oxyzo

2020-2021 ANNUAL REPORT

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Note from the Management Team:

The year FY21 was an epochal year for us. It achieved three things:

1. It stress-tested the systems that we had built in the past few years.
2. It gave us a chance to refresh, rebuild and redesign systems right from scratch, an opportunity that a business running at full speed may not provide.
3. It gave us a clear indication of where future growth lies, while solidifying in our minds that the path taken for book building was right.

We realized that our focus on the 3-pronged borrower profile was largely right basis the performance of the book in the 1st half of the year. The 3 prongs are

- End users of raw material (be it manufacturing or infrastructure services), not intermediaries like distributors or retailers,
- B2B (our borrowers are ones who deliver a product or a service for a large anchor customer) and,
- Presence in core sectors of the economy like engineering, infrastructure services, heavy machinery, capital goods, consumer durables and packaging.

We realized that our focus of Tier II locations and metro peripheries was the right one. They were less affected by the pandemic (relative to metros) and the fear was low too. So, they sprang back to action faster and it augured well for the business. Ever since, we have deepened our presence in this segment and have grown in concentric circles around the clusters that we are present in today.

We realized in the first half of the year that we had to scale down our efforts in building the unsecured term financing book, a book that we had started to build to increase our sales productivity. But the "me-too" nature of the book and the generally over leveraged nature of the borrower, we took a strategic call to discontinue it. This was about 10% of the book eroded but for the right reasons.

Our focus on secured book lending held us in good stead through the tough pandemic phase, reflected in the relative ease of building our liability profile while also maintaining the borrowers ability to pay back. This coupled with the design of the lending product which was more cash flow matched increased the confidence of our ecosystem in us.

During the pandemic phase, we also tightened our underwriting methodology to focus more on cash flow-based lending in addition to the core risk management and monitoring philosophies that we follow. This increased our confidence to grow when our targeted economy started to look up.

Two areas that we focused a lot during the pandemic phase were training and collections. In training, we drafted and refreshed many training manuals and SOPs, which brought the entire organization to the same level of learning as the most learned guy in the system. Frequent trainings and in-house designed refresher courses were quite commonplace. Also, we moved literally our entire organization into collections, where right down across hierarchies, functions and locations, everyone was responsible to get the money back from the customer. While the asset quality was a natural outcome, the unity that the team demonstrated in working towards a common cause was the exemplary.

With these and more, the second half of the year was all focused on getting back to growth, healthier and stronger. In the second half of the year, we not only built the core product in a secured way but also in geographies that we liked, aided by a workforce that, with its knowledge of the first half of the year, aspired to go faster, higher and stronger.

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Business Introduction

Oxyzo Financial Services Private Limited ('Oxyzo' or 'the Company') is a Reserve Bank of India (RBI) registered Non-Banking Financial Company (NBFC) that provides working capital funding to largely small and medium enterprises (SMEs).

Lending for raw materials to SMEs is a large opportunity. ~70% of this opportunity is served by intermediaries who supply material and charge an exorbitant IRR (40%+) as there are several of them in the supply chain. The balance is provided by banks, who are limited by their want of a collateral.

Oxyzo plays a meaningful role in the raw material financing journey for MSMEs offering cash-flow based solutions to its customers. In addition, it provides an option for cheaper raw materials ("RM") through the platform OfBusiness. Its' focus segment are vintaged SMEs with credit history with annual revenue in INR 5-500 cr range, working in core sectors (manufacturing and contracting - including capital goods, consumer goods, packaging, electricals, water, healthcare, auto/ auto ancillaries, polymers, roads/ rails/ bridges). Oxyzo also prefers Business to Business (B2B) SMEs, where the SME delivers its product or service for a large corporation, wherein cash flows of the SMEs are relatively more stable and predictable.

Oxyzo is currently rated 'A' (stable) by CRISIL (as on 6 May 2021) and the standalone financial statements and results for FY2021 are compliant with Indian Accounting Standards (Ind AS) and previous period figures are comparable. It was rated BBB+ by ICRA on 19th Nov, 2020.

Target segment

Company serves sizable and banked SME customers that are financially and operationally similar with B2B services to their end anchor; relatively more stable with financial discipline but a clear financing need.

- Customers are sizable and vintaged
    - Customers are sizable (3-500 Cr), minimum size of INR 3 crores in manufacturing and INR 20 crores in contracting services.
    - Average age of 8+ years and profitable with highly standardized P&Ls (~65% in COGS of buying raw material) and Balance Sheets (~90-120 days of working capital)
- Customers of the Company are in core sectors of the economy i.e., manufacturing and contracting services
    - Customers of the Company are in B2B products or services themselves (i.e., they deliver a product or a service for a large anchor customer) and not retailers. Hence, their cash flows are more stable with no/ limited off book income (billing to anchors and hence GST compliant).
    - Most customers of the Company are in largely city peripheries and Tier II towns, which have been less affected by the Covid-19 pandemic.
- Customers have financial history
    - Target segment of the Company are banked SMEs who have at least one banking line (CC/ OD limits for working capital) but meet their working capital requirements by purchasing material on credit from their creditors.

Business Model

Financial product offered ensures end use of funds and is aligned to the cash flows of SME. Combination of lending with raw material procurement ensures stronger collection metrics.

- Product offered by the Company is aligned to the cash flows of the SME's business
- End use of funds is guaranteed as the sanctioned line can only be used for supplier payments and hence reduces risk of divergence of funds

- Each tranche has a 90-120 days repayment cycle.
- Interest charged on the daily outstanding basis. Hence, the customer pays interest only on the amount used in the business and the duration used for, aligned to the cash flow of the business unlike a term loan.
- Oxyzo debt is a replacement for a for high-cost creditors with lower net cost for purchase

The platform OFB Tech aggregates raw materials and passes some of the margin back to the SME. As the SME saves on buying of raw material, it finds the "net" interest rate cheaper than the dealers, who load both interest and product margin to the material. OFB has a strong distribution back-bone and relationships for aggregation across raw material with manufacturers.

Macroeconomic Overview

The year 2020 has been like no other. The global lockdown during the first surge of the COVID 19 pandemic sparked the strongest economic contraction in history. Most economies recovered sharply thereafter, but a second wave of COVID 19 set the economy back again. Yet growth should return gradually in 2021 without prompting a rise in inflation or interest rates, despite much higher government debt. The World Economic Situation and Prospects 2021, produced by the United Nations Department of Economic and Social Affairs (UN DESA), said the world economy was hit by a once-in-a-century crisis a Great Disruption unleashed by the Covid-19 pandemic in 2020. The report observed that in 2020, the world economy shrank by 4.3%, over two and half times more than during the global financial crisis of 2009 and the modest recovery of 4.7% expected in 2021 would barely offset the losses of 2020. Governments in the advanced economies provided extensive fiscal support to households and firms and central banks reinforced this with expanded asset purchase programmes, funding-for-lending facilities and, for some, interest rate cuts.

Indian economy registered a GDP growth (YoY) of 0.4% in Q3 2020-21, after recording negative growth of 24.4% and 7.3% in the previous two quarters. The positive growth during the third quarter is indicative of slow resumption of economic activities, higher consumption and activity across sectors. In order to make India self-reliant and fight against the impact of COVID-19, the Prime Minister of India announced stimulus packages worth Rs. 20 lakh crores or 10% of India's GDP towards Atmanirbhar Bharat Abhiyan. The Government announced additional packages under the programme in September 2020 and November 2020. The Indian economy grew by 1.6% in the fourth quarter recording a minor pickup in growth amidst the COVID-19 second wave hitting the economy hard. For the full fiscal year, the economy shrunk by -7.3% as the COVID-19 pandemic ruined the economy.

With the economic activity gaining momentum post COVID-19 lockdown and rollout of coronavirus vaccines, the Indian economy is likely to do better. Monetary and fiscal support will remain crucial. IMF has projected growth rate of 12.5% for India in 2021.

Financial Services

Non-Banking Financial Companies (NBFCs) reported healthy loan book growth of 18% CAGR between FY2014 to FY2018. However, the sector began facing prolonged macroeconomic uncertainty due to a succession of events including liquidity tightening (since September 2018) post IL&FS crisis, slowdown in GDP growth in FY2019 & 2020 and the ongoing COVID-19 pandemic beginning March 2020. Consequently, the NBFC sector witnessed moderate growth in recent years with some companies seeing a reduction in their loan book or assets under management (AUM). Lenders took a cautious approach to book deployment during pandemic with a higher focus on collections.

In light of a significant credit squeeze for lending to the NBFC sector, the Reserve Bank of India (RBI) and the Government took several measures in response to the COVID-19 pandemic to support the financial services industry and provide liquidity support to NBFCs and Housing Finance Companies (HFCs) through guarantee and liquidity schemes as TLTRO, PCG. RBI also launched various initiatives to infuse liquidity in the economy and supporting MSMEs through initiatives including moratorium on loan repayments and one-time restructuring of loans.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

MSME Industry

The Micro, Small and Medium Enterprises (MSME) sector plays a vital role in the Indian economy. India has approximately 6.3 crore MSMEs which contribute around 30% towards the GDP through its national and international trade. The sector is a critical source of livelihood and provides nearly 110 million jobs. Lack of adequate and timely access to finance continues to remain the biggest challenge for the sector and has constrained its growth. Acknowledging the importance of the sector, the government of India (in 2019) envisioned that the sector would account for half of India's GDP and add 50 million fresh jobs over the next five years.

The Covid-19 pandemic has had a significant impact on the MSME sector, critically affecting the procurement of raw material, supply of finished goods and availability of employees to work in production and supply processes. Survey reports have shown that the disruptions have impacted MSMEs earnings by 20-50%. Revival of this sector has been the priority for the government as it holds the answer to critical questions like employment generation, local economy development, fiscal deficit and trade balance.

