on all lending exposures measured at amortised cost. Additionally, we have confirmed that adjustments to the output of the ECL Model is consistent with



Key Audit Matter	Auditor's Response
critical estimate involving greater level of management judgement. As part of our risk assessment, we determined that the allowance for ECL on loan assets (including undisbursed commitments) has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements. The elements of estimating ECL which involved increased level of audit focus are the following: • Qualitative and quantitative factors used in staging the loan assets measured at amortised cost. • Basis used for estimating Probabilities of Default ("PD"), • Basis used for estimating Loss Given Default ("LGD") • Judgements used in projecting economic scenarios and probability weights applied to reflect future economic conditions. Adjustments to model driven ECL results to address emerging trends.	the documented rationale and basis for such adjustments and that the amount of adjustment has been approved by the Board of Directors Our audit procedures related to the allowance for ECL included the following, among others: • Tested the design and effectiveness of internal controls over the: - Completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the factors applied for such staging. - Completeness and accuracy of information used in the estimation of the PD for the different stages depending on the nature of the portfolio; and - Computation of the ECL including adjustments to the output of the ECL Model. • Also, for samples of ECL on loan assets tested: - We tested the input data from the period of default report used in estimating the PD, using Information System specialists to gain comfort on data integrity and other related information; - We evaluated reasonableness of LGD estimates by comparing actual recoveries post the loan asset becoming credit impaired with estimates of LGD. - We evaluated the incorporation of the applicable assumptions into the ECL Model and tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company with the help of risk advisory specialist. • We also tested the adequacy of the adjustment after stressing the inputs used in determining the output as per the ECL Model and ensured that the adjustment was in conformity with the amount approved by the Board of Directors. • We also assessed the adequacy of disclosures made in relation to the ECL allowance in accordance with confirm compliance with the provisions of Ind AS 107.
Information Technology and General Controls : The Company is highly dependent on technology due to the significant number of transactions that are processed daily across multiple and discrete Information Technology ("IT") systems. The audit	Principal audit procedures: • We obtained understanding of Management's key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. • We tested the design, implementation and

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Key Audit Matter	Auditor's Response
approach relies extensively on automated controls and therefore on the effectiveness of controls over IT systems. IT application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Appropriate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data.	operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, completeness and accuracy of reports. • Access rights were tested over applications, operating systems and databases relied upon for financial reporting. Specifically, the tests were designed to cover the following: - New access requests for joiners were reviewed and tested for appropriate authorisation; - User access rights were removed/changed on a timely basis when an individual left or moved role; - Access rights to applications, operating systems and databases were periodically monitored for appropriateness; and - Highly privileged access is restricted to appropriate personnel. • Other areas that were independently assessed includes password policies, security configurations, controls over changes to applications and databases and that business users and developers did not have access to change applications, the operating system or databases in the production environment.
Revenue recognition : (Refer Note 2.4 and 21 to the Ind AS financial statements) Revenue is the most significant balance in the statement of profit and loss. Revenue is made up of interest income, fees and commission income. We focused on this area because revenue requires significant time and resources to audit due to magnitude, revenue transaction near to the reporting date. The interest income on loans is recognised using the effective interest rate ('EIR') method which spreads directly attributable cash flows over the expected lives of the loans. This includes the one-time non-refundable fee earned by the Company and costs incurred to generate loans. The Company carries out the necessary computations for making relevant adjustments, after making judgements and assumptions for tenor, portfolio segregation, rate of interest etc. The assumptions in calculations are:	Principal audit procedures: • Performed process walkthroughs to identify the key systems, applications and controls used in the revenue recognition processes with specific focus on whether an interest income is recorded as per EIR model over the contract term on a straight-line basis or other applicable basis as per the terms of the contract. • Evaluated and tested design and operating effectiveness of controls addressing this risk. • Tested the relevant general IT and applications controls over key systems used in the revenue recognition processes • Inspected samples to ensure that pricing structure, fees and costs are appropriately incorporated into the EIR models as required by the relevant accounting standards. • Tested the manual workings prepared by the management for EIR and accrued interest calculation as at reporting date. • Considered the sensitivity of the EIR model to changes in key assumptions. • Assessed the appropriateness of the Company's revenue recognition policy by comparing with applicable accounting standards and prudential norms laid down by RBI.



Key Audit Matter	Auditor's Response
- expected life of instruments - usage pattern, and redemption profiles of loans informed by past customer behaviour - grouping of portfolios Further, manual process to recognise income on impaired assets including Non-Performing assets and provisioning of the same. In view of above mentioned judgements and computations carried out by management, we have considered this as a key audit matter.	

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, but does not include the financial statements and our auditor's report thereon.

- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using

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the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial statements.

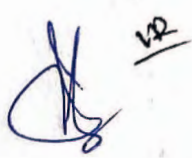
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

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matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

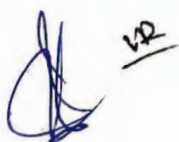
Other Matters

The comparative financial information of the Company for the year ended March 31, 2019 and the related transition date opening balance sheet as at April 1, 2018 included in these financial statements, have been prepared after adjusting previously issued the financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. The previously issued financial statements were audited by the predecessor auditor whose report for the year ended March 31, 2019 and March 31, 2018 dated May 30, 2019 and June 29, 2018 respectively expressed an unmodified opinion on those financial statements. Adjustments made to the previously issued financial statements to comply with Ind AS have been audited by us.

Our report is not modified in respect of this matter.

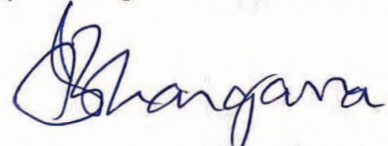
Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:



- i. The Company does not have any pending litigations which would impact its financial position. (Refer note 48 to the Ind AS financial statements)
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. (Refer note 49 to the Ind AS financial statements)
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. (Refer note 50 to the Ind AS financial statements)
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells
Chartered Accountants**
(Firm's Registration No. 015125N)



Jaideep Bhargava
(Partner)

(Membership No. 090295)
(UDIN: 20090295AAAADL8862)

Place: Gurugram
Date: June 25, 2020



ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Oxyzo Financial Services Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

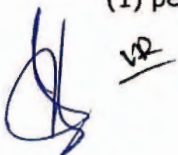
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the

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transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

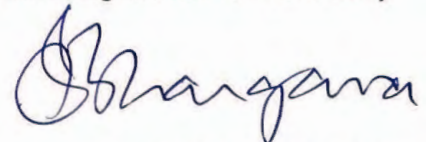
Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Deloitte Haskins & Sells
Chartered Accountants**
(Firm's Registration No. 015125N)



Jaideep Bhargava
(Partner)
(Membership No. 090295)
(UDIN: 20090295AAAADL8862)

Place: Gurugram
Date: June 25, 2020



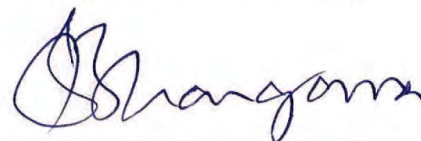
ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) Pursuant to Proviso (b) to Section 185(1) and Section 186(11)(a) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Meetings of the Board and its powers) Rules, 2014 the loan made, guarantee given or security provided by a Non-Banking Finance Company (NBFC) registered with Reserve Bank of India is exempt from the applicability of provisions 185 and 186 of the Act. Hence, reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has neither accepted any deposit during the year nor has any unclaimed deposits within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and hence reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax and other material statutory dues applicable to it to the appropriate authorities. We are informed that the operations of the Company during the year did not give rise to any liability for provisions of Customs Duty.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, and Goods and Services Tax as on March 31, 2020 on account of disputes.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders. The Company has not taken loan from Government.
- (ix) In our opinion and according to the information and explanation given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) In our opinion and according to the information and explanations given to us, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

**For Deloitte Haskins & Sells
Chartered Accountants**
(Firm's Registration No. 015125N)



Jaideep Bhargava
(Partner)

(Membership No. 090295)
(UDIN: 20090295AAAADL8862)

Place: Gurugram
Date: June 25, 2020

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OXYZO FINANCIAL SERVICES PRIVATE LIMITED
Balance Sheet as at March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
A ASSETS				
1 Financial assets				
(a) Cash and cash equivalents	3	5,085.63	492.56	331.14
(b) Bank balances other than (a) above	4	131.52	50.59	-
(c) Loans	5	89,786.80	35,845.16	8,206.35
(d) Investments	6	-	157.83	-
(e) Other financial assets	7	638.66	84.38	11.72
		<u>95,642.61</u>	<u>37,330.52</u>	<u>8,549.21</u>
2 Non-financial assets				
(a) Current tax assets (Net)		7.00	7.00	2.26
(b) Deferred tax assets (Net)	8	350.68	87.01	9.76
(c) Investment property	9	149.92	13.32	-
(d) Property, plant and equipment	10	60.37	37.89	5.83
(e) Other non-financial assets	11	253.33	275.48	42.53
		<u>821.30</u>	<u>420.70</u>	<u>60.38</u>
TOTAL ASSETS		<u>96,463.91</u>	<u>37,751.22</u>	<u>8,609.59</u>
B LIABILITIES AND EQUITY				
1 Financial liabilities				
(a) Payables				
(i) Trade payables				
(i) Total outstanding dues to micro and small enterprises		-	-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises		174.32	80.70	95.33
(ii) Other payables				
(i) Total outstanding dues to micro and small enterprises		-	-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises	12	92.00	487.25	1.97
(b) Debt securities	13	14,635.81	7,921.64	-
(c) Borrowings (Other than debt securities)	14	47,847.95	10,164.85	5,306.81
(d) Other financial liabilities	15	991.31	494.85	128.78
		<u>63,741.49</u>	<u>27,149.29</u>	<u>6,040.39</u>
2 Non-financial liabilities				
(a) Current tax liabilities (Net)	16	370.04	-	-
(b) Provisions	17	112.11	50.32	9.61
(c) Other non-financial liabilities	18	375.52	323.23	78.79
		<u>857.67</u>	<u>373.55</u>	<u>88.40</u>
EQUITY				
(a) Equity share capital	19	4,774.80	3,532.69	2,500.00
(b) Other equity	20	27,089.95	6,675.89	(19.20)
		<u>31,864.75</u>	<u>10,208.58</u>	<u>2,480.80</u>
TOTAL LIABILITIES AND EQUITY		<u>96,463.91</u>	<u>37,751.22</u>	<u>8,609.59</u>

See accompanying notes forming part of the Ind AS financial statements

I-53

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Jaldeep Bhargava
Partner

Place: Gurugram
Date: 25 June 2020



For and on behalf of the Board of Directors of
Oxyzo Financial Services Private Limited

Ruchi Kalra
Whole-time director and Chief Financial Officer
DIN: 03103474

Brij Kishore Kiradoo
Company Secretary
M.No.: A40147
Place: Gurugram
Date: 25 June 2020

Asish Mohapatra
Director
DIN: 06686246



OXYZO FINANCIAL SERVICES PRIVATE LIMITED
Statement of Profit and Loss for the year ended March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Revenue from operations			
(i) Interest income	21	13,094.33	4,185.13
(ii) Fee and commission income	22	397.52	57.03
(iii) Net gain on fair value changes	23	25.66	3.67
(b) Other income	24	1.50	-
I Total Income (a+b)		13,519.01	4,245.83
Expenses			
(a) Finance costs	25	6,029.19	1,803.95
(b) Impairment on financial instruments	26	1,571.25	282.31
(c) Employees benefit expenses	27	2,258.05	1,264.42
(d) Depreciation and amortisation expense	10	22.07	5.35
(e) Other expenses	28	808.26	379.21
II Total expenses		10,688.62	3,735.24
III Profit before tax (I-II)		2,830.19	510.59
IV Tax expense			
(a) Current tax	29	987.29	184.23
(b) Deferred tax charge/(benefits)	29	(263.03)	(78.14)
Total tax expense		724.26	106.09
V Profit for the year (III-IV)		2,105.93	404.50
VI Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss			
(a) Remeasurement gain/(loss) on defined benefit plans		(2.56)	3.21
Income tax benefit/ (charge) on above		0.84	(0.89)
Other comprehensive income/(loss) for the year		(1.72)	2.32
VII Total comprehensive profit for the year (V+VI)		2,104.01	406.82
Earnings per equity share:			
Basic and diluted	30	5.02	1.36

See accompanying notes forming part of the Ind AS financial statements

1-53

In terms of our report attached
For DELOITTE HASKINS & SELLS
 Chartered Accountants

Deeep Bhangar

Deeep Bhangar
 Partner



Place: Gurugram
 Date: 25 June 2020

For and on behalf of the Board of Directors of
Oxyzo Financial Services Private Limited

Ruchi Kalra
 Ruchi Kalra
 Whole-time director and Chief Financial Officer
 DIN: 03103474

Ashish Mohapatra
 Ashish Mohapatra
 Director
 DIN: 06666246

Brij Kishore Kiradoo
 Brij Kishore Kiradoo
 Company Secretary
 M.No. 440347
 Place: Gurugram
 Date: 25 June 2020