Target segments for Oxyzo have operations in sectors and locations that bounced back faster during Covid. With customer segment mostly contributing to core sectors of the economy with large corporate clients, company observed early green shots of recovery in industrial activities in May-June. This was aided further with the key raw materials being categorized as essential commodities (Ex: steel). Most customers operate out of industrial hubs/ non metros which opened up faster during lock-down. Moreover, the major impact of pandemic was observed on B2C or retail segments, which does not form part of the company's portfolio.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

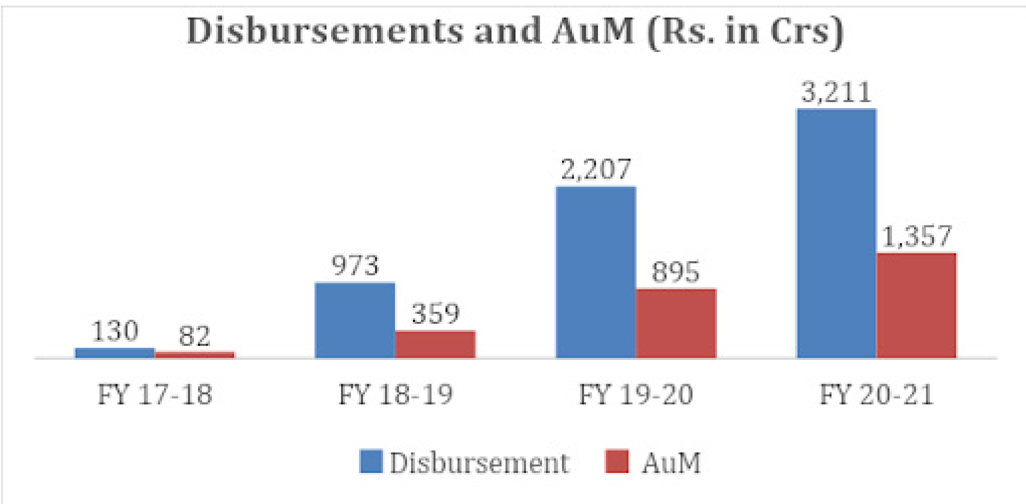
Oxyzo: Financial and Operational Performance

The Company entered FY 20-21 with focus onmanaging its asset quality in tough times and maintaining its growth and profitability aspirations by increasing its operating leverage and reducing the borrowing costs. The key financial parameters for

- Assets under Management (AUM) grew by 66% from INR 895 Crore as on March 31, 2020 to INR 1,357 Crore on March 31, 2021. This increase is impressive after pandemic.
- Total revenue grew from INR 135 Crore in 2019-20 to INR 198 Crore in 2020-21.
- Profit Before Tax (PBT) increased by INR 26 Crore from INR 28 Crore in 2019-20 to INR 54 Crore in 2020-21.
- Profit After Tax (PAT) increased by INR 19 Crore from INR 21 Crore in 2019-20 to INR 40 Crore in 2020-21.
- Oxyzo's GNPA was 1.23% with a PCR of 60%. The net NPA at 0.50% as at 31 March 2021.
- Current provisioning on books as at 31 March 2021 INR 23.70 Crore (includes Covid buffer of INR 4 Crore)
- Capital adequacy as at 31 March 2021 was 32.32%, which is well above the RBI norms.
- Debt-equity ratio as at 31 March 2021 was 2.60 compared to 1.95 as at 31 March 2020.
- Free cash as at 31 March 2021 stood at INR 200 Crore
- Net worth as at 31 March 2021 was INR 450 Crore compared to INR 319 Crore as at 31 March 2020.

Business Growth

As of March 31, 2021, the gross loan portfolio stood at Rs. 1384 Crores increasing from Rs. 912 Crores as of March 31, 2020. The share of secured loan portfolio stood at 76%. The disbursements were impacted during first half of the year and momentum picked up during the second half of the year. Even after that the total disbursements for the year was higher than previous year at Rs. 1,000 Crores.



Note: FY 17-18 is 4 months of operation.

Though the year saw a reduced credit deployment, with reduced credit demand in selected sectors as auto/ auto components, Oxyzo saw demand bounce back faster in capital goods and infrastructure in the H2 of FY 21. Oxyzo saw a book drop of 10% in Q1 but closed the year with a book growth of 460 cr+ during this period. The Company raised 1000 cr+ debt across existing and new lenders.

- H1, FY21 was focused on business continuity. In this phase, we focused on reducing stress on company's financial health and asset quality while making sure that compliances, data security and stakeholder management across both physical and business health is maintained. The Company AuM contracted by 10% year while largely maintaining its leverage, profitability and asset quality. In this phase, the Company actively connected with its customers to understand the impact of pandemic and lockdown. The Company focused on discussions with customers with respect to RBI's guidelines on Moratorium.
- H2, FY21: This is the phase of business consolidation and growth. In this phase, all geographies started new new disbursals with focus on secured asset classes. The Company cut down its unsecured term loan portfolio and kept pushing on the growth along with collections while maintaining its profitability to get to a leadership position in its peerset.

During this period, the Company did not take any moratorium on its borrowings and ensured heavy focus on risk and process improvement during the pandemic:

- Strengthened risk management framework and underwriting
- Improved collection processes and strengthened collection team
- Focused on secured asset classes (secured through guarantee)
- Proactively raised debt capital
- Created buffers in the form of on-balance sheet liquidity and provisions for loan losses
- Ensured people safety and safe work environment during the pandemic

Asset Quality

COVID -19 did pose a significant challenge to the entire economy and more specifically to MSME sector. Oxyzo managed the crisis astutely and ensured the COVID crisis had very minimal impact on its portfolio. The percentage of gross non-performing assets (GNPA) on the loan portfolio as of March 31, 2021, stood at 1.23% as against 0.93% as of March 31, 2020. Despite having passed through one of the most challenging years, the Company has been able to contain its GNPAs.

Purchase financing clients (85% of portfolio) had high dependence on banking lines, that stayed stable in this period. In fact, there were cheaper sources of capital from ECGS schemes for this segment. We saw minimal requests for moratorium and better collections and stability in this segment. Additionally, as our lines are daily-outstanding interest bearing in nature, coupled with cheaper source of RM (on the back of aggregation on the platform), we got a priority as compared to payment to other financers.

The organization was focused on managing asset quality and undertook various initiatives. Special task forces were formed to release/ generate cash across various areas. Cash and Collections were the key focus area driven from the CEO's office and driven by the CEO along with the SMT

- Portfolio monitoring was done on a sector and sub-sector level with daily reports (prior reports were weekly) and weekly discussions centrally for proactive action.
- 50% of sales, underwriting, finance and operations bandwidth was focused on collections (customer calling and staying in touch) to identify early risks and proactive actions to double up with the field collections team.
    - For SMEs, AMJ typically are generally cash flow months, and our collections efforts were focused on ensuring we are amongst the first in the distribution of proceeds.
    - With focused collections and limited raw material procurement, utilizations dropped by 10% in Apr-June 2020. Utilizations were back post June 2020 as non-metro operations resumed.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

- Discussions on pros/ cons of moratorium with customers. Majority of the requests that came initially were merely out of herd mentality where the borrowers were doing as they were seeing in the market. The Company saw higher stress on its unsecured term loan book where requests for moratorium was ~20% of the outstanding portfolio. Business loan customers were incentivized for foreclosure or timely payments with unsecured business loan portfolio reducing from ~15% in Mar'2020 to ~8% in Mar'2021.

Based on the outcome of the scenario analysis, the Company decided to remain conservative and made an incremental provision of INR 4 Crore on account of Covid buffer.

Borrowings

The borrowing book stood at INR 1,168.38 Crore as on March 31, 2021 against INR 622.50 Crore as of March 31, 2020. The year-end leverage was 2.6X with an average of 2.5X during the year.

The Company focused on diversified borrowing mix with reduced cost of borrowing through increased the share of bank borrowings in its mix. Borrowing summary is as below:

Particulars	As at 31 March 2021	As at 31 March 2020
Debentures (secured)		
Non-convertible debentures	324.68	130.45
Term loans (secured)		
From Banks	403.30	249.89
From non-banking financial institutions	400.70	209.21
Loans repayable on demand (secured)		
Bank overdraft	39.70	18.10
Commercial papers	-	14.85
Total	**1,168.38**	**622.50**

- Continued focus on diversification; overall share of bank financing increased to 55%+
- Company raised INR 1,100+ Crs across 32 financial institutions (Bank, NBFC and FIs)
- Have onboarded prestigious Public Sector Banks like State Bank of India, Bank of India, Punjab National bank, Bank of Baroda.
- Continued focus on reducing cost of debt; overall declined by 254 Bps on Y-o-Y; Incremental cost of Debt also improved by 217 Bps on Y-o-Y basis
- Company has not opted for moratorium benefits on the loan o/s from any of its lenders.
- 52% of the borrowing is Bank borrowing and 34% from NBFCs. 8% from DFIs and 6% from AIF.

Business Outlook

Though the second wave of Covid was a big economic hit for Q1 for FY22, there is finally a positive outlook for manufacturing and infrastructure over the next 5 Years. Few defining trends:

- Vocal for Local: Driven by regulatory support for self-sufficiency (Atmanirbhar Bharat, PLI), there is a push for manufacturing in India
- Make in India, for the World: From strategic risk to cost, global supply chains are looking for alternate sourcing to China, with India there to take advantage

- Acceptance of new-age business models with e-commerce led sales continuing to drive growth during and post the lock-down across consumer goods (garments, electronics and consumer durables, packaging, etc)
- Supply shortages in core commodities e.g. steel: 1st time in 6 years with the increased activity in core manufacturing sectors (Infra, Heavy Machinery, Capital Goods, Engineering) and infrastructure. With India's National Infrastructure Pipeline, Infra is seeing a fillip, especially in Roads, Water (Irrigation, Drinking Water and Sanitation), Renewable Energy (175GW by 2022) and Railways. Many large infrastructure players are seeing record orderbook. Private infra (warehouse for e-commerce, PLI driven Capex, Solar) is also on the rise
- Consolidation: Indian ecosystem is a lot of activity on M&A with opportunities for the larger enterprises to capitalize good quality assets that couldn't survive through the pandemic

Along with growth drivers above, trade credit is at an all-time low. Local traders, dealers, suppliers, who earlier were often obligated to provide large informal credit to the SME segment have reduced exposure since the initial COVID-19 lockdowns and commodity price increase has helped them to continue this way. Hence working capital gap continues to grow for SMEs and Mid-corporates

Oxyzo's growth vectors for FY22 include

- Continuing to build in existing geographies with addition of the FoS team with focus is on penetrating further using customer and supplier network
- Addition of new Industrial Clusters: 7 adjacent clusters are being added in the next 18 months across India
- Adding new supply chain products
- Structured finance to new age ecosystem

Risk Management

Company has a well-defined risk governance structure which includes periodic reviews and close monitoring to enable building a sustainable business that takes care of the interests of all stakeholders. It has a clearly defined risk management policy that lays down guidelines for all operational areas. Comprehensive annual risk review exercises go towards continually updating the risk management policy. The policy defines role of the Company's Risk Management Committee which oversees all aspects of the business, especially credit underwriting.

Identify → **Assess** → **Mitigate** → **Monitor** → **Report**

Underwriting:

As an organization that operates in providing loans to MSME segment, Oxyzo has unique credit methodologies for different customer segments. We study our customers' enterprises in detail and assess peculiarities of the respective business activities. Their income, ability, intention, business sustainability and credit behavior are subjected to scrutiny through traditional and non-traditional methods. Impact Analysis is performed on the existing customer base and the customer segments are classified as High/Medium and Low Risk.

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The underwriting team in the Company is drawn from SME experienced underwriters of banks and NBFCs. The Company has an approval matrix for any deviation policy to its "Risk bible", which is revised periodically but definitely once a quarter, when all proposed deviations are studied. The Company has a credit committee that sits daily to monitor all risk decisions being made. Lending is within a 200 km radius of its office; the Company has 14 offices across India.

For FY 21,

- We adopted a very cautious book building approach involving detailed underwriting for each and every customer irrespective of underlying security along with strong monitoring processes in place.
- Incremental disbursements/ AUM growth during pandemic was predominantly towards secured customers taking the overall % of AUM secured from ~57% in Mar'2020 to ~75% in Jun'2021.
- During Covid, we also tightened the DSCR/Leverage norms. While evaluating the SMEs, cash flow and realization of debtors were the key focus areas.
- During and post the pandemic, purchase financing has been the key focus for the organization as it is aligned with the other product offering of raw material procurement and helps us maintain low collection cost.