OXYZO FINANCIAL SERVICES PRIVATE LIMITED
Statement of Cash Flows for the year ended March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
A CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,830.19	510.59
Adjustments for:		
Remeasurement gain/(loss) on defined benefit plans	(2.56)	3.21
Depreciation and amortisation expense	22.07	5.35
Profit on sale of mutual funds	(25.66)	(3.67)
Interest income on bonds	(105.11)	(16.34)
Interest income on fixed deposits	(25.42)	(3.71)
Interest on income tax refund	(1.47)	-
Profit from sale of property, plant & equipment	(0.03)	-
Loss on sale of bonds	19.22	-
Impairment allowance on loans	1,032.02	207.31
Provision on account of covid-19	154.12	-
Loss on loans & advances written off	385.11	75.00
Employee stock options expense	51.91	49.06
Operating profit before working capital changes	4,334.39	826.80
<i>Changes in working capital</i>		
Increase/(decrease) in trade payables	93.62	(14.63)
Increase/(decrease) in other payables	(379.12)	468.69
Increase/(decrease) in Other financial liabilities	496.46	366.57
Increase/(decrease) in provisions	61.79	40.71
Increase/(decrease) in Other non-financial liabilities	52.29	244.44
(Increase)/decrease in Loans and advances	(55,412.90)	(28,021.11)
(Increase)/decrease in Other financial assets	(552.01)	(72.37)
(Increase)/decrease in Other non-financial assets	22.15	(232.95)
Cash flow from operating activities post working capital changes	(51,283.33)	(26,393.85)
Income- tax paid	(617.25)	(188.97)
Net cash flow from operating activities (A)	(51,900.58)	(26,582.62)
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(63.33)	(26.82)
Purchase of Investment property	(136.60)	(13.32)
Investment in mutual fund	(9,000.00)	(1,550.00)
Proceeds from sale of mutual funds	9,025.66	1,553.67
Investment in bonds	-	(730.00)
Proceeds from sale of property, plant and equipment	2.68	-
Proceeds from sale of bonds	710.78	-
Investment in Fixed deposits	(73.00)	(50.00)
Interest Income on Income Tax refund	1.47	-
Interest received on fixed deposit and security deposit	148.17	(8.67)
Net cash used in investing activities (B)	615.83	(825.14)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from debt securities	16,535.91	7,921.64
Repayments of debt securities	(9,821.64)	-
Net proceeds from cash credit and bank overdraft	712.81	1,097.64
Proceeds from other borrowings	59,693.25	28,774.34
Repayments of other borrowings	(30,722.96)	(17,515.94)
Proceeds from issue of equity shares including share premium	19,480.45	7,291.70
Net cash flow from financing activities (C)	55,877.82	27,869.38
Increase in cash and cash equivalents (A+B+C)	4,593.07	161.42
Cash and cash equivalents at the beginning of the year	492.56	331.14
Cash and cash equivalents at the end of the year	5,085.63	492.56



OXYZO FINANCIAL SERVICES PRIVATE LIMITED
Statement of Cash Flows for the year ended March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)

Cash and cash equivalents consist of:

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Cash on hand	11.87	-
Balance with banks		
-In current accounts	2,572.00	492.56
-In deposit accounts	2,500.00	-
Accrued interest	1.76	-
	5,085.63	492.56

See accompanying notes forming part of the Ind AS financial statements 1-53

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

Jaldeep Bhargava

Jaldeep Bhargava
Partner



Place : Gurugram
Date: 25 June 2020

For and on behalf of the Board of Directors of
Oxyzo Financial Services Private Limited

Ruchi Kalra

Ruchi Kalra
Whole-time director and Chief Financial Officer
DIN: 03103474

Asish Mohapatra

Asish Mohapatra
Director
DIN: 06666246

Brij Kishore Kiradoo

Brij Kishore Kiradoo
Company Secretary
M.No.: A40347
Place: Gurugram
Date: 25 June 2020



OXYZO FINANCIAL SERVICES PRIVATE LIMITED
Statement of changes in equity for the year ended March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)

A. Equity share capital

Particulars	As at March 31, 2020		As at March 31, 2019		As at March 31, 2018	
	No. of Shares	(₹ in lakh)	No. of Shares	(₹ in lakh)	No. of Shares	(₹ in lakh)
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	25,000,000	2,500.00	25,000,000	2,500.00	2,000,000	200.00
Add Shares issued during the year:						
- On right issue basis	12,221,089	1,222.11	10,525,881	1,052.59	21,000,000	2,100.00
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	47,747,970	4,774.80	35,526,881	3,552.59	25,000,000	2,500.00

B. Other equity

Particulars	Reserves and Surplus				Total
	Securities premium reserve	Reserve w/s 15-IC of Reserve Bank of India Act, 1934	Deemed equity contribution	Retained Earnings	
Balance at April 1, 2018	-	3.32	8.55	(31.67)	(19.80)
Add: Profit for the year	-	-	-	404.50	404.50
Add (Less): Other comprehensive income (net of tax)	-	-	-	2.32	2.32
Total comprehensive income for the year	-	-	-	406.82	406.82
Transfer to statutory reserve	-	94.91	-	(94.91)	-
Employee stock options	-	-	43.06	-	43.06
Premium on issue of equity shares	6,447.31	-	-	-	6,447.31
Share issue expenses	(108.30)	-	-	-	(108.30)
Balance at March 31, 2019	6,229.01	94.91	57.61	280.64	6,675.57
Balance at April 1, 2019	6,229.01	94.91	57.61	280.64	6,675.57
Add: Profit for the year	-	-	-	2,105.03	2,105.03
Add (Less): Other comprehensive income (net of tax)	-	-	-	(1.93)	(1.93)
Total comprehensive income for the year	-	-	-	2,104.01	2,104.01
Transfer to statutory reserve	-	420.80	-	(420.80)	-
Employee stock options	-	-	51.91	-	51.91
Premium on issue of equity shares	18,277.84	-	-	-	18,277.84
Share issue expenses	(19.00)	-	-	-	(19.00)
Balance at March 31, 2020	24,497.85	519.03	109.52	1,964.05	27,090.45

See accompanying notes forming part of the Ind AS financial statements 1-53

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

Jaldeep Bhargava
Jaldeep Bhargava
Partner

Place: Gurugram
Date: 25 June 2020



For and on behalf of the Board of Directors of
Oxyzo Financial Services Private Limited

Ruchi Kalra
Ruchi Kalra
Whole-time director and Chief Financial Officer
DIN: 03103474

Brij Kishore Kiradno
Brij Kishore Kiradno
Company Secretary
M.No.: 440347
Place: Gurugram
Date: 25 June 2020

Ashish Mohapatra
Ashish Mohapatra
Director
DIN: 06666246



OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of the Ind AS financial statements for the year ended March 31, 2020

1. Corporate Information

Oxyzo Financial Private Limited (the "Company" or "Oxyzo") is a debt listed company having its registered office at Shop No. G-22C (UGF) D-1 (K-84) Green Park Main, New Delhi-110016 (India). The Company is a subsidiary of OFB Tech Private Limited and is in a business in the financial services sector. The Company currently operates as a Systemically Important Non-Deposit Accepting Non-Banking Financial Company ("NBFC - SI") and is registered with the Reserve Bank of India ("RBI") vide certificate no N-14.03380 dated October 18, 2018.

2. Significant Accounting Policies:

2.1 Statement of compliance:

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) notified under Section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations require a different treatment.

The financial statements for the year ended March 31, 2020 of the Company is the first financial statements prepared in compliance with Ind AS. The date of transition to Ind AS is April 1, 2018. The financial statements upto the year ended March 31, 2019, were prepared in accordance with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") and other relevant provisions of the Act. The figures for the year ended March 31, 2019 have now been restated under Ind AS to provide comparability. Refer Note 43 for the details of first-time adoption exemptions availed by the Company.

2.2 Basis of preparation:

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period. The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically unless they are material in nature.

2.3 Presentation of financial statements:

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 ("the Act") applicable for Non-Banking Finance Companies ("NBFC").

The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are



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presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees in Lakhs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupee to two decimal places.

2.4 Revenue recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable as reduced for estimated customer credits and other similar allowances.

(i) Interest income

Interest income is recognised in the Statement of Profit and Loss and for all financial instruments (except for those classified as held for trading or those measured or designated as at fair value through profit or loss (FVTPL)) is measured using the effective interest method (EIR).

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Penal interest charged on delayed payment is recognized on realization basis.

(ii) Fee and commission income:

Fee and commission income and expense include fees other than those that are an integral part of EIR. The fees included in the Company's statement of profit and loss includes amongst others fees charged for servicing of loans, fees charged on account of loan commitments and loan advisory fees.

Fee and commission expenses with regards to services are accounted for as the services are received.

(iii) Net gain on fair value change:

Any differences between the fair values of the financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain/loss in the statement of profit and loss. In cases there is a net gain in aggregate, the same is recognised



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of the Ind AS financial statements for the year ended March 31, 2020

as "Net gains on fair value changes" under revenue from operations and if there is a net loss the same is disclosed as "Net loss on fair value changes", in the statement of profit and loss.

(iv) Other operational revenue:

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

2.5 Expenditures:

(i) Finance costs:

Finance costs represents interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than those classified at FVTPL.

(ii) Other expenses:

Other expenses are recognized on accrual basis and provisions are made for all known losses and liabilities. The Company has also entered into a shared services arrangement for sharing of common resources and facilities with another entity. The cost allocated to the Company under such cost sharing arrangement are included under the respective account head, as applicable. The cost allocated to other entity under this arrangement is reduced from concerned account head and shown as recoverable from concerned entity.

2.6 Property, plant and equipment (PPE):

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes all direct cost related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land)) less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/ residual value is accounted on prospective basis.

Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use. Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.



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2.7 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.8 Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

2.9 Employee benefits:

(i) Short-term employee benefits:

Employee benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Benefits such as salaries, reimbursements and bonus etc., are recognized in the Statement of Profit and Loss in the period in which the employee renders the services.

(ii) Post-employment benefits:

(a) *Defined contribution plans:* The Company's employee provident fund scheme is a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions and will have no obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the Statement of Profit and Loss in the year when the employee renders the related service.



- (b) **Defined benefit plans:** The Company's Gratuity plan is a defined benefit plan. The present value of the obligation under defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

Re-measurement comprising actuarial gains and losses (excluding amounts included in net interest on the net defined benefit liability) is recognised in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to profit or loss.

All other defined benefit costs comprising current service cost, past service cost, interest cost and gains or losses on settlements are recognised in the Statement of Profit and Loss as employee benefit expenses.

- (iii) **Long term employee benefits:**

The obligation recognised in respect of long term benefits such as long term compensated absences is measured at present value of estimated future cash flows expected to be made by the Company and is recognised in a similar manner as in the case of defined benefit plans vide (ii) (b) above.

- (iv) **Termination benefits:**

Termination benefits such as compensation under employee separation schemes are recognised as expense when the Company's offer of the termination benefit is accepted or when the Company recognises the related restructuring costs whichever is earlier.

2.10 Employees Stock Option Scheme:

The employees of the Company have been granted stock options in respect of the shares of OFB Tech Private Limited, the holding company under the OfBusiness Stock Options Plan, 2016 ('ESOP 2016 Plan'). Stock options are measured at the fair value of the equity instruments on the date of grant determined using the Black Scholes option pricing model. The excess of fair value of underlying equity shares as of the date of grant of options over the exercise price of the options given to employees under the employee stock option plan is recognized as stock compensation cost over the vesting period on a straight line basis, with a corresponding increase in equity.

2.11 Financial instruments:

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of the Ind AS financial statements for the year ended March 31, 2020

financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

(i) Financial assets

(a) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets. As at the reporting date the Company does not have any financial instruments measured at fair value through other comprehensive income.

(c) Debt instruments at amortised cost or at FVTOCI

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For an asset to be classified and measured at FVTOCI, the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and the contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has more than one business model for managing its financial instruments which reflect instruments which reflect how the Company manages its financial assets in order to generate cash flows. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.



The Company considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Company does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Company takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity. Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

(d) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

(e) De-recognition

A financial asset (or, where applicable, a part of a financial asset) is primarily de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of the Ind AS financial statements for the year ended March 31, 2020

- The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

(ii) Financial Liabilities:

- (a)** Financial liabilities, including derivatives, which are designated for measurement at FVTPL are subsequently measured at fair value.

All other financial liabilities including loans and borrowings are measured at amortised cost using Effective Interest Rate (EIR) method.

- (b)** A financial liability is derecognised when the related obligation expires or is discharged or cancelled.

2.12 Fair value measurement

The Company measures certain financial instruments at fair value at each balance sheet date. Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.13 Impairment:

The Company recognises loss allowances for expected credit losses (ECLs) on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers;
- Debt investment securities;
- Trade and other receivable;
- Irrevocable loan commitments issued; and
- Financial guarantee contracts issued.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of the Ind AS financial statements for the year ended March 31, 2020

It may not be possible to identify a single discrete event-instead, the combined effect of several events may have caused financial assets to become credit-impaired.

Significant increase in credit risk

The Company monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the Probability of Default will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- The borrower is past due more than 90 days on any material credit obligation to the Company; or
- The borrower is unlikely to pay its credit obligations to the Company in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

When assessing if the borrowers is unlikely to pay its credit obligations, the Company takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the admittance of bankruptcy petition by National Company Law Tribunal. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. The definition of default is applied consistently to all financial instruments unless information becomes available that demonstrates that



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another default definition is more appropriate for a particular financial instrument.

Expected credit loss model

Basis the above-defined criteria, the Company considering the short-term nature of the majority of underlying portfolio of financial assets, calculates ECL on a collective basis as per the ECL model.

The expected credit loss is a product of exposure at default ('EAD'), probability of default ('PD') and loss given default ('LGD'). Accordingly, the financial assets have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial asset. The Company categories financial assets at the reporting date into stages based on the days past due ('DPD') status as under:

- Stage 1: Low credit risk, i.e. 0 to 30 days past due
- Stage 2: Significant increase in credit risk, i.e. 31 to 90 days past due
- Stage 3: Impaired assets, i.e. more than 90 days past due

LGD estimate of loss from a transaction given that a default occurs. PD is defined as the probability of whether the borrower will default on their obligation in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD. EAD represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments. The Company regularly reviews its models in the context of actual loss experience and make adjustments when such differences are significantly material.

Presentation of allowance for ECL in the Balance Sheet:

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in Balance Sheet as the carrying amount is at fair value.

2.14 Write off:

Financial assets are written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when, as at the reporting date, financial asset is overdue for 12 months or more and the Company determines that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write off.

Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.



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2.15 Cash and cash equivalents:

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

2.16 Borrowing costs:

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs. Borrowing costs net of any investment income from the temporary investment of related borrowings, that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.17 Taxation:

Current Tax:

Tax on income for the current period is determined on the basis of taxable income (or on the basis of book profits wherever minimum alternate tax is applicable) and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessments/appeals.

Deferred Tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are generally recognised for all taxable temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.18 Provisions, contingent liabilities and contingent assets:

Provisions are recognised only when:

- (i) there is a present obligation (legal or constructive) as a result of a past event; and
- (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) a reliable estimate can be made of the amount of the obligation



OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of the Ind AS financial statements for the year ended March 31, 2020

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.19 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before tax for the year, is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.20 Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.21 Operating Cycle:

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.22 Significant accounting judgements, estimates and assumptions:

The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year, and the accompanying disclosures including disclosure of contingent liabilities. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected.

In the process of applying the Company's accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of the Ind AS financial statements for the year ended March 31, 2020

- a) *Business model assessment:* Classification of financial assets depends on assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest ('SPPI') on the principal amount outstanding. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.
- b) *Impairment of financial assets:* The Company establishes criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determines methodology for incorporating forward looking information into measurement of expected credit loss ('ECL') and selection of models used to measure ECL. The impairment loss on loans and advances is disclosed in more detail in Note 41.
- c) *Fair value of financial instruments:* When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.
- d) *Effective Interest Rate (EIR) method:* The Company's EIR methodology, recognizes interest income/ expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments, penalty interest and charges).
- e) *Recognition of deferred tax assets:* The Company has recognized deferred tax assets/(liabilities) and concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the experience and future projections. The Company is expected to generate adequate taxable income for liquidating these assets in due course of time.
- f) *Other estimates:* These include contingent liabilities and useful lives of tangible assets.



OXYZO FINANCIAL SERVICES PRIVATE LIMITED
Notes forming part of the Ind AS financial statements for the year ended March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)

3	Cash and cash equivalents	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
	Cash on hand	11.87	-	-
	Balances with banks:			
	- in current accounts	2,572.00	492.56	331.14
	- in deposit accounts	2,500.00	-	-
	Accrued interest on deposits with bank	1.76	-	-
	Total	5,085.63	492.56	331.14

4	Bank balance other than note (3) above	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
	Deposits with bank held as margin money against borrowings	123.00	50.00	-
	Accrued interest on deposits with bank	8.52	0.59	-
	Total	131.52	50.59	-

5	Loans	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
	At amortised cost			
	(A) Loans			
	(i) Term Loans	14,376.57	4,711.80	516.16
	(ii) Loan against property (LAP) and machinery finance	5,563.51	1,674.28	-
	(iii) Purchase Finance	70,997.13	29,727.35	7,710.76
	(iv) Others (Staff Loans)	9.00	3.61	-
	(v) Interest accrued on loans	254.61	55.99	-
	Total (A) - Gross	91,200.82	36,173.03	8,226.92
	Less: Impairment loss allowance	1,414.02	227.87	20.57
	Total (A) - Net	89,786.80	35,945.16	8,206.35
	(B)			
	(i) Secured by tangible assets	6,445.06	1,674.28	-
	(ii) Covered by bank guarantee	45,667.37	10,869.11	979.98
	(iii) Unsecured	39,088.39	23,629.64	7,246.94
	Total (B) - Gross	91,200.82	36,173.03	8,226.92
	Less: Impairment loss allowance	1,414.02	227.87	20.57
	Total (B) - Net	89,786.80	35,945.16	8,206.35
	(C) Loans in India			
	(i) Public sector	-	-	-
	(ii) Others	91,200.82	36,173.03	8,226.92
	Total (C) - Gross	91,200.82	36,173.03	8,226.92
	Less: Impairment loss allowance	1,414.02	227.87	20.57
	Total (C) - Net	89,786.80	35,945.16	8,206.35

The net carrying amount of loans is considered a reasonable approximation of their fair value.
Refer note 41 on credit risk



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of the Ind AS financial statements for the year ended March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)

6 Investments

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Investments at Amortised Cost:			
Investment in bonds			
Nil (2019-36, 2018-Nil) 16.83% Bond of ESAF Small Finance Bank Limited	-	360.00	-
Nil (2019-37, 2018-Nil) 12.60% Bond of Chola Prep	-	370.00	-
Accrued interest on bonds	-	27.83	-
Total	-	757.83	-
(i) Investment outside India	-	-	-
(ii) Investment in India	-	757.83	-
Total	-	757.83	-
Less: Impairment loss allowance	-	-	-
Total	-	757.83	-



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED
Notes forming part of the Ind AS financial statements for the year ended March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)

7 Other financial assets	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Margin money against borrowings	301.00	62.50	-
Interest accrued on margin money against borrowings	2.56	0.29	-
Other recoverable from related party	335.10	21.59	11.72
Total	638.66	84.38	11.72

8 Deferred tax assets	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Tax effect of items constituting deferred tax liabilities			
Difference between book balance and tax balance of property, plant and equipment	2.82	1.50	0.31
Unamortised processing fees on borrowings	48.21	45.55	10.79
	51.03	47.05	11.10
Tax effect of items constituting deferred tax assets			
Provision for gratuity	19.65	5.69	0.19
Provision for compensated absences	8.57	4.81	0.53
Impairment on financial assets	303.92	49.94	5.30
Deferred processing fee	69.57	70.42	14.84
Effect of amortised cost on bonds	-	3.20	-
	401.71	134.06	20.86
Deferred tax (assets) /liabilities (net)	(350.68)	(87.01)	(9.76)

Deferred taxes arising from temporary differences for the year ended 31 March 2020 are summarized as follows:

Deferred tax (assets) /Liabilities	As at April 1, 2019	Recognized in profit or loss	Recognized in other comprehensive income	As at March 31, 2020
Tax effect of items constituting deferred tax liabilities				
Difference between book balance and tax balance of property, plant and equipment	1.50	1.32	-	2.82
Unamortised processing fees on borrowings	45.55	2.66	-	48.21
	47.05	3.98	-	51.03
Tax effect of items constituting deferred tax assets				
Provision for gratuity	5.69	13.32	0.64	19.65
Provision for compensated absences	4.81	3.76	-	8.57
Impairment on financial assets	49.94	253.98	-	303.92
Deferred processing fee	70.42	(0.85)	-	69.57
Effect of amortised cost on bonds	3.20	(3.20)	-	-
	134.06	267.01	0.64	401.71
Deferred tax (assets) /liabilities (net)	(87.01)	(263.03)	(0.64)	(350.68)

Deferred taxes arising from temporary differences for the year ended 31 March 2019 are summarized as follows:

Deferred tax (assets) /Liabilities	As at April 1, 2018	Recognized in profit or loss	Recognized in other comprehensive income	As at March 31, 2019
Tax effect of items constituting deferred tax liabilities				
Difference between book balance and tax balance of property, plant and equipment	0.31	1.19	-	1.50
Unamortised processing fees on borrowings	10.79	34.76	-	45.55
	11.10	35.95	-	47.05
Tax effect of items constituting deferred tax assets				
Provision for gratuity	0.19	6.39	(0.89)	5.69
Provision for compensated absences	0.53	4.28	-	4.81
Impairment on financial assets	5.30	44.64	-	49.94
Deferred processing fee	14.84	55.58	-	70.42
Effect of amortised cost on bonds	-	3.20	-	3.20
	20.86	114.09	(0.89)	134.06
Deferred tax (assets) /liabilities (net)	(9.76)	(78.14)	0.89	(87.01)



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of the Ind AS financial statements for the year ended March 31, 2020

(All amounts in Lakhs of ₹ unless otherwise stated)

9 Investment property

Particulars	Land-freehold	Total
Gross carrying amount (at cost)		
As at April 1, 2018	-	-
Additions	13.32	13.32
Disposals	-	-
As at March 31, 2019	13.32	13.32
Additions	136.60	136.60
Disposals	-	-
As at March 31, 2020	149.92	149.92
Carrying amount		
As at April 1, 2018	-	-
As at March 31, 2019	13.32	13.32
As at March 31, 2020	149.92	149.92

(i) As at March 31, 2020 and as at March 31, 2019, the fair value (Level 3) of property is ₹157.34 Lakh and ₹14.88 Lakh respectively. These valuations are based on valuations performed by an accredited independent valuer. The valuation was performed as on Dec 24, 2019.

(ii) The freehold land situated at Mappedu Village, Tiruvallur taluk and district, Chennai, Tamil Nadu is under lien by way of mortgage to M/s Catalyst Trusteeship Limited and M/s Vistara ITCL Trustees ("Debenture Trustees") by way of charge thereon.

10 Property, plant and equipment

Details of the Company's property, plant and equipment and their carrying amounts are as follows:

Particulars	Computers	Total
Gross carrying amount (at cost)		
As at April 1, 2018	5.83	5.83
Additions	37.41	37.41
Disposals	-	-
As at March 31, 2019	43.24	43.24
Additions	47.20	47.20
Disposals	(3.82)	(3.82)
As at March 31, 2020	86.62	86.62
Accumulated depreciation		
As at April 1, 2018	-	-
Charge for the year	5.35	5.35
Adjustments	-	-
As at March 31, 2019	5.35	5.35
Charge for the year	22.07	22.07
Adjustments	(1.17)	(1.17)
As at March 31, 2020	26.25	26.25
Carrying amount		
As at April 1, 2018	5.83	5.83
As at March 31, 2019	37.89	37.89
As at March 31, 2020	60.37	60.37



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED**Notes forming part of the Ind AS financial statements for the year ended March 31, 2020****(All amounts in Lakhs of ₹ unless otherwise stated)**

11 Other non-financial assets	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Unamortised processing fees on borrowings	191.55	163.71	41.91
Unexpired discount on commercial papers	42.75	32.31	-
Unamortised interest on bonds			
-16.83% Bond of ESAF Small Finance Bank Limited	-	33.90	-
-12.60% Bond of Chola Prep	-	32.14	-
Prepaid expenses	14.26	4.54	0.62
Advance to employees	0.20	-	-
Other advances	4.57	8.88	-
Total	253.33	275.48	42.53

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Notes forming part of the Ind AS financial statements for the year ended March 31, 2020
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12 Other payables	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Employee related payable	27.89	22.88	2.43
Payable to OFB Tech Pvt. Ltd. (Holding Company)	64.11	448.24	-
Payables for purchase of property, plant & equipment	-	16.13	5.54
Total	92.00	487.25	7.97

13 Debt securities	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
At amortised cost			
Unsecured			
Commercial paper (Refer note 13a)	1,500.00	1,100.00	-
Accrued interest on commercial paper	26.38	11.76	-
	1,526.38	1,111.76	-
Secured			
Debentures (Refer note 13b)	12,800.00	6,700.00	-
Accrued interest on debentures	309.53	109.88	-
	13,109.53	6,809.88	-
Total	14,635.91	7,921.64	-
Debt securities in India	14,635.91	7,921.64	-
Debt securities outside India	-	-	-
Total	14,635.91	7,921.64	-

13a Commercial papers (Gross): Unsecured

Repayment Terms	Tenure	Interest Range	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Bullet	Upto 1 year	12.57% to 12.61%	1,500.00	1,100.00	-
Total			1,500.00	1,100.00	-

13b Security and terms of repayment for redeemable non-convertible debenture (NCD)*

Particulars	Tenure	Interest Range	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Listed NCD:					
4,300 NCD's of ₹100,000/- each	Upto 3 years	13.22% to 14.03%	4,300.00	1,700.00	-
(Previous year 1,700 NCD's of ₹100,000/-)					
5,000 NCD's of ₹20,000/- each	Upto 3 years	12.71%	1,000.00	-	-
350 NCD's of ₹1,000,000/- each	Upto 5 years	12.65%	3,500.00	-	-
			8,800.00	1,700.00	-
Unlisted NCD:					
400 NCD's of ₹1,000,000/- each	Upto 5 years	13.60% to 14.80%	4,000.00	5,000.00	-
(Previous year 500 NCD's of ₹1,000,000/-)					
			4,000.00	5,000.00	-
Total			12,800.00	6,700.00	-

*Non-convertible redeemable debentures of ₹ 12,800 Lakhs (previous year 6,700 Lakhs), which are secured by first and exclusive charge over the specific identified book debts/ loan receivables of the Company and by corporate guarantee from the Holding Company, OFB Tech Private Limited and by first pari passu charge on the immovable property being freehold land situated at Mappedu Village, Tiruvallur taluk and district, Chennai, Tamil Nadu.

14 Borrowings (other than debt securities)	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
At amortised cost			
Secured			
Term loans from banks (Refer note 14a)	24,975.99	5,867.26	-
Term loans from financial institutions (Refer note 14b)	20,908.26	11,125.62	5,500.00
Accrued interest on term loans	153.26	74.34	16.81
	46,037.51	17,067.22	5,516.81
Loans repayable on demand (secured)			
Cash credit and bank overdraft (Refer note 14c)	1,810.44	1,097.63	-
	1,810.44	1,097.63	-
Loan from related party (unsecured)			
OFB Tech Private Limited (the Holding Company)	-	-	292.00
	-	-	292.00
Total	47,847.95	18,164.85	5,808.81
Borrowings (other than debt securities) in India	47,847.95	18,164.85	5,808.81
Borrowings (other than debt securities) outside India	-	-	-
Total	47,847.95	18,164.85	5,808.81



OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of the Ind AS financial statements for the year ended March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)

14a Security and terms of repayment for secured term loans from banks^

Repayment Terms	Tenure	Interest Range	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Bullet	Upto 1 year	10.97% to 12.47%	5,300.00	1,000.00	-
Quarterly	Upto 2 year	11.98% to 12.94%	6,624.99	1,125.00	-
Monthly	Upto 3 year	11.50% to 13.53%	13,051.00	3,742.26	-
Total			24,975.99	5,867.26	-

^ Term loans from bank are secured by first and exclusive charge on specific identified receivables of the company and corporate guarantee by holding company.