This was supported through strong monitoring, across:

- End-user industry mix
- Anchor mix and rating
- Portfolio mix
- Repayment behavior - interest, repayments and delays
- Industry and connections

All our IT systems are in-house developed, with tight controls and monitoring supported by statutory audit and tax audit by Big 4, GST Consultancy by Big 4 and internal audit team.

Regulatory Guidelines by RBI

Oxyzo continues to comply with the guidelines issued by RBI regarding accounting guidelines, prudential norms for asset classification, income recognition, provisioning, capital adequacy, concentration of credit, credit rating, Know Your Customer (KYC) guidelines and Anti Money Laundering (AML) standards, fair practices code and real estate and capital market exposures. While compliance is mandatory, the Company has moved far ahead in introducing several practices that go beyond the call of law and statute and has initiated and strictly follows several processes that are built with the objectives of processes efficiency, abundant stakeholder communication and tightening of data security. The Company also adhered to guidelines by RBI on moratorium and other reliefs.

Assets Liability Management

The Company nature of lending product and liability mix ensures a healthy ALM. Oxyzo has a conservative and prudent policy for matching funding to assets which translates to a robust Asset- Liability stability. Cumulative Asset to Liability maturity in the next 1 year of 2.1x resulting into all buckets upto 1 year having a positive cash flow.

Internal Audit and Control

The Company's well-defined organizational structure, documented policy guidelines, defined authority matrix, and various internal controls help ensure efficiency of operations, compliance with internal policies, and applicable laws and regulations as well as protection of Company resources.

The structure is designed to provide a reasonable assurance with regard to reliability of financial reporting, monitoring of operations, protecting assets from unauthorized use or losses, compliances with regulations, prevention and detection of fraudulent activities etc. The Company has continued its efforts to align all its processes and controls with leading practices and regulations. The internal control system is supplemented by extensive internal audits, regular reviews by the management and standard policies and guidelines which ensure reliability of financial and all other records.

The Company has a robust internal audit program, where the internal auditors, an independent firm of chartered accountants to conduct audit risk based internal audit with a view to not only test adherence to laid down policies and procedures but also to suggest improvements in processes and systems. Over the past year, the Company has also built an in house internal audit team, which will supplement the work of the external auditors and do the system improvements on a real time basis.

The audit program and scope is agreed upon by the central audit committee. The Company has in material respect an adequate internal financial control over financial reporting and such controls are operating effectively.

Information Technology

At Oxyzo, we have an in-house developed omni-channel, highly scalable, workflow-based, cloud based end-to-end loan origination and management platform which has been the backbone of the company since day one. Technology is core to the operations of the Company and plays a very important role in scaling businesses with increased productivity, reduced cost of delivery, fast turnaround time and increased customer satisfaction. An in-house platform offers tremendous advantages such as faster implementation, lower cost, ease of scalability and flexibility in operations.

During the year, the Technology team worked on various initiatives to enrich the capabilities of Oxyzo platform further. Some of the key projects implemented are:

1. Risk monitoring framework – risk monitoring framework has further been enhanced to add more data points about the customer like internal repayment behavior, invoice checks, compliance etc. On top of this data, various techniques/algorithms have been developed to identify the risks and raise alerts when any anomaly is discovered.

2. Loan Dashboard - A new version of Loan level dashboards have been introduced to give an overall summary about the loan including utilization summary, activity logs and risk flags

3. New Payment Request Flow- At the time of Disbursement request, risk flags are highlighted to introduce additional approval at the time of payments to high risk customers.

4. Auto recommendation and document generation in case of renewal loan cases has been provided to save the time it takes to create documentation in such cases.

5. Fraud detection – Improved various techniques to identify fraudulent applications, forgery of data and documents to avail credit.

6. Inhouse data gathering: For some of the data sources like litigation, GST compliance instead of relying on external APIs, we have now developed internal systems to fetch data and use it at various decision engines in the product.

7. Technology team also deployed a data lake infrastructure and provided an analytics engine on to generate various reports across departments for better decision making.

8. Technology team also made platform level changes and technology upgrades to scale the system for increased usage. Also, periodically systems are tested to ensure systems are resilient and Business Continuity Plans is working as per the policy.

9. Various functional and technology initiatives have been implemented in the domain of Cyber Security to detect and respond to threats such as unauthorized access, data breaches, malware, Denial-of-service attacks etc. These initiatives include: defining Early Warning Signals, performing Vulnerability Assessment and Penetration Tests (VAPT) periodically, implementing WAF technologies, training and educating employees on various aspects of IT Governance.

Material development in Human Resources

At Oxyzo, we believe that our employees are our most valuable assets and it's our endeavor to induct them, train them, groom them and help them realize their full potential. The Human Resource function plays a crucial role in supporting the organization in meeting its dynamic needs from recruitment, on-boarding and training to performance management, compensation and benefits, and organizational development. This year, our Company reached new milestones and scaled greater heights as our Human Resource team rose to meet dynamic needs of the organization. Few key initiatives for employment engagement and knowledge developments are as under.

- Complete management of employees' health, safety and motivation during the Covid-19 pandemic. Kicked off the operations of 2 shuttles (born out of covid) for safe and convenient travels of our Delhi/ NCR employees.

- Implemented core HRMS modules like Attendance/Leave Management, E-Onboarding, E-exit, Flexi-Reimbursement and Transfer and Payroll Management.

- Onboarded 230+ new joinees in the Company FY 2020-21.

- Conducted the first ever virtual onboarding of all our Management Interns (26) and Management Trainees (23) on zoom.

- We launched the Career Enrichment Program - The Rockstar Programme (L&D Initiative) for selected

OFBians to promote and build cross functional competency building.

- Staffed team across all new regions and products
- Conducted motivation led events like townhalls and offsites across India and functions

Significant changes in key financial ratios

In compliance with the requirements of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, it is confirmed that there has been no significant change (i.e. 25% or more during the financial year 2019-20, as compared to financial year 2018-19) in the key financial ratios, as mentioned in these regulations.

Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking' within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied. Important factors that could make a difference to the Company's operations include global economy, political stability, changes in government regulations, tax regimes, economic developments and other incidental factors. Except as required by law, the Company does not undertake to update any forward-looking statements to reflect future events or circumstances. Investors are advised to exercise due care and caution while interpreting these statements.

KEY HIGHLIGHTS

(Amount in Crores of ₹)

Particulars	2020-21	2019-20
Loan Assets under Management	1,356.52	895.10
Net worth	449.62	318.65
Borrowing	1,168.38	622.50
Total revenue	197.57	135.19
Net Interest Income	192.50	130.94
Profit before Tax	53.82	28.30
Profit After Tax	39.94	21.06

Key Ratios		
Gross NPA %	1.21%	0.92%
Net NPA %	0.50%	0.29%
Capital Adequacy Ratio %	32.32%	35.14%
Pre-Tax Return on Assets %	4.73%	4.52%
Basic Earning per share Rs	8.29	5.03
Debt-equity ratio	2.60	1.95

Loan AUM (in Crores of ₹)
1,356.52

Net Worth (in Crores of ₹)
449.62

Gross NPA %
1.21%

Borrowing (in Crores of ₹)
1,168.38

Total Revenue (in Crores of ₹)
197.57

Pre-Tax ROA %
4.73%

OUR LENDING PARTNERS

SBI

बैंक ऑफ़ बड़ौदा Bank of Baroda

punjab national bank ...the name you can BANK upon!

ICICI Bank

kotak Kotak Mahindra Bank

sidbi

Bank of India Relationship beyond banking

IDFC FIRST Bank

YES BANK

Bandhan Bank

FEDERAL BANK YOUR PERFECT BANKING PARTNER

AU SMALL FINANCE BANK

Utkarsh Small Finance Bank

SURYODAY A BANK OF SMILES

responsAbility

ujjivan SMALL FINANCE BANK Build a Better Life

OIKO CREDIT investing in people

RBL BANK apno ka bank

Chola Enter a better life

FEDBANK FINANCIAL SERVICES LIMITED

UNIFI Capital

OUR LENDING PARTNERS

BAJAJ FINSERV

CAPRI GLOBAL CAPITAL LIMITED

ESAF
ESAF SMALL FINANCE BANK
Joy of Banking

Vivriti Asset Management

vivriti CAPITAL

DCB BANK

NABKISAN FINANCE LIMITED
A Subsidiary of NABARD
(Formerly Agri Development Finance (Tamilnadu) Limited)

NABSAMRUDDHI FINANCE LIMITED
A Subsidiary of NABARD
Formerly Agri Business Finance Limited

HINDUJA LEYLAND FINANCE

HeroFinCorp.

SUNDARAM FINANCE
Enduring values. New age thinking.

SCIENT CAPITAL

NORTHERN ARC
Investments

NORTHERN ARC

MAGMA
Investing in the smallest dream

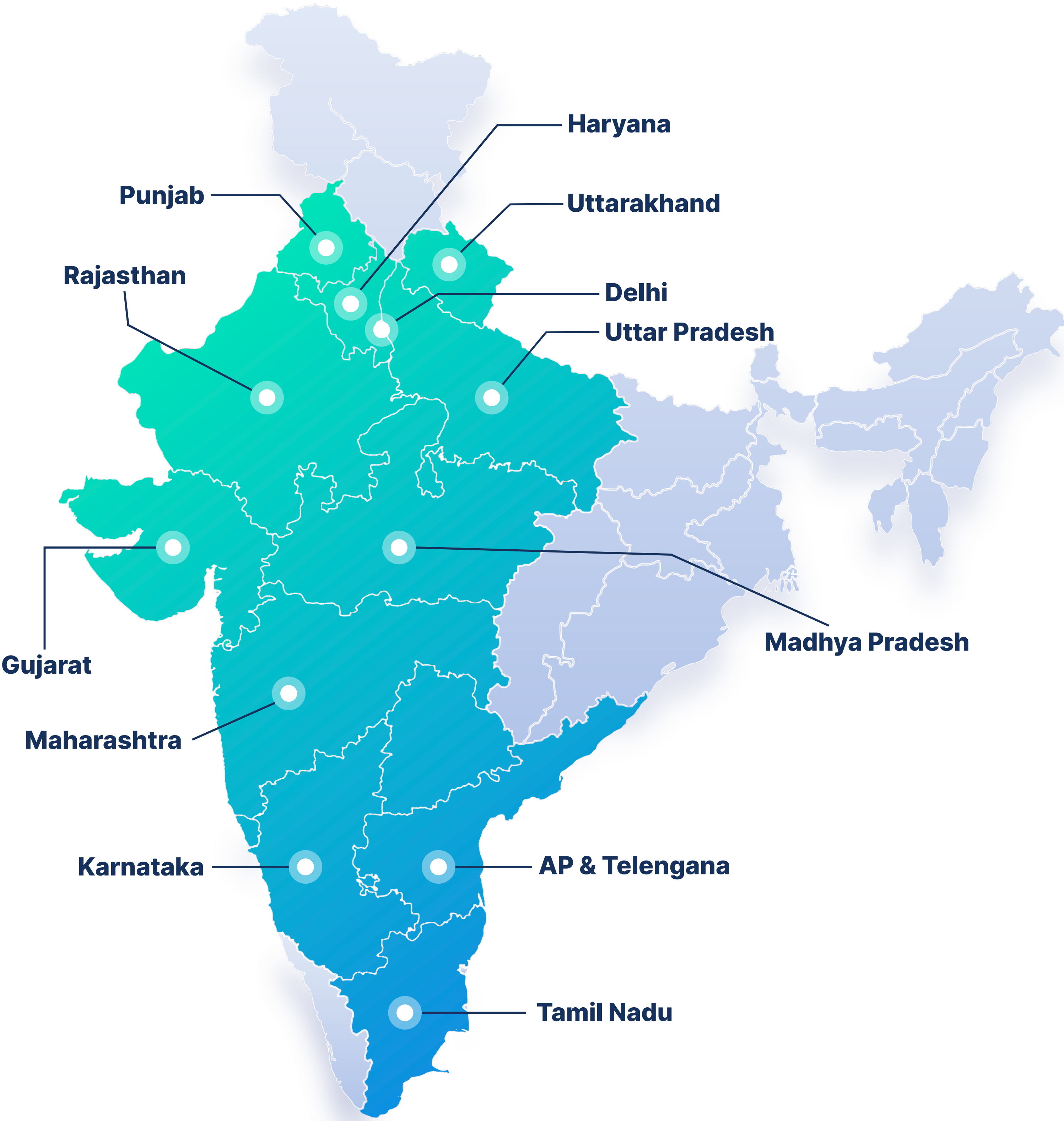
EXCELLENCE THROUGH ENDEAVOURS
MAS
FINANCIAL SERVICES LTD.
The Power of Distribution

a.k.
BUILDING BONDS

CREDIT SAISON INDIA

APACFIN

DIVERSIFIED GEOGRAPHICAL PRESENCE



BOARD AND KEY MANAGEMENT TEAM

Asish Mohapatra (Director)