14b Security and terms of repayment for secured term loans from financial institutions#

Repayment Terms	Tenure	Interest Range	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Bullet	Upto 1 year	12.95% to 13.24%	2,500.00	-	1,000.00
Monthly	Upto 3 year	11.02% to 13.82%	18,408.26	11,125.62	4,500.00
Total			20,908.26	11,125.62	5,500.00

Term loans from financial institutions are secured by first and exclusive charge on specific identified receivables of the Company and corporate guarantee by holding company.

14c Security and terms of repayment for secured Loans repayable on demand (Cash credit and bank overdraft)^^^

Repayment Terms	Tenure	Interest Range	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Bullet	Upto 1 year	11.40% to 13.00%	1,810.44	1,097.63	-
Total			1,810.44	1,097.63	-

^^^ Cash credit and bank overdraft are secured by first and exclusive charge on specific identified receivables of the Company and corporate guarantee by holding company.

15 Other financial liabilities	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Margin money from borrowers	962.21	-	-
Interest accrued but not due on margin money	23.72	39.95	19.21
Loans pending disbursement	5.38	454.90	109.07
Total	991.31	494.85	128.28

16 Current tax liabilities	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Provision for Tax [net of advance tax and tax deducted at source Rs 617.25 Lakhs (Previous year Nil)]	370.04	-	-
Total	370.04	-	-

17 Provisions	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Provision for employee benefits:			
Provision for gratuity	78.07	31.71	7.57
Provision for compensated absences	34.04	18.61	2.04
Total	112.11	50.32	9.61

18 Other non-financial liabilities	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Revenue received in advance	276.42	253.13	57.64
Statutory remittances (Tax deducted at source, Employees provident fund, Goods and services tax, Labour welfare fund and Employee state insurance)	99.10	70.10	21.15
Total	375.52	323.23	78.79



OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of the Ind AS financial statements for the year ended March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)

19 Equity share capital
(i) Share capital authorised, issued, subscribed and paid-up

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 1, 2018	
	No. of shares	(₹ in lakhs)	No. of shares	(₹ in lakhs)	No. of shares	(₹ in lakhs)
Authorised Equity share capital						
Equity shares of Rs.10 each	49,392,646	4,939.26	37,600,000	3,760.00	25,000,000	2,500.00
Total	49,392,646	4,939.26	37,600,000	3,760.00	25,000,000	2,500.00
Issued, subscribed and paid up Equity share capital						
Equity shares of Rs.10 each	47,747,970	4,774.80	35,526,881	3,552.69	25,000,000	2,500.00
	47,747,970	4,774.80	35,526,881	3,552.69	25,000,000	2,500.00

(ii) Terms/rights attached to equity shares

Each holder of equity shares is entitled to one vote per share and ranks pari passu. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 1, 2018	
	No. of shares	(₹ in lakhs)	No. of shares	(₹ in lakhs)	No. of shares	(₹ in lakhs)
At the beginning of the year	35,526,881	3,552.69	25,000,000	2,500.00	2,000,000	200.00
Issued during the year						
- On right issue basis	12,221,089	1,222.11	10,526,881	1,052.69	23,000,000	2,300.00
Outstanding at the end of the year	47,747,970	4,774.80	35,526,881	3,552.69	25,000,000	2,500.00

(iv) Equity shares in the Company held by the holding company

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 1, 2018	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
OFB Tech Private Limited (holding company)*	47,747,970	100.00	35,526,881	100.00	25,000,000	100.00

(v) Details of shareholders holding more than 5% shares in the company

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 1, 2018	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
OFB Tech Private Limited (holding company)*	47,747,970	100.00	35,526,881	100.00	25,000,000	100.00

* The shareholding of the holding company is inclusive of 10 shares held by Ruchi Kalra as a nominee shareholder. The ultimate holding company is OFB Tech Private Limited



OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of the Ind AS financial statements for the year ended March 31, 2020

(All amounts in Lakhs of ₹ unless otherwise stated)

20 Other equity

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Securities premium reserve	24,497.35	6,239.01	-
Statutory reserve (in terms of Section 45-IC of the Reserve Bank of India Act, 1961)	519.03	98.23	3.32
Deemed equity contribution	109.52	57.61	8.55
Retained earnings	1,964.05	280.84	(31.07)
Total	27,089.95	6,675.69	(19.20)

(i) Securities premium reserve

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	6,239.01	-
Add: Amount received pursuant to issue of equity shares	18,277.84	6,447.31
Less: Share issue expenses	-	200.80
Less: Stamp duty on issue of equity shares	19.50	7.50
Closing balance	24,497.35	6,239.01

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(ii) Statutory reserve (in terms of Section 45-IC of the Reserve Bank of India Act, 1961)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	98.23	3.32
Add: Transferred from retained earnings	420.80	94.91
Closing balance	519.03	98.23

This reserve is maintained in accordance with the provisions of Section 45-IC of the Reserve Bank of India Act, 1961.

(iii) Deemed equity contribution

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	57.61	8.55
Add: Transferred from profit & loss account	51.91	49.06
Closing balance	109.52	57.61

This related to the stock options granted by the Holding Company to Company's employees under an employee stock options plan. For further information about the share based payments to employees is set out in note 40.

(iv) Retained earnings

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	280.84	(31.07)
Add: Total comprehensive income for the year	2,104.01	406.82
Less: Transferred to statutory reserve u/s 45-IC of the Reserve Bank of India Act, 1934	(420.80)	(94.91)
Closing balance	1,964.05	280.84



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Notes to the Ind AS financial statements for the year ended March 31, 2020

(All amounts in Lakhs of ₹ unless otherwise stated)

21	Interest income (on financial assets measured at amortised cost)	Year ended March 31, 2020	Year ended March 31, 2019
	Interest on loans	12,963.80	4,165.08
	Interest income from investments	105.11	16.34
	Interest on deposits with banks	25.42	3.71
	Total	13,094.33	4,185.13
22	Fee and commission income	Year ended March 31, 2020	Year ended March 31, 2019
	Service and other fees	337.43	44.79
	Subvention charges	60.09	12.24
	Total	397.52	57.03
23	Net gain on financial instruments at fair value through profit and loss	Year ended March 31, 2020	Year ended March 31, 2019
	Profit on sale of mutual funds	25.66	3.67
	Total	25.66	3.67
24	Other income	Year ended March 31, 2020	Year ended March 31, 2019
	Interest on income tax refund	1.47	-
	Net gain on derecognition of property, plant and equipment	0.03	-
	Total	1.50	-
25	Finance costs (on financial liabilities measured at amortised cost)	Year ended March 31, 2020	Year ended March 31, 2019
	Interest expenses on:		
	Borrowings:		
	-On Loans from banks	2,391.88	350.05
	-On Loans from financial institutions	2,205.99	1,300.42
	-On Loans from holding company	11.60	-
	Debt securities		
	-On Debentures	1,254.52	141.53
	-On Commercial paper	120.24	11.95
	Others:		
	-On security deposits	44.96	-
	Total	6,029.19	1,803.95



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Notes to the Ind AS financial statements for the year ended March 31, 2020

(All amounts in Lakhs of ₹ unless otherwise stated)

26	Impairment on financial instruments	Year ended March 31, 2020	Year ended March 31, 2019
	Impairment on financial instruments measured at amortised cost (Refer note no.41)		
	Impairment allowance on loans	1,032.02	207.31
	Impairment on account of COVID-19	154.12	-
	Loss on loans & advances written off	385.11	75.00
	Total	1,571.25	282.31

27	Employees benefit expense	Year ended March 31, 2020	Year ended March 31, 2019
	Salaries and wages	2,091.76	1,166.26
	Contribution to provident and other fund (Refer note no.32)	57.07	20.29
	Share based payment to employees (Refer note no.40)	51.91	49.06
	Gratuity (Refer note no.32)	46.52	22.95
	Staff welfare expense	10.79	5.86
	Total	2,258.05	1,264.42

28	Other expenses	Year ended March 31, 2020	Year ended March 31, 2019
	Rates and taxes	127.06	61.71
	Communication costs	11.60	6.44
	Printing and stationery	3.24	1.64
	Auditor remuneration:		
	- For statutory audit	10.00	9.00
	- For limited review	5.00	-
	- For tax audit	2.00	1.00
	- For other certification and reporting	4.00	-
	- For out of pocket expenses*	1.11	-
	Legal and professional	128.66	44.22
	Insurance	9.50	2.83
	Travelling and conveyance	177.28	35.65
	Information technology expenses	102.24	99.09
	Loss on sale of bonds	19.22	-
	Business auxiliary services	175.90	111.93
	Bank charges	4.50	0.92
	Miscellaneous	26.95	4.78
	Total	808.26	379.21

* Includes amount paid to previous auditor Rs. 0.86 lakhs.



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Notes to the Ind AS financial statements for the year ended March 31, 2020

(All amounts in Lakhs of ₹ unless otherwise stated)

29 Income tax expense**Income tax expense recognised in Statement of profit and loss**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current tax		
In respect of the current year	987.29	184.23
	987.29	184.23
Deferred tax charge/ (benefits)		
In respect of the current year	(263.03)	(78.14)
	(263.03)	(78.14)

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate and the reported tax expense in statement of profit and loss, is as follows:-

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax	2,830.19	510.59
Domestic tax rate	25.17%	27.82%
Expected tax expense [A]	712.28	142.05
Tax effect of adjustments to reconcile expected income tax expense		
Non deductible expenses	15.30	19.40
Income exempt from tax	(0.01)	-
Others	(3.31)	(55.36)
Total adjustments [B]	11.98	(35.96)
Actual tax expense [C=A+B]	724.26	106.09
Tax expense comprises:		
Current tax expense	987.29	184.23
Deferred tax credit	(263.03)	(78.14)
Tax expense recognized in profit or loss [D]	724.26	106.09

Income tax expense recognized in other comprehensive income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Income tax relating to remeasurement gains/(losses) on defined benefit plans	0.64	(0.89)
	0.64	(0.89)

Bifurcation of the income tax recognised in other comprehensive income into:-

Items that will not be reclassified to profit or loss	0.64	(0.89)
Items that will be reclassified to profit or loss	-	-
	0.64	(0.89)



OXYZO FINANCIAL SERVICES PRIVATE LIMITED
Notes to the Ind AS financial statements for the year ended March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)

30 Earnings per share

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a) Basic earnings per share	5.02	1.36
b) Diluted earnings per share	5.02	1.36

c) Reconciliations of earnings used in calculating earnings per share

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Basic earnings per share		
Profits attributable to the equity holders of the company used in calculating basic earnings per share	2,104.01	406.82
Diluted earnings per share		
Profit attributable to the equity holders of the company used in calculating diluted earnings per share	2,104.01	406.82

d) Weighted average number of shares used as the denominator

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	41,877,506	29,990,823
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	41,877,506	29,990,823

31 Change in liabilities arising from financing activities

Particulars	Debt securities	Borrowings (Other than debt securities)	Total
As at April 1, 2018	-	5,808.81	5,808.81
Cash flows:			
Proceeds from debt securities/borrowings	7,921.64	29,871.98	37,793.62
Repayment of debt securities/borrowings	-	(17,515.94)	(17,515.94)
As at March 31, 2019	7,921.64	18,164.85	26,086.49
Cash flows:			
Proceeds from debt securities/borrowings	16,535.91	60,406.06	76,941.97
Repayment of debt securities/borrowings	(9,821.64)	(30,722.96)	(40,544.60)
As at March 31, 2020	14,635.91	47,847.95	62,483.86

32 Disclosures under Ind AS 19 (Employee benefits)

(a) Defined contribution plans:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Employees' Provident Fund and Employees' State Insurance schemes, which are defined contribution plans. The Company has no obligation other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue.

Amount recognized as an expense towards defined contribution plans

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Contribution to employees provident fund	55.48	19.68
Contribution to employee state insurance schemes	1.59	0.61



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED
Notes to the Ind AS financial statements for the year ended March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)
(b) Defined benefit plans:

The Company operates a gratuity plan wherein every employee is entitled to a benefit equivalent to 15 days salary (includes dearness allowance) last drawn for each completed year of service. The same is payable on termination of service, or retirement, or death, whichever is earlier. The benefit vests after five years of continuous service. Gratuity benefits are valued in accordance with the Payment of Gratuity Act, 1972.

The gratuity plan of the company is unfunded gratuity plan. These plans typically expose the Company to actuarial risks such as: Interest rate risk, Liquidity risk, Salary escalation risk, demographic risk, regulatory risk

Interest rate risk	The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).
Liquidity risk	This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.
Salary escalation risk	The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
Demographic risk	The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
Regulatory Risk	Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity of Rs. 20,00,000).

The most recent actuarial valuation of the present value of the defined benefit obligation were carried out as at March 31, 2020 by Mr. Khushwant Pahwa (FIAI M.No. 04446), Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method

Principal assumptions:	Gratuity		
	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Discount rate (per annum)	6.77%	7.70%	7.80%
Salary growth rate (per annum)	8.00%	8.65%	9.00%
Retirement age	60 Years	60 Years	60 Years
Withdrawal rate based on age: (per annum)			
Upto 30 years	12.00%	3.00%	3.00%
31-44 years	6.00%	7.00%	2.00%
Above 44 years	0.00%	0.00%	1.00%
In service mortality	IALLM 2012-14	IALLM 2006-08	IALLM 2006-08

Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows :-

Particulars	Gratuity	
	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	44.08	22.36
Past service cost and (gain)/Loss from settlements	-	-
Net interest cost/ (Income) on the Net Defined Benefit/Liability/(Asset)	2.44	0.59
Component of defined benefit cost recognised in profit or loss	46.52	22.95
Remeasurement on the net defined benefit liability:		
Actuarial (gains)/ losses arising from changes in demographic assumptions	(5.56)	(3.46)
Actuarial (gains)/ losses arising from changes in financial assumptions	4.75	(1.77)
Actuarial (gains)/ losses arising from experience adjustment	3.37	2.02
Component of defined benefit cost recognised in Other comprehensive Income	2.56	(3.21)

The Current Service Cost and the net interest expense for the year are included in the Employee benefits expenses line items in the statement of profit and loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.



OXYZO FINANCIAL SERVICES PRIVATE LIMITED
Notes to the Ind AS financial statements for the year ended March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)

Movements in the present value of the defined benefit obligation are as follows :-

Particulars	Gratuity	
	Year ended March 31, 2020	Year ended March 31, 2019
Present value of obligation as at the beginning	31.71	7.57
Current service cost	44.08	22.36
Interest cost	2.44	0.59
Re-measurement (or Actuarial) (gain) / loss arising from:		
- changes in demographic assumptions	(5.56)	(3.46)
- changes in financial assumptions	4.75	(1.77)
- experience adjustment	3.37	2.02
- Others	-	-
Past service cost	-	-
Benefits paid	-	-
Transfer in/(out)	(2.72)	4.40
Present value of obligation as at the end	78.07	31.71

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting

Particulars	31-Mar-20		31-Mar-19	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+ 1%)	93.65	65.86	37.69	27.00
(% change compared to base due to sensitivity)	20.00%	-15.60%	18.90%	-14.90%
Salary Growth Rate (-/+ 1%)	66.35	91.45	27.30	37.06
(% change compared to base due to sensitivity)	-15.00%	17.10%	-13.90%	16.90%
Attrition Rate (-/+ 50% of attrition rates)	90.17	68.32	34.76	29.13
(% change compared to base due to sensitivity)	15.50%	-12.50%	9.60%	-8.10%
Mortality Rate (-/+ 10% of mortality rates)	78.10	78.03	31.71	31.70
(% change compared to base due to sensitivity)	0.00%	0.00%	0.00%	0.00%

Sensitivity Analysis

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method of valuation for the prior period.

Other disclosures

Maturity profile of defined benefit obligation

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Weighted average duration (based on discounted cashflows)	18 Years	18 Years	N.A
Expected cash flows over the next (valued on undiscounted basis):			
1 year	0.95	0.04	N.A
2-5 years	14.68	6.18	N.A
6-10 years	24.25	13.23	N.A
More than 10 years	297.72	146.58	N.A

(c) Other long-term benefits:

The actuarial valuation of compensated absences has been carried out by an independent actuary. The obligation of compensated absences in respect of employees of the Company as at 31 March 2020 amounts to Rs. 34.04 Lakhs (previous year Rs. 18.61 Lakhs).



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Notes to the Ind AS financial statements for the year ended March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)

33 Segment reporting

The Company's main business is to provide financing to SME's to cater their cash flow requirements. All other activities revolve around the main business. The Company does not have any geographic segments. The Company does not derive revenues, from any single customer, amounting to 10 percent or more of Company's revenues. As such, there are no separate reportable segments as per IND AS 108 on "Segment Reporting" as per section 133 of the Companies Act, 2013.

34 Cost allocation

OFB Tech Private Limited, the holding company, allocates common costs viz. rent, cost of utilities, payroll, technical support etc. to the Company on an appropriate basis, mutually agreed between the two companies. During the current year, personnel costs and administrative and other costs amounting to Rs. 378.34 Lakhs (previous year Rs. 576.60 Lakhs) have been allocated by OFB Tech Private Limited to the Company on account of the above.

Further, pursuant to cost sharing arrangement, the Company has also allocated common costs related to Payroll and other expenses to OFB Tech Private Limited and Ofcons Projects and Services Private Limited (fellow subsidiary). The costs allocated by the Company during the current year is Rs. 388.29 Lakhs (previous year Rs. 21.58 Lakhs).

35 Disclosure as required by Ind AS -24 on "Related Party Disclosure" notified under the companies (Indian Accounting Standard) Rules, 2015:
List of related parties and relationship:

Name of related party
OFB TECH PRIVATE LIMITED

OFCONS PROJECTS AND SERVICES PRIVATE LIMITED

Nature of Relationship

Holding company

Fellow subsidiary company

Key management personnel

Ruchi Kalra

Vasant Sridhar

Asish Mohapatra

Sathyan David

Akshat Vikram Pande

Rohit Kapoor

Brij Kishore Kiradoo

Whole-time director and Chief financial officer

Executive director

Non-executive director

Independent director

Independent director

Independent director

Company Secretary

Transactions with the related parties and key management personnel during the year:

Particulars	Nature of transaction	Year ended March 31, 2020	Year ended March 31, 2019
OFB TECH PRIVATE LIMITED	Issue and allotment of equity share capital	19,499.95	7,500.00
	Purchase of property, plant and equipment	7.06	16.13
	Business auxiliary services (cost allocation received)	176.25	111.93
	Employee costs and reimbursements (cost allocation received)	49.03	165.58
	Employee costs and reimbursements (cost allocation made)	314.01	21.58
	Tech Support Services (On allocation basis)	87.86	99.09
	Interest Expense	11.60	41.28
	Legal and other expenses (cost allocation received)	65.20	200.00
	Legal and other expenses (cost allocation made)	9.40	-
	Payment on behalf of borrowers	31,310.49	27,116.55
	Loan repaid	-	292.00
	Guarantee given to lenders on behalf of the Company	59,994.69	26,086.49
	Loans secured by fixed deposits given by holding Company	-	302.98
	Deemed equity contribution (Employee stock options)	51.91	49.06
OFCONS PROJECTS AND SERVICES PRIVATE LIMITED	Business auxiliary services (cost allocation made)	4.26	-
	Employee costs and reimbursements (cost allocation made)	64.88	-
	Payment on behalf of borrowers	5.38	-
Ruchi Kalra	Managerial remuneration	25.02	25.28
		25.02	25.28
Vasant Sridhar	Managerial remuneration	36.72	31.78
	Employee stock option compensation expense	8.73	8.82
		45.45	40.60
Brij Kishore Kiradoo	Remuneration	9.17	6.61
	Employee stock option compensation expense	2.96	2.87
		12.13	9.48
Sathyan David	Directors sitting fees	1.50	-
	Akshat Vikram Pande	1.00	-
	Rohit Kapoor	0.50	-

Balance outstanding at year end

Name of related party	Nature	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
OFB TECH PRIVATE LIMITED	Payables	64.11	464.37	93.33
	Interest accrued but not due	6.75	37.15	19.21
	Receivable	266.31	21.59	11.72
	Payable- loan pending disbursement	-	454.90	109.07
	Loans outstanding	-	-	292.00
OFCONS PROJECTS AND SERVICES PRIVATE LIMITED	Payable- loan pending disbursement	5.38	-	-
	Receivable	68.79	-	-

Guarantee given to lenders on behalf of the Company for Loan outstanding as at March 31, 2020 Rs. 59,994.69 lakhs, March 31, 2019 Rs. 26,086.49 lakhs and April 1, 2018 - Rs. 5,500.00 lakhs



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36 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	March 31, 2020			March 31, 2019			April 1, 2018		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	5,085.63	-	5,085.63	492.56	-	492.56	331.14	-	331.14
Bank balances other than (a) above	131.52	-	131.52	-	50.59	50.59	-	-	-
Loans	79,609.63	10,177.17	89,786.80	33,259.60	2,685.56	35,945.16	7,696.15	510.20	8,206.35
Investments	-	-	-	-	757.83	757.83	-	-	-
Other financial assets	613.66	25.00	638.66	21.88	62.50	84.38	11.72	-	11.72
Non-financial assets									
Current tax assets (Net)	-	7.00	7.00	-	7.00	7.00	-	2.26	2.26
Deferred tax assets (Net)	-	350.68	350.68	-	87.01	87.01	-	9.76	9.76
Investment Property	-	149.92	149.92	-	13.32	13.32	-	-	-
Property, Plant and Equipment	-	60.37	60.37	-	37.89	37.89	-	5.83	5.83
Other non-financial assets	211.19	42.14	253.33	238.81	36.67	275.48	42.53	-	42.53
Total Assets	85,651.63	10,812.28	96,463.91	34,012.85	3,738.37	37,751.22	8,081.54	528.05	8,609.59
LIABILITIES									
Financial liabilities									
Trade Payables									
(i) Total outstanding dues to micro and small	-	-	-	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises	174.32	-	174.32	80.70	-	80.70	95.33	-	95.33
Other payables									
(i) Total outstanding dues to micro and small	-	-	-	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises	-	92.00	92.00	-	487.25	487.25	-	7.97	7.97
Debt securities	2,288.02	12,347.89	14,635.91	2,821.64	5,100.00	7,921.64	-	-	-
Borrowings (Other than debt securities)	33,768.46	14,079.49	47,847.95	13,220.69	4,944.16	18,164.85	5,808.81	-	5,808.81
Other financial liabilities	991.31	-	991.31	494.85	-	494.85	128.28	-	128.28
Non-Financial Liabilities									
Provisions	3.73	108.38	112.11	49.39	0.93	50.32	9.56	0.05	9.61
Current tax liabilities	370.04	-	370.04	-	-	-	-	-	-
Other non-financial liabilities	375.52	-	375.52	323.23	-	323.23	78.79	-	78.79
Total Liabilities	37,971.40	26,627.76	64,599.16	16,990.50	10,532.34	27,522.84	6,120.77	8.02	6,128.79
Net equity	47,680.23	(15,815.48)	31,864.75	17,022.35	(6,793.97)	10,228.38	1,960.77	520.03	2,480.80

* Loans is net of impairment loss allowance on loans considering realisability, the amount recoverable from Stage-3 assets is classified under after 12 months.



OXYZO FINANCIAL SERVICES PRIVATE LIMITED
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37. Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the Reserve Bank of India (RBI) of India. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period.

37.1 Capital management

The capital management objectives of the Company are:

- to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios
- to ensure the ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of debt less cash and bank balances as presented on the face of balance sheet.

Management assesses the capital requirements of the Company in order to maintain an efficient overall financing structure. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return on capital to shareholders, issue new shares, or sell assets to reduce debt. The Company has a target gearing ratio of 3.00 to 3.50 determined as a proportion of net debt to total equity.

37.2 Regulatory capital

As contained in RBI Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (hereinafter referred to as "RBI Master Directions"), the Company is required to maintain a capital ratio consisting of Tier I and Tier II capital not less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. Out of this, Tier I capital shall not be less than 10%. The BoDs regularly monitors the maintenance of prescribed levels of Capital Risk Adjusted Ratio (CRAR).

Capital Adequacy Ratio (CAR) and other key financial parameters as at 31 March 2020 of the Company are as under:

Capital Adequacy ratio - Tier I	34.66%
Capital Adequacy ratio - Tier II	0.48%
	35.14%

38. Categories of financial instruments

38.1 The Carrying value of financial assets and liabilities are as follows :-

As at March 31, 2020

	Fair value through P&L	Fair value through OCI	Amortised cost	Total
Financial Assets				
Cash and cash equivalents	-	-	5,085.63	5,085.63
Bank balances other than above	-	-	131.52	131.52
Loans	-	-	89,786.80	89,786.80
Investments	-	-	-	-
Other financial assets	-	-	638.66	638.66
Total financial assets	-	-	95,642.61	95,642.61
Financial liabilities				
Trade payables	-	-	174.32	174.32
Other payables	-	-	92.00	92.00
Debt Securities	-	-	14,635.91	14,635.91
Borrowings (Other than debt)	-	-	47,847.95	47,847.95
Other financial liabilities	-	-	991.31	991.31
Total financial liabilities	-	-	63,741.49	63,741.49

As at March 31, 2019

	Fair value through P&L	Fair value through OCI	Amortised cost	Total
Financial Assets				
Cash and cash equivalents	-	-	492.56	492.56
Bank balances other than above	-	-	50.59	50.59
Loans	-	-	35,945.16	35,945.16
Investments	-	-	757.83	757.83
Other financial assets	-	-	84.38	84.38
Total financial assets	-	-	37,330.52	37,330.52
Financial liabilities				
Trade payables	-	-	80.70	80.70
Other payables	-	-	487.25	487.25
Debt Securities	-	-	7,921.64	7,921.64
Borrowings (Other than debt)	-	-	18,164.85	18,164.85
Other financial liabilities	-	-	494.85	494.85
Total financial liabilities	-	-	27,149.29	27,149.29



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As at April 1, 2018

	Fair value through P&L	Fair value through OCI	Amortised cost	Total
Financial Assets				
Cash and bank balances	-	-	331.14	331.14
Bank balances other than above	-	-	-	-
Loans	-	-	8,206.35	8,206.35
Investments	-	-	-	-
Other financial assets	-	-	11.72	11.72
Total financial assets	-	-	8,549.21	8,549.21
Financial liabilities				
Trade payables	-	-	95.33	95.33
Other payables	-	-	7.97	7.97
Debt Securities	-	-	-	-
Borrowings (Other than debt)	-	-	5,808.81	5,808.81
Other financial liabilities	-	-	128.28	128.28
Total financial liabilities	-	-	6,040.39	6,040.39

39. Fair value measurement of financial assets and liabilities

Fair value of the Company's financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed out in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Particulars	Level	As at March 31, 2020		As at March 31, 2019		As at April 1, 2018	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets							
Cash and bank balances	1	5,085.63	5,085.63	492.56	492.56	331.14	331.14
Bank balances other than above	1	131.52	131.52	50.59	50.59	-	-
Loans	3	89,786.80	89,786.80	35,945.16	35,945.16	8,206.35	8,206.35
Investments	3	-	-	757.83	757.83	-	-
Other financial assets	2	638.66	638.66	84.38	84.38	11.72	11.72
Total financial assets		95,642.61	95,642.61	37,330.52	37,330.52	8,549.21	8,549.21
Financial liabilities							
Trade payables	2	174.32	174.32	80.70	80.70	95.33	95.33
Other payables	2	92.00	92.00	487.25	487.25	7.97	7.97
Debt Securities	3	14,635.91	14,816.85	7,921.64	7,921.64	-	-
Borrowings (Other than debt)	3	47,847.95	47,847.95	18,164.85	18,164.85	5,808.81	5,808.81
Other financial liabilities	3	991.31	991.31	494.85	494.85	128.28	128.28
Total financial liabilities		63,741.49	63,922.43	27,149.29	27,149.29	6,040.39	6,040.39

- Cash and cash equivalents, other bank balances, loans, other current financial assets, current borrowings, trade payables and other current financial liabilities: approximate their carrying amounts largely due to the short-term maturities of these instruments.