He brings deep operational expertise in managing and defining vision for new age businesses from his past roles as a Director at Matrix Partners, India as an Engagement Lead at McKinsey and as an Operations manager at ITC, where he led the turn-around of a production plant acquired by ITC and holds an MBA from Indian School of Business, Hyderabad and a B. Tech in Mechanical Engineering from Indian Institute of Technology, Kharagpur.

Ruchi Kalra (CFO, WTD)

Prior to leading finance at OfBusiness, was a Partner at McKinsey and adds an extensive experience in the financial services sector to the team. She has worked with numerous Banks and NBFCs on turnaround projects and led the Retail and SME banking service practice in India. Prior to McKinsey, Ruchi worked with Evalueserve in the Business Research Division and holds an MBA from Indian School of Business, Hyderabad and a B-Tech in Chemical Engineering from Indian Institute of Technology, Delhi.

Vasant Sridhar (Director)

Vasant Sridhar leads asset building as the CSO of Oxyzo Financial Services Pvt Ltd. Prior to this, he led the group's presence across Southern India and built on a robust network of manufacturers, contractors and suppliers. He brings in strong operational know-how and execution capabilities from his past role at ITC Limited, where he drove the deployment of business excellence across the entire divison, leading more than 200+ managers. His interest in leveraging technology and network effects to scale a business, comes from his experience of founding a healthcare platform for patients, doctors and hospitals during graduation at IIT Madras, where he completed his B.Tech in Chemical Engineering.

Sathyan David (Independent Director)

Sathyan was previously the Chief General Manager, Department of Non Banking Super vision, Reserve Bank of India and has designed regulatory frameworks over the entire NBFC sector In 35 years with RBI, David has served as a member chair of various committees and was RBI's Nominee Director at Indian Bank and Karur Vysya Bank.

Rohit Kapoor (Independent Director)

Rohit is currently the Chief Executive Officer at OYO Hotels & Homes, world's third largest and fastest growing hospitality chain. Rohit was previously an Executive Director at MAX Healthcare. Rohit was also a financial services consultant with Mckinsey & Company and holds an MBA from Indian School of Business, Hyderabad.

BOARD AND KEY MANAGEMENT TEAM

Akshat Pande (Independent Director)

Akshat is the Founder and Managing Partner of Alpha Partners, a leading corporate and commercial law firm based in India and in his career of more than 15 year has represented leading corporates and MNCs in the field of corporate and commercial law. Akshat is also an angel investor with Inflection Point ventures.

Brij Kishore Kiradoo (Company Secretary & Compliance Officer)

Prior to Ofbusiness, was working with Fortis Healthcare Limited, Gurgaon as a Company Secretary in one of its Subsidiary Company. After becoming a member of Institute of Company Secretaries of India in July 2015, he joined Religare Aviation Limited, New Delhi as Company Secretary and Compliance Officer. He is also a Law Graduate from Law College, Bikaner-Rajasthan.

Dhruva Shree Agarwal (CIO & CTO)

Dhruva Shree Agarwal is the CTO at Oxyzo and has around 15 years of experience in technology development specialising in delivering end-to-end applications/products in multiple domains eg. ecommerce, adtech, fintech etc. He has vast experience in building web/mobile apps, server architecture, designing scalable systems, team building and nurturing talent. He has completed his bachelor's degree from IIT BHU-Varanasi and was previously Director Engineering at Zomato and CTO across various start-ups.

Prashant Roy Sharma (Head-Treasury)

Prashant Roy Sharma leads Treasury, Investor Relations and Capital Markets at Oxyzo since 2017. He has built the debt franchise at Oxyzo and brings deep expertise on debt raising, syndication and structuring. He was previously working with Goldman Sachs covering the Consumer and Retail EMEA space from an M&A perspective. He holds an MBA in Finance from FMS Delhi where he actively held executive positions of the President of Finance Society and President of Alpha Investment Club. Previously he has been a financial consultant with Inductis EXL in the consumer banking risk team for fraud analytics. He holds a Bachelor’s in Mechanical Engineering from NIT Kurukshetra.

INDEPENDENT AUDITOR'S REPORT

To the Members of Oxyzo Financial Services Private Limited Report on the Audit of the 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, 2021, 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, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the 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.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Allowances for Expected Credit Losses:** (Refer Note 5 and 41 to the Ind AS financial statements) As at March 31, 2021, loan assets aggregated ₹ 135,652.45 lakhs, constituting 82% 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 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.	**Principal audit procedures performed:** 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 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:

Sr. No.	Key Audit Matter	Auditor's Response
		- 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.

Sr. No.	Key Audit Matter	Auditor's Response
2	**Information Technology and General Controls:** The Company is highly dependent on technology due to the significant number of transactions that are processed daily through the Loan Management System i.e. the Information Technology ("IT") system. The audit 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.	**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 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.

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 loss, 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 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 these 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 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.

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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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)

SD/-
Vijay Agarwal
(Partner)
(Membership No. 094468)
(UDIN: 21094468AAAAEV8413)

Place: Gurugram
Date: June 7, 2021

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, 2021 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 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, 2021, 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)

SD/-
Vijay Agarwal
(Partner)
(Membership No. 094468)
(UDIN: 21094468AAAAEV8413)

Place: Gurugram
Date: June 7, 2021

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 physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, is provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations 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 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, cess 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, cess and other material statutory dues in arrears as at May 31, 2021 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 and Value Added Tax as on May 31, 2021 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 explanations 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 the 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 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)

SD/-
Vijay Agarwal
(Partner)
(Membership No. 094468)
(UDIN: 21094468AAAAEV8413)

Place: Gurugram
Date: June 7, 2021

OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Balance Sheet as at March 31, 2021
(All amounts in Lakhs of ₹ unless otherwise stated)

Particulars	Notes	As at March 31,2021	As at March 31,2020
A ASSETS			
1 Financial assets			
(a) Cash and cash equivalents	3	19,900.71	5,085.63
(b) Bank balances other than (a) above	4	908.76	131.52
(c) Loans	5	135,652.45	89,510.38
(d) Investments	6	6,969.55	-
(e) Other financial assets	7	294.98	638.66
		163,726.45	**95,366.19**
2 Non-financial assets			
(a) Current tax assets (Net)		78.66	7.00
(b) Deferred tax assets (Net)	8	501.53	350.68
(c) Investment property	9	149.92	149.92
(d) Property, plant and equipment	10	35.08	60.37
(e) Other non-financial assets	11	21.29	19.03
		786.48	**587.00**
TOTAL ASSETS		**164,512.93**	**95,953.19**
B LIABILITIES AND EQUITY			
LIABILITIES			
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		205.70	174.32
(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	21.46	92.00
(b) Debt securities	13	32,468.10	14,529.07
(c) Borrowings (Other than debt securities)	14	84,369.47	47,720.49
(d) Other financial liabilities	15	1,868.14	991.31
		118,932.87	**63,507.19**

2 Non-financial liabilities			
(a) Current tax liabilities (Net)	16	-	370.04
(b) Provisions	17	187.19	112.11
(c) Other non-financial liabilities	18	431.22	99.10
		618.41	**581.25**
EQUITY			
(a) Equity share capital	19	5,010.34	4,774.80
(b) Other equityl	20	39,951.31	27,089.95
		44,961.65	**31,864.75**
TOTAL LIABILITIES AND EQUITY		**164,512.93**	**95,953.19**

See accompanying notes forming part of the Ind AS financial statements 1-54

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

SD/-

Vijay Agarwal
Partner

Place : Gurugram
Date : 07 June 2021

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

SD/-

Ruchi Kalra

Whole-time director and
Chief Financial Officer
DIN: 03103474

SD/-

Asish Mohapatra

Director
DIN: 06666246

SD/-

Brij Kishore Kiradoo

Company Secretary
M.No.: A40347
Place: Gurugram
Date : 07 June 2021

Statement of Profit and Loss for the year ended March 31, 2021
(All amounts in Lakhs of ₹ unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Revenue from operations			
(i) Interest income	21	19,250.25	13,094.33
(ii) Fee and commission income	22	4 14.33	397.52
(iii) Net gain on fair value changes	23	88.39	25.66
(b) Other income	24	4.20	1.50
I Total Income (a+b)		**19,757.17**	**13,519.01**
Expenses			
(a) Finance costs	25	9,021.93	6,029.19
(b) Impairment on financial instruments	26	1,576.47	1,571.25
(c) Employees benefit expenses	27	2,995.48	2,258.05
(d) Depreciation and amortisation expense	9 & 10	26.44	22.07
(e) Other expenses	28	755.17	808.26
II Total expenses		**14,375.49**	**10,688.82**
III Profit before tax (I-II)		**5,381.68**	**2,830.19**
III Tax expense			
(a) Current tax	29	1,538.43	987.29
(b) Deferred tax charge/(benefits)	29	(150.44)	(263.03)
Total tax expense		**1,387.99**	**724.26**
V Profit for the year (III-IV)		**3,993.69**	**2,105.93**
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		(1.64)	(2.56)
Income tax benefit/ (charge) on above		0.41	0.64
Other comprehensive income/(loss) for the year		**(1.23)**	**(1.92)**
VII Total comprehensive profit for the year (V+VI)		**3,992.46**	**2,104.01**
Earnings per equity share:			
Basic and diluted	30	8.29	5.03

See accompanying notes forming part of the Ind AS financial statements 1-54

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

SD/-

Vijay Agarwal
Partner

Place : Gurugram
Date : 07 June 2021

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

SD/-

Ruchi Kalra

Whole-time director and
Chief Financial Officer
DIN: 03103474

SD/-

Asish Mohapatra

Director
DIN: 06666246

SD/-

Brij Kishore Kiradoo

Company Secretary
M.No.: A40347
Place: Gurugram
Date : 07 June 2021

OXYZO FINANCIAL SERVICES PRIVATE LIMITED

Statement of Cash Flows for the year ended March 31, 2021
(All amounts in Lakhs of ₹ unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**5,381.68**	**2,830.19**
Adjustments for:		
Remeasurement gain/(loss) on defined benefit plans	(1.64)	(2.56)
Depreciation and amortisation expense	26.44	22.07
Net gain on Alternative investment funds	(88.39)	-
Profit on sale of mutual funds	-	(25.66)
Interest income on bonds	(233.35)	(105.11)
Interest income on fixed deposits	(132.03)	(25.42)
Interest on income tax refund	(3.56)	(1.47)
Profit from sale of property, plant & equipment	(0.64)	(0.03)
Loss on sale of bonds/Investment property	1.04	19.22
Impairment allowance on loans	713.28	1,032.02
Impairment allowance on investment	8.43	-
Impairment on account of COVID-19	245.50	154.12
Loss on loans & advances written off	609.26	385.11
Employee stock options expense	106.67	51.91
Operating profit before working capital changes	**6,632.69**	**4,334.39**
Changes in working capital		
Increase/(decrease) in trade payables	31.38	93.62
Increase/(decrease) in other payables	(70.54)	(379.12)
Increase/(decrease) in Other financial liabilities	876.83	496.46
Increase/(decrease) in provisions	75.08	61.79
Increase/(decrease) in Other non-financial liabilities	332.12	29.00
(Increase)/decrease in Loans and advances	(47,710.11)	(55,389.61)
(Increase)/decrease in Other financial assets	342.34	(552.01)
(Increase)/decrease in Other non-financial assets	(2.26)	256.45
Cash flow from operating activities post working capital changes	**(39,492.47)**	**(51,049.03)**
Income- tax paid	(1,980.13)	(617.25)
Net cash flow from operating activities (A)	**(41,472.60)**	**(51,666.28)**

B CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(17.58)	(63.33)
Purchase of Investment property	(23.41)	(136.60)
Proceeds from sale of Investment property	22.00	-
Investment in units of Alternative investment funds	(5,057.25)	-

Redemption from units of Alternative investment funds	2,088.39	-
Investment in mutual fund	-	(9,000.00)
Proceeds from sale of mutual funds	-	9,025.66
Investment in bonds	(3,802.91)	-
Investment in Pass through certificates	(3,990.36)	-
Redemption from Pass through certificates	1,882.07	-
Proceeds from sale of property, plant and equipment	17.44	2.68
Proceeds from sale of bonds	2,002.91	710.78
Investment in Fixed deposits	(757.00)	(73.00)
Interest income on Income Tax refund	3.56	1.47
Interest received on fixed deposit and security deposit	334.04	148.17
Net cash used in investing activities (B)	**(7,298.10)**	**615.83**

C CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from debt securities	30,299.94	16,429.07
Repayments of debt securities	(12,360.91)	(9,821.64)
Net proceeds from cash credit and bank overdraft	2,158.09	712.81
Proceeds from other borrowings	98,248.81	59,565.79
Repayments of other borrowings	(63,757.92)	(30,722.96)
Proceeds from issue of equity shares including share premium	8,997.77	19,480.45
Net cash flow from financing activities (C)	**63,585.78**	**55,643.52**
Increase in cash and cash equivalents (A+B+C)	**14,815.08**	**4,593.07**
Cash and cash equivalents at the beginning of the year	5,085.63	492.56
Cash and cash equivalents at the end of the year	**19,900.71**	**5,085.63**

Statement of Cash Flows for the year ended March 31, 2021
(All amounts in Lakhs of ₹ unless otherwise stated)

Cash and cash equivalents consist of:

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	5.96	11.87
Balance with banks		
-In current accounts	19,894.75	2,572.00
-In deposit accounts	-	2,500.00
Accrued interest	-	1.76
	19,900.71	**5,085.63**

See accompanying notes forming part of the Ind AS financial statements 1-54

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

SD/-
Vijay Agarwal
Partner

Place : Gurugram
Date : 07 June 2021

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

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

SD/-
Asish Mohapatra
Director
DIN: 06666246

SD/-
Brij Kishore Kiradoo
Company Secretary
M.No.: A40347
Place: Gurugram
Date : 07 June 2021

Statement of changes in equity for the year ended March 31, 2021
(All amounts in Lakhs of ₹ unless otherwise stated)

A Equity share capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	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	**47,747,970**	**4,774.80**	**35,526,881**	**3,552.69**
Add: Shares issued during the year: - On right issue basis	2,355,418	235.54	12,221,089	1,222.11
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	**50,103,388**	**5,010.34**	**47,747,970**	**4,774.80**

B Other equity

Particulars	As at March 31, 2021				Total
	Securities premium reserve	Reserve u/s 45- IC of Reserve Bank of India Act, 1934	Deemed equity contribution	Retained Earnings	
Balance at April 1, 2019	**6,239.01**	**98.23**	**57.61**	**280.84**	**6,675.69**
Add: Profit for the year	-	-	-	2,105.93	**2,105.93**
Add [Less]: Other comprehensive income/ (loss) (net of tax)	-	-	-	(1.92)	**(1.92)**
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	(19.50)	-	-	-	**(19.50)**
Balance at March 31, 2020	**24,497.35**	**519.03**	**109.52**	**1,964.05**	**27,089.95**
Balance at April 1, 2020	**24,497.35**	**519.03**	**109.52**	**1,964.05**	**27,089.95**
Add: Profit for the year	-	-	-	3,993.69	**3,993.69**
Add [Less]: Other comprehensive income/ (loss) (net of tax)	-	-	-	(1.23)	**(1.23)**
Total comprehensive income for the year	-	-	-	**3,992.46**	**3 ,992.46**
Transfer to statutory reserve	-	798.49	-	(798.49)	**-**
Employee stock options	-	-	106.67	-	**106.67**
Premium on issue of equity shares	8,764.46	-	-	-	**8,764.46**
Share issue expenses	(2.23)	-	-	-	**(2.23)**
Balance at March 31, 2021	**33,259.58**	**1,317.52**	**216.19**	**5,158.02**	**39,951.31**

See accompanying notes forming part of the Ind AS financial statements 1-54

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

SD/-

Vijay Agarwal
Partner

Place : Gurugram
Date : 07 June 2021

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

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Ruchi Kalra

Whole-time director and
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DIN: 03103474

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Asish Mohapatra

Director
DIN: 06666246

SD/-

Brij Kishore Kiradoo

Company Secretary
M.No.: A40347
Place: Gurugram
Date : 07 June 2021

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 provrsrons 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.

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 assests 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 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 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 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 creditimpaired (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 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.

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 financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities atFVTPL 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 an 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 derecognised 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.

– 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;

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 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 assests, i.e more than 90 days past due

LGD estimate of loss from a transaction iven that a default o curs. PQ !S 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.

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 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

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 .r:e-.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.

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. (Refer note no. 41)

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.

Notes forming part of the Ind AS financial statements for the year ended March 31, 2021
(All amounts in Lakhs of ₹ unless otherwise stated)

3	Cash and cash equivalents	As at March 31, 2021	As at March 31, 2020
	Cash on hand	5.96	11.87
	Balances with banks:		
	-In current accounts	19,894.75	2,572.00
	-In deposit accounts	-	2,500.00
	Accrued interest on deposits with bank	-	1.76
	Total	**19,900.71**	**5,085.63**

4	Bank balance other than note (3) above	As at March 31, 2021	As at March 31, 2020
	Deposits with bank held as margin money against borrowings*	880.00	123.00
	Accrued interest on deposits with bank	28.76	8.52
	Total	**908.76**	**131.52**
	*Deposits marked as lien with banks against borrowings		

5	Loans	As at March 31, 2021	As at March 31, 2020
	At amortised cost		
	(A) Loans		
	(i) Term Loans	15,068.76	14,376.57
	(ii) Loan against property (LAP) and machinery finance	4,908.68	5,563.51
	(iii) Purchase Finance	118,237.80	70,997.13
	(iv) Others (Staff Loans)	8.50	9.00
	(v) Interest accrued on loans	184.75	254.61
	Total (A) - Gross	**138,408.49**	**91,200.82**
	Less: Impairment loss allowance	2,372.80	1,414.02
	Less: Revenue received in advance	383.24	276.42
	Total (A) - Net	**135,652.45**	**89,510.38**
	(B)		
	(i) Secured by tangible assets	10,226.34	6,445.06
	(ii) Covered by bank guarantee	94,986.63	45,667.37
	(iii) Unsecured	33,195.52	39,088.39
	Total (B) - Gross	**138,408.49**	**91,200.82**
	Less: Impairment loss allowance	2,372.80	1,414.02
	Less: Revenue received in advance	383.24	276.42
	Total (B) - Net	**135,652.45**	**89,510.38**
	(C) Loans in India		
	(i) Public sector	-	-
	(ii) Others	138,408.49	91,200.82

Total (C) - Gross	**138,408.49**	**91,200.82**
Less: Impairment loss allowance	2,372.80	1,414.02
Less: Revenue received in advance	383.24	276.42
Total (C) - Net	**135,652.45**	**89,510.38**
The net carrying amount of loans is considered a reasonable approximation of their fair value. Refer note 41 on credit risk		

6 Investments

Particulars	As at March 31, 2021	As at March 31, 2020
Investments at amortised Cost:		
Investment in bonds		
MAS Financial Services Limited	1,800.00	-
Accrued interest on bonds	0.87	-
Investment in pass through certificates (PTC)		
Northern Arc 2020 SBL Mihira	632.26	-
Vivriti Anubis 07 2020	772.20	-
Northern Arc 2020 SBL Birsa	703.83	-
Accrued interest on PTC	11.57	-
Investments at fair value through profit and loss:		
Investment in Alternative investment funds		
Northern Arc Money Market Alpha Fund	3,057.25	-
Total	**6,977.98**	-
(i) Investment outside India	-	-
(ii) Investment in India	6,977.98	-
Total	**6,977.98**	-
Less: Impairment loss allowance on pass through certificates	8.43	-
Total	**6,969.55**	-

7 Other financial assets	As at March 31, 2021	As at March 31, 2020
Margin money against borrowings	179.17	301.00
Interest accrued on margin money against borrowings	1.22	2.56
Other recoverable from related party (Refer note no.35)	114.59	335.10
Total	**294.98**	**638.66**

8 Deferred tax assets	As at March 31, 2021	As at March 31, 2020
Tax effect of items constituting deferred tax assets		
Provision for gratuity	34.38	19.65
Provision for compensated absences	12.73	8.57
Impairment on financial instruments	466.37	303.92
Deferred processing fee on loan assets	96.45	69.57

	609.93	**401.71**
Tax effect of items constituting deferred tax liabilities		
Difference between book balance and tax balance of property, plant and equipment	0.19	2.82
Unamortised processing fees on borrowings	108.21	48.21
	108.40	**51.03**
Deferred tax assets /(liabilities) (net)	**501.53**	**350.68**

Deferred taxes arising from temporary differences for the year ended 31 March 2021 are summarized as follows:

Deferred tax assets /(Liabilities)	As at April 1, 2020	Recognized in profit or loss	Recognized in other comprehensive income	As at March 31,2021
Tax effect of items constituting deferred tax assets				
Provision for gratuity	19.65	14.32	0.41	34.38
Provision for compensated absences	8.57	4.16	-	12.73
Impairment on financial instruments	303.92	162.45	-	466.37
Deferred processing fee	69.57	26.88	-	96.45
	401.71	**207.81**	**0.41**	**609.93**
Tax effect of items constituting deferred tax liabilities				
Difference between book balance and tax balance of property, plant and equipment	2.82	(2.63)	-	0.19
Unamortised processing fees on borrowings	48.21	60.00	-	108.21
	51.03	**57.37**	-	**108.40**
Deferred tax assets /(liabilities) (net)	**350.68**	**150.44**	**0.41**	**501.53**

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 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 instruments	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**
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**
Deferred tax assets /(liabilities) (net)	**87.01**	**263.03**	**0.64**	**350.68**

Notes forming part of the Ind AS financial statements for the year ended March 31, 2021 (All amounts in Lakhs of ₹ unless otherwise stated)

9 Investment property

Particulars	Building	Land-freehold	Total
Gross carrying amount (at cost)			
As at March 31, 2019	-	**13.32**	**13.32**
Additions	-	136.60	136.60
Disposals	-	-	-
As at March 31, 2020	-	**149.92**	**149.92**
Additions	23.41	-	23.41
Disposals	(23.41)	-	(23.41)
As at March 31, 2021	-	**149.92**	**149.92**
Accumulated depreciation			
As at March 31, 2020	-	-	-
Charge for the year	0.37	-	0.37
Adjustments	(0.37)	-	(0.37)
As at March 31, 2021	-	-	-
Carrying amount			
As at March 31, 2020	-	**149.92**	**149.92**
As at March 31, 2021	-	**149.92**	**149.92**

(i) As at March 31, 2021 and as at March 31, 2020, the fair value (Level 3) of property is ₹158.20 Lakh and ₹158.20 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 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**
Additions	17.58	17.58
Disposals	(32.53)	(32.53)
As at March 31, 2021	**71.67**	**71.67**
Accumulated depreciation		
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**
Additions	26.07	26.07
Disposals	(15.73)	(15.73)
As at March 31, 2021	**36.59**	**36.59**
Carrying amount		
As at March 31, 2020	**60.37**	**60.37**
As at March 31, 2021	**35.08**	**35.08**

11	**Other non-financial assets**	**As at March 31, 2021**	**As at March 31, 2020**
	Prepaid expenses	12.70	14.26
	Advance to employees	0.73	0.20
	Other advances	7.86	4.57
	Total	21.29	19.03

12	**Other payables**	**As at March 31, 2021**	**As at March 31, 2020**
	Employee related payable	21.46	27.89
	Payable to OFB Tech Pvt. Ltd. (Holding Company)	-	64.11
	Total	**21.46**	**92.00**

13	**Debt securities**	**As at March 31, 2021**	**As at March 31, 2020**
	At amortised cost		
	Unsecured		
	Commercial paper (Refer note 13a)	-	1,500.00
	Accrued interest on commercial paper	-	26.38
		-	**1,526.38**
	Less: Unexpired discount on commercial papers	-	42.75
		-	**1,483.63**
	Secured		
	Debentures (Refer note 13b)	31,200.00	12,800.00
	Accrued interest on debentures	1,460.79	309.53
		32,660.79	**13,109.53**
	Less: Unamortised processing fees on borrowings	192.69	64.09
		32,468.10	**13,045.44**
	Total	**32,468.10**	**14,529.07**
	Debt securities in India	32,468.10	14,529.07
	Debt securities outside India	-	-
	Total	**32,468.10**	**14,529.07**

13a Commercial papers (Gross): Unsecured

Repayment Terms	Tenure	Interest Range (At March 31,2021)	Interest Range (At March 31,2020)	As at March 31,2021	As at March 31,2020
Bullet	Upto 1 year	-	12.57% to 12.61%	-	1,500.00
Total				**-**	**1,500.00**

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

Particulars	Tenure	Interest Range (At March 31,2021)	Interest Range (At March 31,2020)	As at March 31,2021	As at March 31,2020
Listed NCD:					
5,800 NCD's of ₹100,000/- each (Previous year 4,300 NCD's of ₹100,000/- each)	Upto 3 years	12.62% to 14.05%	13.22% to 14.03%	5,800.00	4,300.00
5,000 NCD's of ₹12,000/- each (Previous year 5,000 NCD's of ₹20,000/- each)	Upto 2 years	12.71%	12.71%	600.00	1,000.00
1,175 NCD's of ₹1,000,000/- each (Previous year 350 NCD's of ₹1,000,000/- each)	Upto 3 years	9.92% to 12.65%	12.65%	11,750.00	3,500.00
				18,150.00	**8,800.00**
Unlisted NCD:					
600 NCD's of ₹1,000,000/- each (Previous year 400 NCD's of ₹1,000,000/- each)	Upto 3 years	10.20% to 13.80%	13.60% to 14.80%	6,000.00	4,000.00
230 NCD's of ₹750,000/- each	Upto 3 years	11.50%	-	1,725.00	-
5,325 NCD's of ₹100,000/- each	Upto 3 years	11.20% to 12.29%	-	5,325.00	-
				13,050.00	**4,000.00**
Total				**31,200.00**	**12,800.00**

*Non-convertible redeemable debentures of ₹ 31,200 Lakhs (previous year ₹ 12,800 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 paripassu 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, 2021	As at March 31, 2020
	At amortised cost		
	Secured		
	Term loans from banks (Refer note 14a)	40,316.62	24,975.99
	Term loans from financial institutions (Refer note 14b)	40,055.85	20,908.26

Accrued interest on term loans	265.75	153.26
	80,638.22	**46,037.51**
Loans repayable on demand (secured)		
Cash credit and bank overdraft (Refer note 14c)	3,968.53	1,810.44
	3,968.53	**1,810.44**
	84,606.75	**47,847.95**
Less: Unamortised processing fees on borrowings	237.28	127.46
Total	**84,369.47**	**47,720.49**
Borrowings (other than debt securities) in India	84,369.47	47,720.49
Borrowings (other than debt securities) outside India	-	-
Total	**84,369.47**	**47,720.49**

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

Repayment Terms	Tenure	Interest Range (At March 31,2021)	Interest Range (At March 31,2020)	As at March 31,2021	As at March 31,2020
Bullet	Upto 1 year	7.10% to 12.00%	10.97% to 12.47%	18,362.50	5,300.00
Quarterly	Upto 2 year	12.00%	11.98% to 12.94%	500.00	6,624.99
Monthly	Upto 3 year	9.50% to 13.00%	11.50% to 13.53%	21,454.12	13,051.00
Total				**40,316.62**	**24,975.99**

^ 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 (At March 31,2021)	Interest Range (At March 31,2020)	As at March 31,2021	As at March 31,2020
Bullet	Upto 1 year	11.35% to 13.00%	12.95% to 13.24%	2,500.00	2,500.00
Half yearly	Upto 2 year	12%	-	2,500.00	-
Quarterly	Upto 3 year	11.50% to 12.50%	-	3,375.00	-
Monthly	Upto 3 year	10.60% to 13.25%	11.02% to 13.82%	31,680.85	18,408.26
Total				**40,055.85**	**20,908.26**

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 (At March 31,2021)	Interest Range (At March 31,2020)	As at March 31,2021	As at March 31,2020
Bullet	Upto 1 year	9.25% to 11.95%	11.40% to 13.00%	3,968.53	1,810.44
Total				**3,968.53**	**1,810.44**

^^ 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, 2021	As at March 31, 2020
	Margin money from borrowers	1,281.02	962.21
	Interest accrued but not due on margin money	32.60	23.72
	Loans pending disbursement	361.77	5.38
	Others (Refer note no.41)	192.75	-
	Total	**1,868.14**	**991.31**

16	Current tax liabilities	As at March 31, 2021	As at March 31, 2020
	Provision for Tax [net of advance tax and tax deducted at source ₹ 1,980.13 Lakhs (Previous year ₹ 617.25 Lakhs)]	-	370.04
	Total	**-**	**370.04**

17	Provisions	As at March 31, 2021	As at March 31, 2020
	Provision for employee benefits:		
	Provision for gratuity (Refer note no.32)	136.60	78.07
	Provision for compensated absences	50.59	34.04
	Total	**187.19**	**112.11**

18	Other non-financial liabilities	As at March 31, 2021	As at March 31, 2020
	Statutory remittances (Tax deducted at source, Employees provident fund, Goods and services tax, Labour welfare fund and Employee state insurance)	431.22	99.10
	Total	**431.22**	**99.10**

19 Equity share capital

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	(₹ in lakh)	No. of Shares	(₹ in lakh)
Authorised Equity share capital				
Equity shares of Rs.10 each	52,013,744	5,201.37	49,392,646	4,939.26
Total	**52,013,744**	**5,201.37**	**49,392,646**	**4,939.26**
Issued, subscribed and paid up Equity share capital				
Equity shares of Rs.10 each	50,103,388	5,010.34	47,747,970	4,774.80
	50,103,388	**5,010.34**	**47,747,970**	**4,774.80**

(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, 2021		As at March 31, 2020	
	No. of Shares	(₹ in lakh)	No. of Shares	(₹ in lakh)
At the beginning of the year	**47,747,970**	**4,774.80**	**35,526,881**	**3,552.69**
Issued during the year - On right issue basis	2,355,418	235.54	12,221,089	1,222.11
Outstanding at the end of the year	**50,103,388**	**5,010.34**	**47,747,970**	**4,774.80**

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% of holding	No. of Shares	% of holding
OFB Tech Private Limited (holding company)*	50,103,388	100.00	47,747,970	100.00

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% of holding	No. of Shares	% of holding
OFB Tech Private Limited (holding company)*	50,103,388	100.00	47,747,970	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

20 Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
Securities premium reserve	33,259.58	24,497.35
Statutory reserve (in terms of Section 45-IC of the Reserve Bank of India Act, 1961)	1,317.52	519.03
Deemed equity contribution	216.19	109.52
Retained earnings	5,158.02	1,964.05
Total	**39,951.31**	**27,089.95**

(i) Securities premium reserve

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	**24,497.35**	**6,239.01**
Add: Amount received pursuant to issue of equity shares	8,764.46	18,277.84
Less: Share issue expenses	-	-
Less: Stamp duty on issue of equity shares	2.23	19.50
Closing balance	**33,259.58**	**24,497.35**
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, 2021	As at March 31, 2020
Opening balance	**519.03**	**98.23**
Add: Transferred from retained earnings	798.49	420.80
Closing balance	**1,317.52**	**519.03**
This reserve is maintained in accordance with the provisions of Section 45-IC of the Reserve Bank of India Act, 1961 wherein every non- banking financial company shall create a reserve fund the transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of profit and loss and before any dividend is declared.		