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED**Notes to the Ind AS financial statements for the year ended March 31, 2020****(All amounts in Lakhs of ₹ unless otherwise stated)****40 Share based payments****Employee Stock Option Plan ("ESOP Plan")**

OFB Tech Private Limited ('OFB'), the holding company, had framed an OfBusiness Stock Options Plan, 2016 ('ESOP 2016 Plan'), which was duly approved by the Shareholder of the OFB in the Extraordinary General Meeting held on 8 April 2016. ESOP 2016 Plan will be administered by Compensation committee and in the absence of such committee Board of Directors of the OFB shall ensure the administration of the ESOP 2016 Plan. The stock options granted are categorized as equity settled and have a graded vesting. The options vest at various dates over the period of one to four year from the date of grant. The options expires within 4 years from the date of last vesting.

Pursuant to incorporation of the Company, certain employees of OFB were transferred to the Company. To align the interest of employees, it was determined that transferred employees of the Company may continue to participate in the ESOP 2016 Plan of OFB and accordingly they are entitled to shares of OFB.

Employee stock compensation expense for stock options during the year ended 31 March 2020 amounts to Rs. 51.91 Lakhs (previous year Rs. 49.06 Lakhs)

Details of options granted to the employees of the Company under the ESOP Plan are as follows:

Vesting schedule (from the date of grant)	Date of grant	No. of options granted	Exercise price (in Rs.)
40% on completion of first year (month end) 20% during the second year (various dates) 20% during the third year (various dates) 20% during the fourth year (various dates)	08-Apr-16	30	10
25% on completion of first year (month end) 25% on completion of second year (month end) 25% on completion of third year (month end) 25% on completion of fourth year (month end)	08-Apr-16	4	10
25% on completion of first year 25% on completion of second year 25% on completion of third year 25% on completion of fourth year	08-Apr-17	40	10
13% on completion of first year 29% on completion of second year 29% on completion of third year 29% on completion of fourth year	15-Jun-17	7	204,767
25% on completion of first year 25% on completion of second year 25% on completion of third year 25% on completion of fourth year	28-Feb-18	20	10
33.33% on completion of second year 33.33% on completion of third year 33.33% on completion of fourth year	28-Feb-18	12	204,767
50% on completion of third year 50% on completion of fourth year	28-Feb-18	12	204,767
100% on completion of fourth year	28-Feb-18	2	204,767
100% on completion of fourth year	02-Jul-18	1	10
100% on completion of fourth year	02-Jul-18	5	204,767
50% on completion of second year 50% on completion of fourth year	02-Jul-18	2	10
50% on completion of second year 50% on completion of fourth year	05-Jul-18	4	10
50% on completion of second year 50% on completion of fourth year	05-Jul-18	2	204,767



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED**Notes to the Ind AS financial statements for the year ended March 31, 2020****(All amounts in Lakhs of ₹ unless otherwise stated)**

20% on completion of first year 20% during the second year 20% during the third year 40% during the fourth year	05-Jul-18	5	204,767
20% on completion of first year 20% during the second year 20% during the third year 40% during the fourth year	05-Jul-18	5	10
23% on completion of first year 23% during the second year 25% during the third year 29% during the fourth year	05-Jul-18	90	152,052
9% on completion of first year 20% during the second year 30% during the third year 41% during the fourth year	01-Apr-19	108	271,667
0% on completion of first year 15% during the second year 23% during the third year 62% during the fourth year	05-Jun-19	13	489,979
0% on completion of first year 29% during the second year 35% during the third year 35% during the fourth year	01-Jul-19	34	489,979

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Stock option activity during the year is as follows:

Particulars	31 March 2020		31 March 2019	
	Shares arising out of Options	Weighted average exercise price (in Rs.)	Shares arising out of Options	Weighted average exercise price (in Rs.)
Outstanding at the beginning of the year	179	184,565	74	29,612
Granted during the year	144	379,486	114	141,597
Options granted prior to transfer date in respect of employees transferred from holding company during the year	17	348,718	44	97,735
Exercised during the year	6	204,091	-	-
Vested for transferred employees before	-	-	11	18,625
Surrendered / Cancelled during the year	2	204,767	42	9,760
Outstanding at the end of the year	332	277,040	179	184,565
Exercisable at the end of the year	67	102,505	30	6,835
Weighted average remaining contractual life of the options outstanding at the end of the year	6.07 years		6.27 years	

Stock compensation expense under the Fair Value Method has been determined based on fair value of the stock options. The fair value of stock options was determined using the Black Scholes option

Particulars	2-Jul-2018/ 5-Jul-2018	2-Jul-2018	05-Jul-18	05-Jul-18	01-Apr-19	05-Jun-19	01-Jul-19	05-Jul-19
Fair value of options at grant date	152,051	54,825	54,823	40,904	38,529	66,371	66,062	66,062
Fair value of share at grant date	152,058	152,058	152,058	152,058	152,058	268,471	268,471	268,471
Exercise price	10	204,767	204,767	271,667	271,667	489,979	489,979	489,979
Expected volatility	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%
Option life	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75
Dividend yield	0%	0%	0%	0%	0%	0%	0%	0%
Risk free interest rate	7.70%	7.70%	7.70%	7.70%	6.70%	6.70%	6.60%	6.60%



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41 Financial risk management

i) Risk Management

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial company, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Company's Board of directors has overall responsibility for the establishment and oversight of the risk management framework. In accordance with the RBI guidelines to enable NBFCs to adopt best practices and greater transparency in their operations, the Board of Directors of the Company has constituted a Asset Liability Management Committee (ALCO) and Risk Management Committee. Risk Management Committee reviews risk management in relation to various integrated risks of the Company. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Loan receivables, Cash and bank balances, financial assets measured at amortised cost	Expected loss analysis	Credit risk analysis, diversification of customers/asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk- interest rate	non-current borrowings at variable rates	Sensitivity analysis	Change in interest rates

A) Credit risk

Credit risk arises from loans, cash and cash equivalents, bank balance other than cash and cash equivalents, investments and other financial assets. Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company has established various internal risk management process to provide early identification of possible changes in the creditworthiness of counterparties. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions. The carrying amounts of financial assets represent the maximum credit risk exposure.

Credit risk arises from loans financing, cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as shown below:

Particulars	Balance as at March 31, 2020	Balance as at March 31, 2019	Balance as at April 1, 2018
Loans	89,786.80	35,945.16	8,206.35
Investments	-	757.83	-
Cash and cash equivalents	5,085.63	492.56	331.14
Other bank balances	131.52	50.59	-
Other financials asset	638.66	84.38	11.72

The Company splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Secured/unsecured i.e. based on whether the loans are secured
- Nature of security i.e. the nature of the security if the loans are determined to be secured
- Nature of loan i.e. based on the nature of loan

The credit risk management policy of the Company seeks to have following controls and key metrics that allows credit risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Maintain an appropriate credit administration and loan
- Establish metrics for portfolio monitoring
- Minimize losses due to defaults or untimely payments by borrowers
- Design appropriate credit risk mitigation techniques

Expected credit loss for loans

In order to mitigate the impact of credit risk in the future profitability, the Company makes reserves basis the expected credit loss (ECL) model for the outstanding loans as balance sheet date. In addition to ECL output, the Company has taken conservative view through specific provisions.

The below discussion describes the Company's approach for assessing impairment as stated in the significant accounting policies.

Expected credit loss measurement

In determining whether credit risk has increased significantly since initial recognition, the institution uses the days past due data and forecast information to assess deterioration in credit quality of a financial asset for all the portfolios. The Company considers its historical loss experience and adjusts this for current observable data. Ind AS 109 requires the use of macroeconomic factors.

Definition of default

The Company defines a financial instrument as in default, any borrower whose contractual payments are due for more than 90 days is termed as default, which is in line with RBI guidelines.

Probability of Default ('PD')

PD is defined as the probability of whether the borrower will default on their obligation in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 a lifetime PD is required (equivalent to 12-month PD in the given case) while Stage 3 assets are considered to have a 100% PD. The loans have been segmented into three stages based on the risk profiles which reflect the general pattern of credit deterioration of a loan. The Company categories loans at the reporting date into stages based on the days past due ('DPD') status as under: -

Stage 1: Low credit risk, i.e. 0 to 30 days past due

Stage 2: Significant increase in credit risk, i.e. 31 to 90 days past due

Stage 3: Impaired assets, i.e. more than 90 days past due



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Loss Given Default ('LGD')

Loss given default (LGD) represents estimated financial loss the Company is likely to suffer in the event of default. LGD is calculated using recovery pattern and value of collateral (if applicable) in default accounts.

The company has added all costs incurred on actuals basis for recovery in all default cases to arrive at final LGD. The recovered amount in all default cases has been discounted for the weighted average of the number of days of default in all such cases to compute the final LGD.

Exposure at Default ('EAD')

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

The company has considered cross default criteria while computing EAD i.e. If any customer defaults on one active loan then the customer has been marked as default on other loan (if any) as well.

While computing EAD for stage a accounts, the company has considered 75% commitments as per FIRB guidelines which are contractual on undrawn lines as the same does not require any pre-approval at the time of disbursement. For stage 2 and 3 accounts, the Company has not considered any commitment on the undrawn lines for EAD as the policy does not allow for any disbursement in case of any overdue.

The ECL is computed as a product of PD, LGD and EAD.

Collateral and other credit enhancements

The loan portfolio of the Company has both secured and unsecured loans and they vary with the type of funding. Basis the past history of receipts against collateral, the overall ECL for the secured portfolio is net of collateral value.

Quantitative and qualitative factors considered along with quantification i.r.t loss rates

Impact of specific risk factors was taken into account while staging of accounts and computation of PD. The forecasted point in time (PIT) PDs have been estimated by establishing a link between through the cycle (TTC) PDs and macroeconomic variables i.e. growth rate prescribed by Index of Industrial Production ('IIP'). The macro-economic variables were regressed using a logical regression against systemic default ratio out of the impact of macro-economic variables on the system wide default rates.

As per the guidelines laid under the standard, the company has done probability weighted scenarios to arrive at the final ECL. These scenarios reflect a baseline, upturn and downturn in economic activity basis which ECL requirements could vary. The final ECL has subsequently been discounted.

Credit risk exposure and impairment loss allowance

	As at March 31, 2020		As at March 31, 2019		As at April 1, 2018	
	Exposure	Impairment allowance	Exposure	Impairment allowance	Exposure	Impairment allowance
Credit impaired loan assets (Default event triggered) (Stage 3)	832.16	574.64	361.53	100.12	-	-
Loan assets having significant increase in credit risk (Stage 2)	3,063.44	249.29	860.60	27.24	133.12	0.66
Other loan assets (Stage 1)	87,305.22	435.97	34,950.90	100.51	8,093.80	19.91
Impairment on account of COVID-19	-	154.12	-	-	-	-
Total	91,200.82	1,414.02	36,173.03	227.87	8,226.92	20.57

An analysis of Expected credit loss rate:

	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Stage-1	0.50%	0.29%	0.25%
Stage-2	8.14%	3.17%	0.49%
Stage-3	69.05%	27.69%	-
Total	1.55%	0.63%	0.25%

* Expected credit loss rate is computed ECL divided by EAD

Specific Provision

Company reviews and monitors all cases DPD 240+ and based on the recoverability and various other factors like client's situation, legal cases and others, makes provision in addition to ECL by using estimates and judgments in view of the inherent uncertainties and a level of subjectivity involved in measurement of items.

Moratorium in accordance with the Reserve Bank of India (RBI) guidelines:

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020 and in accordance therewith, the Company in accordance with its board approved policy has offered a moratorium for eligible borrowers on the payment of principal EMI installments and/or interest, falling due between March 01, 2020 and May 31, 2020 excluding the collection already made in the month of March 2020. Further the Company is evaluating the Reserve Bank of India (RBI) guidelines relating to COVID-19 Regulatory Package dated 23 May 2020 and the Company shall follow a similar process to adopt a Board approved policy for moratorium extension basis. For all such accounts where moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e the number of days past due shall exclude moratorium period for the purpose of asset classification as per the prudential norms).

SMA Categories as on 29 February 2020	Respective amount where asset classification benefits is extended	Total amount of account in default but considered as standard	Provision made as on 31 March 2020
Not Due	-	3,864.13	-
SMA-0	-	313.07	15.65
SMA-1	-	145.54	7.28
Total	-	4,322.74	22.93



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The Company has based on currently available information and based on the policy approved by the Board of Directors, determined the prudential estimate of the provision for impairment of financial assets. In estimating the provision for impairment of financial assets, the Company has considered internal and external sources of information including economic forecasts and industry reports up to the date of approval of these financial results.

Accordingly, the provision for expected credit loss on financial assets as at 31 March 2020 aggregates Rs. 1,414.02 lakh (as at 31 March 2019, Rs. 227.87 lakh) which includes potential impact on account of the pandemic in current year of Rs. 154.12 lakh. The eventual outcome of global health pandemic, due to prevailing uncertainty may be different from those estimated as on the date of approval of financial results and Company will continue to monitor any material changes for future economic conditions. However, based on the current indicators of future economic conditions, the Company considers this provision to be adequate and expects to recover the carrying amount of these financial assets.