(iii) Deemed equity contribution

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	**109.52**	**57.61**
Add: Share based payment expense as per Statement of profit and loss	106.67	51.91
Closing balance	**216.19**	**109.52**
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, 2021	As at March 31, 2020
Opening balance	**1,964.05**	**280.84**
Add: Total comprehensive income for the year	3,992.46	2,104.01
Less: Transferred to statutory reserve u/s 45-IC of the Reserve Bank of India Act, 1934	(798.49)	(420.80)
Closing balance	**5,158.02**	**1,964.05**

Notes to the Ind AS financial statements for the year ended March 31, 2021
(All amounts in Lakhs of ₹ unless otherwise stated)

21	Interest income (on financial assets measured at amortised cost)	Year ended March 31, 2021	Year ended March 31, 2020
	Interest on loans	18,884.87	12,963.80
	Interest income from investments	233.35	105.11
	Interest on deposits with banks	132.03	25.42
	Total	**19,250.25**	**13,094.33**

22	Fee and commission income	Year ended March 31, 2021	Year ended March 31, 2020
	Service and other fees	403.75	337.43
	Subvention charges	10.58	60.09
	Total	**414.33**	**397.52**

23	Net gain on financial instruments at fair value through profit and loss	Year ended March 31, 2021	Year ended March 31, 2020
	-On Alternative investment funds	88.39	-
	-On Mutual fund investments	-	25.66
	Total	**88.39**	**25.66**
	Fair value changes:		
	-Realised (Including reinvested)	88.39	25.66
	-Unrealised	-	-
	Total	**88.39**	**25.66**

24	Other income	Year ended March 31, 2021	Year ended March 31, 2020
	Interest on income tax refund	3.56	1.47
	Net gain on derecognition of property, plant and equipment	0.64	0.03
	Total	**4.20**	**1.50**

25	Finance costs (on financial liabilities measured at amortised cost)	Year ended March 31, 2021	Year ended March 31, 2020
	Interest expenses on:		
	Borrowings:		
	-On Loans from banks	2,942.47	2,391.88
	-On Loans from financial institutions	3,098.93	2,205.99
	-On Loans from holding company	-	11.60
	Debt securities		
	-On Debentures	2,720.94	1,254.52
	-On Commercial paper	203.20	120.24

Others:		
-On security deposits	56.39	44.96
Total	**9,021.93**	**6,029.19**

26	**Impairment on financial instruments**	**Year ended March 31, 2021**	**Year ended March 31, 2020**
	Impairment on financial instruments measured at amortised cost (Refer note no.41)		
	Impairment allowance on loans	713.28	1,032.02
	Impairment allowance on investment	8.43	-
	Impairment on account of COVID-19	245.50	154.12
	Loss on loans & advances written off	609.26	385.11
	[Net off recovery ₹ 41.25 lakhs (Previous year Nil)]		
	Total	**1,576.47**	**1,571.25**

27	**Employees benefit expense**	**Year ended March 31, 2021**	**Year ended March 31, 2020**
	Salaries and wages	2,763.28	2,091.76
	Contribution to provident and other fund [Refer note no.32(a)]	59.39	57.07
	Share based payment to employees (Refer note no.40)	106.67	51.91
	Gratuity [Refer note no.32(b)]	54.57	46.52
	Staff welfare expense	11.57	10.79
	Total	**2,995.48**	**2,258.05**

28	**Other expenses**	**Year ended March 31, 2021**	**Year ended March 31, 2020**
	Rates and taxes	130.43	127.06
	Communication costs	10.02	11.60
	Printing and stationery	0.59	3.24
	Auditor remuneration:		
	- For statutory audit	14.00	10.00
	- For limited review	5.50	5.00
	- For tax audit	2.50	2.00
	- For other certification and reporting	5.78	4.00
	- For out of pocket expenses*	0.26	1.11
	Legal and professional	112.85	128.66
	Insurance	15.75	9.50
	Travelling and conveyance	106.64	177.28
	Information technology expenses	155.94	102.24
	Corporate social responsibility expenses (Refer note no.46)	23.60	-
	Loss on sale of bonds	-	19.22
	Loss on sale of Investment property	1.04	-
	Business auxiliary services	146.43	175.90
	Bank charges	7.93	4.50
	Miscellaneous	15.91	26.95
	Total	**755.17**	**808.26**

* Previous year figure includes amount paid to predessessor auditor ₹ 0.86 lakhs

29 Income tax expense

Income tax expense recognised in Statement of profit and loss

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current tax		
In respect of the current year	1,538.43	987.29
	1,538.43	**987.29**
Deferred tax charge/ (benefits)		
In respect of the current year	(150.44)	(263.03)
	(150.44)	**(263.03)**

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, 2021	Year ended March 31, 2020
Profit before tax	5,381.68	2,830.19
Domestic tax rate	25.17%	25.17%
Expected tax expense [A]	**1,354.46**	**712.28**
Tax effect of adjustments to reconcile expected income tax expense		
Non deductible expenses	36.24	15.30
Income exempt from tax	-	(0.01)
Others	(2.71)	(3.31)
Total adjustments [B]	**33.53**	**11.98**
Actual tax expense [C=A+B]	**1,387.99**	**724.26**
Tax expense comprises:		
Current tax expense	1,538.43	987.29
Deferred tax credit	(150.44)	(263.03)
Tax expense recognized in profit or loss [D]	**1,387.99**	**724.26**

Income tax expense recognized in other comprehensive income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Income tax relating to remeasurement gains/(losses) on defined benefit plans	0.41	0.64
	0.41	**0.64**
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	0.41	0.64
Items that will be reclassified to profit or loss	-	-
	0.41	**0.64**

Notes to the Ind AS financial statements for the year ended March 31, 2021
(All amounts in Lakhs of ₹ unless otherwise stated)

30 Earnings per share

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a) Basic earnings per share	8.29	5.03
b) Diluted earnings per share	8.29	5.03

c) Reconciliations of earnings used in calculating earnings per share

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Basic earnings per share		
Profits attributable to the equity holders of the company used in calculating basic earnings per share	3,993.69	2,105.93
Diluted earnings per share		
Profit attributable to the equity holders of the company used in calculating diluted earnings per share	3,993.69	2,105.93

d) Weighted average number of shares used as the denominator

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	48,196,747	41,877,506
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	**48,196,747**	**41,877,506**

31 Change in liabilities arising from financing activities

Particulars	Debt securities	Borrowings (Other than debt securities)	Total
As at April 1, 2019	**7,921.64**	**18,164.85**	**26,086.49**
Cash flows:			
Proceeds from debt securities/borrowings	16,429.07	60,278.60	76,707.67
Repayment of debt securities/borrowings	(9,821.64)	(30,722.96)	(40,544.60)
As at March 31, 2020	**14,529.07**	**47,720.49**	**62,249.56**
Cash flows:			
Proceeds from debt securities/borrowings	30,299.94	100,406.90	130,706.84
Repayment of debt securities/borrowings	(12,360.91)	(63,757.92)	(76,118.83)
As at March 31, 2021	**32,468.10**	**84,369.47**	**116,837.57**

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, 2021	Year ended March 31, 2020
Contribution to employees provident	58.71	55.48
Contribution to employee state insurance schemes	0.68	1.59
Total	**59.39**	**57.07**

(b) Defined benefit plans:

The Company operates a unfunded gratuity benefit 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 ₹ 20,00,000).

The most recent actuarial valuation of the present value of the defined benefit obligation were carried out as at March 31, 2021 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 31,2021	As at March 31,2020
Discount rate (per annum)	6.75%	6.77%
Salary growth rate (per annum)	8.00%	8.00%

Retirement age	60 Years	60 Years
Withdrawal rate based on age: (per		
Upto 30 years	12.00%	12.00%
31-44 years	5.00%	6.00%
Above 44 years	0.00%	0.00%
In service mortality	IALM 2012-14	IALM 2012-14

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

Particulars	Gratuity	
	As at March 31,2021	As at March 31,2020
Current service cost	49.29	44.08
Past service cost and (gain)/Loss from settlements	-	-
Net interest cost/ (Income) on the Net Defined Benefit/(Liability)/Asset	5.28	2.44
Component of defined benefit cost recognised in profit or loss	**54.57**	**46.52**
Remeasurement on the net defined benefit liability:		
Actuarial (gains)/ losses arising from changes in demographic assumptions	2.43	(5.56)
Actuarial (gains)/ losses arising from changes in financial assumptions	0.44	4.75
Actuarial (gains)/ losses arising from experience adjustment	(1.23)	3.37
Component of defined benefit cost recognised in Other comprehensive Income	**1.64**	**2.56**

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.

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

Particulars	Gratuity	
	As at March 31,2021	As at March 31,2020
Present value of obligation as at the beginning	78.07	31.71
Current service cost	49.29	44.08
Interest cost	5.28	2.44
Re-measurement (or Actuarial) (gain) / loss arising from:		
- changes in demographic assumptions	2.43	(5.56)
- changes in financial assumptions	0.44	4.75
- experience adjustment	(1.23)	3.37
- Others	-	-
Past service cost	-	-
Benefits paid	-	-
Transfer in/(out)	2.32	(2.72)
Present value of obligation as at the end	**136.60**	**78.07**

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 period, while holding all other assumptions constant.

Particulars	31-Mar-21		31-Mar-20	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+ 1%)	164.03	115.13	93.65	65.86
(% change compared to base due to sensitivity)	20.10%	-15.70%	20.00%	-15.60%
Salary Growth Rate (-/+ 1%)	117.73	157.81	66.35	91.45
(% change compared to base due to sensitivity)	-13.80%	15.50%	-15.00%	17.10%
Attrition Rate (-/+ 50% of attrition	149.39	125.68	90.17	68.32
(% change compared to base due to sensitivity)	9.40%	-8.00%	15.50%	-12.50%
Mortality Rate (-/+ 10% of mortality	136.62	136.57	78.10	78.03
(% 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 31,2021	As at March 31,2020
Weighted average duration (based on discounted cashflows)	19 Years	18 Years
Expected cash flows over the next (valued on undiscounted basis):		
1 year	2.69	0.95
2-5 years	26.89	14.68
6-10 years	35.50	24.25
More than 10 years	523.24	297.72

(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 2021 amounts to ₹ 50.59 Lakhs (previous year ₹ 34.04 Lakhs).

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 derives 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 "Segment Reporting".