B) Liquidity risk

Liquidity risk arises as Company has contractual financial liabilities that is required to be serviced and redeemed as per committed timelines and in the business of lending where money is required for the disbursement and creation of financial assets to address the going concern of Company. Liquidity risk management is imperative to Company as this allows covering the core expenses, market investment / creation of financial assets, timely repayment of debt commitments and continuing with their operations.

Management of the Company monitors forecast of liquidity position and cash and cash equivalents on the basis of expected cash flows. The Asset Liability Management Policy aims to align market risk management with overall strategic objectives, articulate current interest rate view and determine pricing, mix and maturity profile of assets and liabilities. The asset liability management policy involves preparation and analysis of liquidity gap reports and ensuring preventive and corrective measures. It also addresses the interest rate risk by providing for duration gap analysis and control by providing limits to the gaps.

The Companies aim to maintain the level of its cash equivalents, un-utilized borrowing lines and cash inflow at an amount in excess of expected cash outflows on financial liabilities over the next one year. At March 31, 2020, the net of expected cash inflows and outflows within 12 months are Rs. 47,680.23 (March 31, 2019: Rs. 17,022.35; April 1, 2018: Rs. 1,960.77). Refer note 36 for Maturity analysis of assets and liabilities and note 45 (IX) for asset liability management (ALM).

C) Market Risk

Market risk is the risk that the fair value or future cash flow of financial instrument will fluctuate due to changes in market variables such as interest rates, foreign exchange rates etc. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while maximising the return.

Interest rate risk

The Company uses a mix of cash and borrowings to manage the liquidity and fund requirements of its day-to-day operations. Further, certain interest bearing liabilities carry variable interest rates. Interest rate risk on variable borrowings is managed by way of regular monitoring borrowing rate.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Variable rate borrowing	52,067.21	22,412.85	4,807.39
Fixed rate borrowing	10,416.65	3,673.64	1,001.42
Total borrowings	62,483.86	26,086.49	5,808.81

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Interest sensitivity			
Interest rates – increase by 100 basis points (March 31, 2019: 100 bps; April 1, 2018: 100 bps)	297.81	112.34	27.50
Interest rates – decrease by 100 basis points (March 31, 2019: 100 bps; April 1, 2018: 100 bps)	(297.81)	(112.34)	(27.50)



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED
Notes to the Ind AS financial statements for the year ended March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)

42 Public Disclosure on liquidity risk

Background:

RBI has issued final guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies on November 04, 2019. As per the said guidelines, NBFC are required to publicly disclose the below information related to liquidity risk on a quarterly basis. Accordingly, the disclosure on liquidity risk as at 31st March, 2020 is as under:

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

S.No.	Number of Significant counterparties (Borrowings)	Amount (Rs. lakhs)	% of Total deposits	% of Total Liabilities
1	10	45,186.33	NA	69.95%

Notes:

- A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.

- Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines.

(ii) Top 20 large deposits (amount in Rs lakhs and % of total deposits) – Not Applicable

(iii) Top 10 borrowings (amount in Rs lakhs and % of Total borrowings)

S.No.	Number of Significant counterparties (Borrowings)	Amount (Rs. lakhs)	% of Total deposits	% of Total Liabilities
1	10	45,186.33	NA	69.95%

Note:

- Total Borrowing has been computed as comprising of Debt Securities, Borrowings and Interest accrued on these borrowings

(iv) Funding Concentration based on significant instrument/product

S.No.	Name of the Product	Amount (Rs. lakhs)	% of Total Liabilities
1	Non Convertible Debentures	13,109.53	20.29%
2	Commercial Paper	1,526.38	2.36%
3	Borrowings (Other than debt securities)	47,847.95	74.07%
	TOTAL	62,483.86	96.73%

(v) Stock Ratios:

S.No.	Stock Ratio	%
	Commercial paper as a % of total public funds	
1	Commercial papers as a % of total liabilities	2.36%
2	Commercial papers as a % of total assets	1.58%
	Non-convertible debentures as a % of total public funds	
3	Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	0%
4	Non-convertible debentures (original maturity of less than one year) as a % of total assets	0%
	Other short-term liabilities as a % of total public funds	
5	Other short-term liabilities as a % of total liabilities	1.95%
6	Other short-term liabilities as a % of total assets	1.30%

Notes:

- Commercial Paper and NCDs for stock ratio is the Gross outstanding as at 31st March, 2020 including the interest accrued.

- Other Short-term Liabilities has been computed as Total Short-term Liabilities less Commercial paper less Non-convertible debentures (Original maturity of less than one year)

(vi) Institutional set-up for Liquidity Risk Management

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed. The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk. The Board of Directors approves the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset-liability management of the Company from risk-return perspective and within the risk appetite and guard-rails approved by the Board. The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset-liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to risk tolerance/limits set up by the Board. ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held once in a year or more frequently as the Committee may determine to adequately fulfill the responsibilities outlined in the charter. The minutes of ALCO meetings are placed before the Board of Directors in its next meeting for its perusal/approval/ratification.



OXYZO FINANCIAL SERVICES PRIVATE LIMITED
Notes to the Ind AS financial statements for the year ended March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)

43.1 First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ending 31 March 2020, 31 March 2019 and in the preparation of an opening Ind AS balance sheet at 1 April 2018 (the Company's date of transition). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

These financial statements, for the year ended 31 March 2020, are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

A. Mandatory exceptions

(i) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at transition date are consistent with the estimates as at the same date made in conformity with previous GAAP.

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair value of financial instruments carried at fair value through profit and loss and/ or fair value through other comprehensive income;
- Impairment of financial assets based on the expected credit loss model; and
- Determination of the discounted value for financial instruments carried at amortised cost.

(ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Accordingly, the Company has determined the classification of financial assets and liabilities based on facts and circumstances that exist on the date of transition. Measurement of the financial assets and liabilities accounted at amortised cost has been done retrospectively except where the same is impracticable.

B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

43.2 Reconciliation of total equity as at March 31, 2019 and April 1, 2018

	Note	March 31, 2019	April 1, 2018
Total equity (shareholder's funds) as per Previous GAAP		10,507.88	2,525.16
Adjustments:			
Amortisation of processing fees on loans based on effective interest rate	(a)	(253.12)	(57.64)
Increase in borrowing cost pursuant to application of effective interest rate method	(b)	(14.35)	(2.10)
Incremental provision on application of expected credit loss model	(c)	(102.34)	-
Amortised Cost on investments	(d)	(11.49)	-
Tax effect on adjustments	(h)	101.80	15.38
Total adjustments		(279.50)	(44.36)
Total equity as per Ind AS		10,228.38	2,480.80

43.3 Reconciliation of cash flow statement for the year ended March 31, 2020

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Notes to the Ind AS financial statements for the year ended March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)

43.4 Effect of IND AS adoption on the balance sheet as at March 31, 2019 and April 1, 2018

Particulars	Notes	Previous GAAP as at March 31, 2019*	Adjustments	Ind AS as at March 31, 2019	Previous GAAP as at April 1, 2018*	Adjustments	Ind AS as at April 1, 2018
ASSETS							
Financial assets							
Cash and cash equivalents		492.56	-	492.56	331.14	-	331.14
Bank balances other than above		50.59	-	50.59	-	-	-
Loans	(c)	36,047.50	(102.34)	35,945.16	8,206.35	-	8,206.35
Investments	(d)	769.32	(11.49)	757.83	-	-	-
Other financial assets		84.38	-	84.38	11.72	-	11.72
		37,444.35	(113.83)	37,330.52	8,549.21	-	8,549.21
Non-financial Assets							
Current tax assets (Net)		7.00	-	7.00	2.26	-	2.26
Deferred tax assets (Net)	(h)	(14.79)	101.80	87.01	(5.62)	15.38	9.76
Investment Property		13.32	-	13.32	-	-	-
Property, Plant and Equipment		37.89	-	37.89	5.83	-	5.83
Other non-financial assets	(b)	289.83	(14.35)	275.48	44.63	(2.10)	42.53
		333.25	87.45	420.70	47.10	13.28	60.38
TOTAL ASSETS		37,777.60	(26.38)	37,751.22	8,596.31	13.28	8,609.59
LIABILITIES AND EQUITY							
LIABILITIES							
Financial liabilities							
Trade Payables							
(i) Total outstanding dues to micro and small enterprises		-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises		80.70	-	80.70	95.33	-	95.33
Other payables							
(i) Total outstanding dues to micro and small enterprises		-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises		487.25	-	487.25	7.97	-	7.97
Debt securities		7,921.64	-	7,921.64	-	-	-
Borrowings (Other than debt securities)		18,164.85	-	18,164.85	5,808.81	-	5,808.81
Other financial liabilities		494.85	-	494.85	128.28	-	128.28
		27,149.29	-	27,149.29	6,040.39	-	6,040.39
Non-Financial Liabilities							
Current tax liabilities (Net)		-	-	-	-	-	-
Provisions		50.32	-	50.32	9.61	-	9.61
Other non-financial liabilities	(a)	70.11	253.12	323.23	21.15	57.64	78.79
		120.43	253.12	373.55	30.76	57.64	88.40
EQUITY							
Equity share capital		3,552.69	-	3,552.69	2,500.00	-	2,500.00
Other equity		6,955.19	(279.50)	6,675.69	25.16	(44.36)	(19.20)
		10,507.88	(279.50)	10,228.38	2,525.16	(44.36)	2,480.80
Total Liabilities and Equity		37,777.60	(26.38)	37,751.22	8,596.31	13.28	8,609.59

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.



OXYZO FINANCIAL SERVICES PRIVATE LIMITED
Notes to the Ind AS financial statements for the year ended March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)
43.5 Effect of IND AS adoption on statement of profit and loss for the year ended March 31, 2019

Particulars	Notes	Previous GAAP*	Adjustments	Ind AS
Revenue				
Revenue from operations				
Interest income	(a), (d)	4,392.10	(206.97)	4,185.13
Fee and commission income		57.03	-	57.03
Net gain on fair value changes		3.67	-	3.67
Other income		-	-	-
Total revenue		4,452.80	(206.97)	4,245.83
Expenses				
Finance costs	(c)	1,791.70	12.25	1,803.95
Impairment on financial instruments		179.97	102.34	282.31
Employees benefit expenses	(e), (f)	1,220.36	44.06	1,264.42
Depreciation and amortisation expense		5.35	-	5.35
Other expenses	(g)	587.50	(208.29)	379.21
Total expenses		3,784.88	(49.64)	3,735.24
Profit before tax		667.92	(157.33)	510.59
Tax expense				
Current tax		184.23		184.23
Deferred tax	(h)	9.17	(87.31)	(78.14)
Total tax expense		193.40	(87.31)	106.09
Profit for the year		474.52	(70.02)	404.50
Other comprehensive income, net of tax				
Items that will not be reclassified to profit or loss				
a. Remeasurement gains/(losses) on defined benefit plans	(e)	-	3.21	3.21
Income tax relating to remeasurement gains/(losses) on defined benefit plans		-	(0.89)	(0.89)
Other comprehensive income for the year		-	2.32	2.32
Total comprehensive income for the year		474.52	(67.70)	406.82

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Notes to the Ind AS financial statements for the year ended March 31, 2020

(All amounts in Lakhs of ₹ unless otherwise stated)

43.6 Notes to the reconciliations

- (a) Under previous GAAP, transaction costs charged to customers was recognised upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using the effective interest method. Consequently processing fees income for the year ended March 31, 2019 has decreased.
- (b) Under previous GAAP, transaction costs incurred on borrowings was charged to statement of profit and loss on straight line basis while under Ind AS, such costs are recognised as interest expense using the effective interest method. Consequently interest expense for the year ended March 31, 2019 has increased.
- (c) Under previous GAAP, the Company has created provision for impairment of loans to customer in accordance with regulations of the Reserve Bank of India (RBI) and along with specific amount identified with respect to incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL). Impairment allowance for loan assets has been considered as per the expected credit loss model.

Also, under previous GAAP provision for NPA and standard asset were presented under provisions. However, under Ind AS financial assets measured at amortised cost (majorly loans) are presented net of provision for expected credit losses. Consequently, the Company has reclassified the Indian GAAP provisions for standard assets / NPA's.

- (d) Under previous GAAP, investment in bonds (that are redeemable in cash on completion of the term as per the contract) are recorded at their transaction value. Under Ind AS, such financial assets are required to be recognised initially at their fair value and subsequently at amortised cost. Difference between the fair value and transaction value of the bonds has been recognised as unamortised interest on bonds. The unwinding of bonds happens by recognition of a interest income in Statement of Profit and Loss at effective interest rate. The unamortised interest on bonds gets amortised on a straight line basis over the term of the bonds. Consequently investment in bonds get reduced and recognition of unamortised interest results in increase in other non-financial assets as on March 31, 2019.
- (e) Under Ind AS, remeasurements i.e. actuarial gains and losses, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.
- (f) Under previous GAAP, the cost of equity- settled employee share based plan were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share based plan is recognised based on the fair value of the options as at the grant date. There is no impact on total equity since it is an intra head movement within other equity.
- (g) Under previous GAAP, the transaction costs related to equity transaction were charged to Statement of Profit and Loss. Under Ind AS, same is accounted for as a deduction in Other Equity as per Ind AS 32 "Financial Instrument".
- (h) Under previous GAAP accounting for deferred tax, using the income statement approach, which focuses on differences between taxable profits and accounting profits for the year. Ind AS requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. In addition, the various transitional adjustments lead to temporary differences.



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Schedule to the Balance Sheet of a non-deposit taking non-banking financial Company
(as required in terms of paragraph 19 of Non-banking Financial Company - Systemically Important
Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016)

Particulars		As at March 31, 2020		As at March 31, 2019	
Liabilities side:					
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		Amount out-standing	Amount overdue	Amount out-standing	Amount overdue
(a) Debentures : Secured		13,109.53	-	6,809.88	-
: Unsecured		-	-	-	-
(other than falling within the meaning of public deposits)					
(b) Deferred Credits		-	-	-	-
(c) Term Loans		46,037.51	-	17,067.22	-
(d) Inter-corporate loans and borrowing		-	-	-	-
(e) Commercial Paper		1,526.38	-	1,111.76	-
(f) Public Deposits		-	-	-	-
(g) Other Loans (short term bank loan)		1,810.44	-	1,097.63	-
(2) Breakup of (1)(f) above (Outstanding Public Deposit inclusive of interest accrued thereon but not paid:					
(a) In the form of unsecured debentures		-	-	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		-	-	-	-
(c) Other Public Deposits		-	-	-	-
Assets side:		Amount out-standing		Amount out-standing	
(3) Break-up of Loans and Advances including bills receivables [Other than those included in (4) below]:					
(a) Secured (net of provision of Rs. 137.94 lakhs (previous year Rs. 11.02 lakhs))			51,974.49		12,532.37
(b) Unsecured (net of provision of Rs. 1,276.08 lakhs (previous year Rs. 216.85 lakhs))			37,812.31		23,412.79
(4) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities					
(i) Lease assets including lease rentals under sundry debtors:					
(a) Financial lease			-		-
(b) Operating lease			-		-
(ii) Stock on hire including hire charges under sundry debtors:					
(a) Assets on hire			-		-
(b) Repossessed Assets			-		-
4 (iii) Other loans counting towards AFC activities					
(a) Loans where assets have been repossessed			-		-
(b) Loans other than (a) above			-		-
(5) Break-up of Investments:					
Current Investments:					
1. Quoted:					
(i) Shares: (a) Equity			-		-
(b) Preference			-		-
(ii) Debentures and Bonds			-		-
(iii) Units of mutual funds			-		-
(iv) Government Securities			-		-
(v) Others (please specify)			-		-
2. Unquoted:					
(i) Shares: (a) Equity			-		-
(b) Preference			-		-
(ii) Debentures and Bonds			-		-
(iii) Units of mutual funds			-		-
(iv) Government Securities			-		-
(v) Fixed deposit with bank			-		-
Long Term investments:					
1. Quoted:					
(i) Shares: (a) Equity			-		-
(b) Preference			-		-
(ii) Debentures and Bonds			-		-
(iii) Units of mutual funds			-		-
(iv) Government Securities			-		-
(v) Others (please specify)			-		-
2. Unquoted:					
(i) Shares: (a) Equity (net of provisions)			-		-
(b) Preference			-		-
(ii) Debentures and Bonds (net of provisions)			-		-
(iii) Units of mutual funds			-		-
(iv) Government Securities			-		-
(v) Fixed deposit with bank			131.52		50.59



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Notes to the Ind AS financial statements for the year ended March 31, 2020

(All amounts in Lakhs of ₹ unless otherwise stated)

(6) Borrower group-wise classification of assets financed as in (3) and (4) above:

Category	As at 31st March 2020			As at 31st March 2019		
	Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	51,974.49	37,812.31	89,786.80	12,532.37	23,412.79	35,945.16
Total	51,974.49	37,812.31	89,786.80	12,532.37	23,412.79	35,945.16

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

Category	As at 31st March 2020		As at 31st March 2019	
	Market Value / Break up or fair value or NAV	Book value (net of provisions)	Market Value / Break up or fair value or NAV	Book value (net of provisions)
1. Related Parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	-	-	757.83	-
Total	-	-	757.83	-

(8) Other information

Particulars	As at March 31st,	As at March 31st,
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	832.16	361.53
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	257.51	261.41
(iii) Assets acquired in satisfaction of debt	136.60	-



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45 Disclosures required pursuant to Non-banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

The Company has become Systemically Important Non-Deposit taking Company during the current financial year, therefore previous year disclosures for the purpose of disclosure under the master direction has been provided wherever specifically required as per the master direction.

I. Capital

Particulars	As at March 31, 2020	As at March 31, 2019
(i) CRAR (%)	35.14%	27.57%
(ii) CRAR - Tier I Capital (%)	34.66%	27.30%
(iii) CRAR - Tier II Capital (%)	0.48%	0.27%
(iv) Amount of subordinated debt raised as Tier-II capital	-	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

II. Investments

Particulars	As at March 31, 2020	As at March 31, 2019
1. Value of Investments		
(i) Gross Value of Investments		
(a) In India	-	757.83
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	-	757.83
(b) Outside India	-	-
2. Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

III. (a) Derivatives

The Company does not have derivatives during the year as well as in the previous year ended March 31, 2019.

(b) Exchange traded interest rate(IR) derivatives

The Company has not undertaken any Exchange Traded Interest Rate (IR) Derivatives during the year as well as in the previous year ended March 31, 2019.

IV. Disclosures on risk exposure in derivatives

(a) The Company has not undertaken any kind of derivatives during the current and previous years, hence, quantitative disclosure of related accounting policies and risk management is not applicable.

V. Disclosures relating to securitisation

The Company does not have any securitised assets as at March 31,2020 as well as in the previous year ended March 31, 2019.

VI. Details of financial assets sold to securitisation /reconstruction company for asset reconstruction

The Company has not sold any financial assets to securitisation /reconstruction company for asset reconstruction during the year ended March 31,2020 and March 31, 2019

VII. Details of assignment transaction undertaken by applicable NBFCs

The Company has not undertaken any assignment transaction during the years ended March 31,2020 and March 31, 2019

VIII. Details of non-performing financial assets purchased /sold

The Company has not purchased/sold any non-performing financial assets from other NBFCs in the current year as well as in the previous year.



OXYZO FINANCIAL SERVICES PRIVATE LIMITED
Notes to the Ind AS financial statements for the year ended March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)

IX. Asset Liability Management

Maturity pattern of certain items of assets and liabilities as at March 31, 2020

Particulars	Upto 30/31 days	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Debt securities	1,046.94	502.71	138.37	200.00	400.00	8,847.89	3,500.00	-	14,635.91
Borrowings (other than debt securities)	4,254.57	2,870.94	3,980.38	11,145.27	11,517.29	14,079.49	-	-	47,847.95
Total	5,301.51	3,373.65	4,118.75	11,345.27	11,917.29	22,927.38	3,500.00	-	62,483.86
Assets									
Loans given	13,842.56	17,671.26	16,415.89	20,437.74	11,242.18	8,461.13	1,212.89	503.15	89,786.80
Investment (net)	-	-	-	-	-	-	-	-	-
Total	13,842.56	17,671.26	16,415.89	20,437.74	11,242.18	8,461.13	1,212.89	503.15	89,786.80

X. Exposure to real estate sector, both direct and indirect

Category	As at March 31, 2020	As at March 31, 2019
Direct Exposure		
(a) Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	2,545.00	463.51
(b) Commercial Real Estate Lending secured by mortgages on commercial real estates (office buildings, retail space, multiple purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would not include non-fund based (NFB) investments	1,696.78	275.26
(c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:		
(i) Residential Mortgages	-	-
(ii) Commercial Real Estate	-	-
Total exposure to real estate sector	4,241.78	738.77

XI. Exposure to Capital Market

The Company does not have any exposure to capital market as at March 31, 2020 as well as in the previous year ended March 31, 2019.

XII. Miscellaneous

(a) Reserve Bank of India - Registration Number : N-14.03380

(b) Credit Rating

Instrument	Rating Agency	Rating
Commercial Paper	ICRA	[ICRA] A2
Non Convertible Debentures	ICRA	[ICRA] BBB (Stable)
Non Convertible Debentures	BWR Rating	BWR A- (CE) Stable
Non-Convertible Debentures	CARE Rating	CARE BBB Stable
LT-Market Linked Debentures	ICRA	PP-MLD [ICRA] BBB (Stable)
Long Term Bank Lines	ICRA	Provisional [ICRA] A- (CE) (Stable)
Short Term/Long Term Bank Lines	CARE Rating	CARE BBB Stable/CARE A2
Issuer Rating	ICRA	[ICRA] BBB (Stable)

(c) No penalties have been levied by any regulator during the year as well as in the previous year ended March 31, 2020 as well as in the previous year ended March 31, 2019.

XIII. Additional Disclosures

(a) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head expenditure in statement of Profit and Loss:

Particulars	As at March 31, 2020
Expected credit loss on loans	1,032.02
Impairment on account of COVID-19	154.12
Loss on loans & advances written off	385.11
Provision made towards Income tax	987.29



OXYZO FINANCIAL SERVICES PRIVATE LIMITED
Notes to the Ind AS financial statements for the year ended March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)

XIV. Concentration of Deposits, Advances, Exposures and NPAs

(a) Concentration of Advances

Particulars	As at March 31, 2020
Total Advances to twenty largest borrowers	14,580.67
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	16.24%

(b) Concentration of Exposures

Particulars	As at March 31, 2020
Total Exposure to twenty largest borrowers / customers	15,135.60
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	16.86%

(c) Concentration of NPAs

Particulars	As at March 31, 2020
Total Exposure to top four NPA accounts	286.34

(d) Sector-wise NPAs

Percentage of NPAs to total advances in that sector

S. No	Sector	As at March 31, 2020
(i)	Micro & Small	1.36%
(ii)	Medium	0.21%
(iii)	Large	0.99%
(iv)	Wholesale trade	3.02%
(v)	Retail trade	0.75%
	Total	0.93%

XV. Movement of NPAs

Particulars	As at March 31, 2020
(i) Net NPAs to Net Advances (%)	0.29%
(ii) Movement of NPAs (Gross)	
(a) Opening balance	361.53
(b) Additions during the year	975.42
(c) Reductions during the year	504.79
(d) Closing balance	832.16
(iii) Movement of Net NPAs	
(a) Opening balance	261.41
(b) Additions during the year	500.90
(c) Reductions during the year	504.79
(d) Closing balance	257.51
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)	
(a) Opening balance	100.12
(b) Provisions made during the year	474.52
(c) Write-off / write-back of excess provisions	-
(d) Closing balance	574.64

XVI. The Company does not have any joint ventures and subsidiaries abroad as at March 31, 2020 as well as in the previous year ended March 31, 2019.

XVII. The Company does not have any SPVs sponsored as at March 31, 2020 as well as in the previous year ended March 31, 2019.

XVIII. Disclosure of Complaints

(a) Customer Complaints *

The Company does not have any customer complaints as at March 31, 2020 as well as in the previous year ended March 31, 2019.

XIX There are no restructured account hence disclosure under 2013-14 guidelines is not required.

XX Disclosure for "DETAILS OF SINGLE BORROWER LIMIT (SGL) / GROUP BORROWER LIMIT (GBL) EXCEEDED BY THE NBFC" need to be made

The Company does not exceeded any customer borrower limit as at March 31, 2020 as well as in the previous year ended March 31, 2019.

XXI Details of financing of parent company's products

The Company has no product category where the customer is mandated to use the credit facility to buy products from a specific supplier (including the parent). Additionally, the parent is neither a manufacturer nor does it sell products under its own brand, hence reporting on financing of parent Company's products is not applicable.



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OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Notes to the Ind AS financial statements for the year ended March 31, 2020

(All amounts in Lakhs of ₹ unless otherwise stated)

46.1 Disclosure as required in terms of RBI circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	87,305.22	590.09	86,715.13	364.71	225.38
	Stage 2	3,063.44	249.29	2,814.15	19.69	229.60
Subtotal		90,368.66	839.38	89,529.28	384.40	454.98
Non-Performing Assets (NPA)						
Substandard	Stage 3	832.16	574.64	257.52	83.22	491.43
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		832.16	574.64	257.52	83.22	491.43
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	87,305.22	590.09	86,715.13	364.71	225.38
	Stage 2	3,063.44	249.29	2,814.15	19.69	229.60
	Stage 3	832.16	574.64	257.52	83.22	491.43
	Total	91,200.82	1,414.02	89,786.80	467.62	946.41

46.2 Disclosure as required in terms of RBI circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

Details of accounts that are past due beyond 90 days but not treated as impaired

Number of accounts	Total amount outstanding as on 31 March 2020	Overdue amount as on 31 March 2020	Loss Allowances (Provisions) as on 31 March 2020
41	832.16	545.47	574.64



OXYZO FINANCIAL SERVICES PRIVATE LIMITED
Notes to the Ind AS financial statements for the year ended March 31, 2020
(All amounts in Lakhs of ₹ unless otherwise stated)

47 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:-

Particulars	As at		
	March 31, 2020	March 31, 2019	April 1, 2018
(a) The principal amount remaining unpaid to any supplier as at the end of the year;	-	-	-
(b) The interest due on principal amount remaining unpaid to any supplier as at the end of the year;	-	-	-
(c) The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), along with the amount of the payment made to the supplier beyond the appointed day during the year;	-	-	-
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act;	-	-	-
(e) The amount of interest accrued and remaining unpaid at the end of the year; and	-	-	-
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the MSMED Act.	-	-	-

- 48 The Company does not have any pending litigations which would impact its financial position.
- 49 The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses need to be provided as required under any law / accounting standards.
- 50 There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- 51 There were no disputed dues in respect of Goods and Services Tax and Income tax which have not been deposited.
- 52 Figures for the previous year have been regrouped/re-classified to conform to the figures of the current year.
- 53 The above financial statements have been reviewed by the Audit Committee at its meeting held on 17 June 2020 and subsequently approved by the Board of Directors at its meeting held on 25 June 2020.



For and on behalf of the Board of Directors
Oxyzo Financial Services Private Limited

Ruchi Kalra
Ruchi Kalra
Whole-time director and Chief Financial Officer
DIN: 03103474

Asish Mohapatra
Asish Mohapatra
Director
DIN: 06666246

Brij Kishore Kiradoo
Brij Kishore Kiradoo
Company Secretary
M.No.: A40347

Place: Gurugram
Date: 25 June 2020