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 ₹ 477.00 Lakhs (previous year ₹ 378.34 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 ₹ 26.65 Lakhs (previous year ₹ 388.29 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	Nature of Relationship
OFB Tech Private Limited	Holding company
Ofcons Projects And Services Private Limited	Fellow subsidiary company
Oagri Farm Private Limited	Fellow subsidiary company

Key management personnel

Ruchi Kalra	Whole-time director and Chief financial officer
Vasant Sridhar	Executive director
Asish Mohapatra	Non-executive director
Sathyan David	Independent director
Akshat Vikram Pande	Independent director
Rohit Kapoor	Independent director
Brij Kishore Kiradoo	Company Secretary

Particulars	Nature of transaction	Year ended March 31, 2021	Year ended March 31, 2020
OFB Tech Private Limited	Issue and allotment of equity share capital	8,999.99	19,499.95
	Purchase of property, plant and equipment	8.25	7.06
	Sale of property, plant and equipment	11.58	-
	Business auxiliary services (cost allocation received)	152.49	176.25
	Business auxiliary services (cost allocation made)	5.14	-
	Employee costs and reimbursements (cost allocation received)*	165.05	49.03
	Employee costs and reimbursements (cost allocation made)#	20.57	314.01
	Tech Support Services (On allocation basis)	126.88	87.86
	Interest Expense	-	11.60
	Interest Income	301.38	-
	Legal and other expeses (cost allocation received)	32.58	65.20
	Legal and other expeses (cost allocation made)	-	9.40

	Gratuity and leave encashment recoverable	2.65	-
	Payment on behalf of borrowers	39,082.53	31,310.49
	Guarantee given to lenders on behalf of the Company	112,740.99	59,994.69
	Deemed equity contribution (Employee stock options)	106.67	51.91
Ofcons Projects And Services Private Limited	Business auxiliary services (cost allocation made)	0.56	4.26
	Employee costs and reimbursements (cost allocation made)	0.02	64.88
	Sale of property, plant and equipment	1.93	-
	Interest and other income	6.89	-
	Gratuity and leave encashment recoverable	0.59	-
	Gratuity and leave encashment payable	0.47	-
	Payment on behalf of borrowers	1,933.33	5.38
Oagri Farm Private Limited	Business auxiliary services (cost allocation made)	0.36	-
	Sale of property, plant and equipment	3.25	-
	Interest Income	18.67	-
	Gratuity and leave encashment payable	0.88	-
Ruchi Kalra	Managerial remuneration	24.78	25.02
		24.78	**25.02**
Vasant Sridhar	Managerial remuneration	38.01	36.72
	Employee stock option compensation expense	4.68	8.73
		42.69	**45.45**
Brij Kishore Kiradoo	Remuneration	11.92	9.17
	Employee stock option compensation expense	2.00	2.96
		13.92	**12.13**
Sathyan David	Directors sitting fees	3.25	1.50
Akshat Vikram Pande	Directors sitting fees	1.00	1.00
Rohit Kapoor	Directors sitting fees	0.75	0.50

* Includes KMP salary cross charged amounting ₹ 14.20 Lakhs (previous year ₹ 14.20 Lakhs)

Includes KMP salary cross charged amounting ₹ 9.15 Lakhs (previous year ₹ 9.44 Lakhs)

Balance outstanding at year end

Name of related party	Nature	As at March 31, 2021	As at March 31, 2020
OFB Tech Private Limited	Payables	-	64.11

	Interest accrued but not due	-	6.75
	Receivable	95.24	266.31
	Payable- loan pending disbursement	361.77	-
Ofcons Projects And Services Private Limited	Payable	-	5.38
	Receivable	4.07	68.79
Oagri Farm Private Limited	Receivable	15.28	-

Guarantee given to lenders by holding Company for Loan outstanding as at March 31, 2021 ₹ 112,740.99 lakhs and March 31, 2020 ₹ 59,994.69 lakhs

Notes to the Ind AS financial statements for the year ended March 31, 2021
(All amounts in Lakhs of ₹ unless otherwise stated)

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, 2021			March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	19,900.71	-	19,900.71	5,085.63	-	5,085.63
Bank balances other than (a) above	908.76	-	908.76	131.52	-	131.52
Loans*	125,505.70	10,146.75	135,652.45	79,333.21	10,177.17	89,510.38
Investments	6,204.75	764.80	6,969.55	-	-	-
Other financial assets	274.15	20.83	294.98	613.66	25.00	638.66
Non-financial assets						
Current tax assets (Net)	-	78.66	78.66	-	7.00	7.00
Deferred tax assets (Net)	-	501.53	501.53	-	350.68	350.68
Investment Property	-	149.92	149.92	-	149.92	149.92
Property, Plant and Equipment	-	35.08	35.08	-	60.37	60.37
Other non-financial assets	21.29	-	21.29	19.03	-	19.03
Total Assets	**152,815.36**	**11,697.57**	**164,512.93**	**85,183.05**	**10,770.14**	**95,953.19**
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	205.70	-	205.70	174.32	-	174.32
Other payables						
(i) Total outstanding dues to micro and small enterprises	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises	21.46	-	21.46	92.00	-	92.00
Debt securities	12,807.09	19,661.01	32,468.10	2,181.18	12,347.89	14,529.07
Borrowings (Other than debt securities)	60,871.17	23,498.30	84,369.47	33,641.00	14,079.49	47,720.49
Other financial liabilities	1,868.14	-	1,868.14	991.31	-	991.31
Non-Financial Liabilities						
Provisions	6.50	180.69	187.19	3.73	108.38	112.11
Current tax liabilities	-	-	-	370.04	-	370.04
Other non-financial liabilities	431.22	-	431.22	99.10	-	99.10

Total Liabilities	**76,211.28**	**43,340.00**	**119,551.28**	**37,552.68**	**26,535.76**	**64,088.44**
Net equity	**76,604.08**	**(31,642.43)**	**44,961.65**	**47,630.37**	**(15,765.62)**	**31,864.75**

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

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 2021 of the Company are as under:

Capital Adequacy ratio - Tier I	31.34%
Capital Adequacy ratio - Tier II	0.98%
	32.32%

38 Categories of financial instruments

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

As at March 31, 2021

	Fair value through P&L	Fair value through OCI	Amortised cost	Total
Financial Assets				
Cash and cash equivalents	-	-	19,900.71	19,900.71
Bank balances other than above	-	-	908.76	908.76
Loans	-	-	135,652.45	135,652.45
Investments	3,057.25	-	3,912.30	6,969.55
Other financial assets	-	-	294.98	294.98
Total financial assets	**3,057.25**	**-**	**160,669.20**	**163,726.45**
Financial liabilities				
Trade payables	-	-	205.70	205.70
Other payables	-	-	21.46	21.46
Debt Securities	-	-	32,468.10	32,468.10
Borrowings (Other than debt securities)	-	-	84,369.47	84,369.47
Other financial liabilities	-	-	1,868.14	1,868.14
Total financial liabilities	**-**	**-**	**118,932.87**	**118,932.87**

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	-	-	89,510.38	89,510.38
Investments	-	-	-	-
Other financial assets	-	-	638.66	638.66
Total financial assets	**-**	**-**	**95,366.19**	**95,366.19**
Financial liabilities				
Trade payables	-	-	174.32	174.32
Other payables	-	-	92.00	92.00
Debt Securities	-	-	14,529.07	14,529.07
Borrowings (Other than debt securities)	-	-	47,720.49	47,720.49
Other financial liabilities	-	-	991.31	991.31
Total financial liabilities	**-**	**-**	**63,507.19**	**63,507.19**

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, 2021		As at March 31, 2020	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets					
Cash and bank balances	1	19,900.71	19,900.71	5,085.63	5,085.63
Bank balances other than above	1	908.76	908.76	131.52	131.52
Loans	3	135,652.45	135,652.45	89,510.38	89,510.38
Investments	3	6,969.55	6,969.55	-	-
Other financial assets	2	294.98	294.98	638.66	638.66
Total financial assets		**163,726.45**	**163,726.45**	**95,366.19**	**95,366.19**
Financial liabilities					
Trade payables	2	205.70	205.70	174.32	174.32
Other payables	2	21.46	21.46	92.00	92.00
Debt Securities	3	32,468.10	32,468.10	14,529.07	14,529.07
Borrowings (Other than debt securities)	3	84,369.47	84,369.47	47,720.49	47,720.49
Other financial liabilities	3	1,868.14	1,868.14	991.31	991.31
Total financial liabilities		**118,932.87**	**118,932.87**	**63,507.19**	**63,507.19**

- 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.

(All amounts in Indian Rupees, 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 3 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.

Particular's	Grant Date	Number of options granted
Grant-I	Friday, April 8, 2016	34
Grant-II	Saturday, April 8, 2017	40
Grant-III	Thursday, June 15, 2017	7
Grant-IV	Wednesday, February 28, 2018	46
Grant-V	Monday, July 2, 2018	8
Grant-VI	Thursday, July 5, 2018	106
Grant-VII	Monday, April 1, 2019	108
Grant-VIII	Wednesday, June 5, 2019	13
Grant-IX	Monday, July 1, 2019	31
Grant-X	Friday, July 5, 2019	3
Grant-XII	Thursday, October 1, 2020	139
Grant-XIII	Monday, March 1, 2021	16

Vesting Period - As determined by Compensation Committee subject to minimum of 1 year and maximum of 4 years from the grant date.

Exercise Period - The options vest at various dates over the period of one to four year from the date of grant. The options expire within 3 years from the date of last vesting.

Exercise Price - Exercise price shall be determined by Compensation Committee and specified in Grant letter's but it shall not be less than the face value of shares of the Company.

Vesting Conditions - Vesting of option is a function of achievement of performance criteria or any other criteria as specified by Compensation committee and communicated in the grant letter. Further, the vesting takes place on staggered basis over the respective vesting period

Particulars	As at March 31,2021	As at March 31,2020
Expense arising from share-based payment transactions (Refer note 27)	106.67	51.91
Total expense arising from share-based payment transactions recognised in Statement of Profit and Loss	**106.67**	**51.91**

The details of activity under the ESOP Plans have been summarised below:

Particulars	31 March 2021		31 March 2020	
	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	332	277,040	179	184,565
Granted during the year	155	710,628	144	379,486
Options granted prior to transfer date in respect of employees transferred from holding company during the year	-	-	17	348,718
Exercised during the year	(108)	212,225	(6)	204,091
Vested for transferred employees before respective transfer date	-	-	-	-
Forfeited during the year ^	(7)	264,626	(2)	204,767
Outstanding at the end of the year	372	476,753	332	277,040
Exercisable at the end of the year	9	133,107	67	102,505
Weighted average remaining contractual life of the options outstanding at the end of the year	6.59 years		6.07 years	

^ Unvested options forfeited in accordance with terms prescribed under the respective ESOP Schemes.

Fair value of options granted

The weighted average fair value of stock options granted during the year pertaining to ESOP 2016 plan is ₹ 273,778 (previous year ₹ 45,381). The fair value at grant date is determined using the Black-Scholes model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The following tables list the inputs used for fair valuation of options for the ESOP plans.

Particulars	For options granted during the year ended	
	31 March 21	31 March 2020
Dividend yield (%)	0.0%	0.0%
Expected volatility (%)	36.30% - 39.50%	40.00%
Risk free interest rate (%)	5.30% - 5.70%	6.60% - 6.70%
Expected life of share options (in years)	4.75	4.75
Fair value of options at grant date (in Rupees)	173,774 - 307,923	38,529-66,371
Fair value of share at grant date (in Rupees)	651,044 - 878,717	152,058-268,471
Exercise price (in Rupees)	649,002-1,627,574	271,667-489,979

(All amounts in Lakhs of ₹ unless otherwise stated)

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 31,2021	Balance as at March 31,2020
Loans	135,652.45	89,510.38
Investments	6,969.55	-
Cash and cash equivalents	19,900.71	5,085.63
Other bank balances	908.76	131.52
Other financials asset	294.98	638.66

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-montd 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

The company considered other variables such as Gross Domestic Product, Core Inflation and PMI index, however all these factors were found to be an aggregate of multiple underlying constituents of the economy i.e. Agriculture, Services and Manufacturing which were not in line with the customer mix of the company.Based on the assessment by the Company, the RBI moratorium relaxation offered to the customers recognizing the potential detrimental impact of COVID-19 has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

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

Paragraph B5.5.22 states, financial instruments are not considered to have low credit risk when they are regarded as having a low risk of loss simply because of the value of collateral and the financial instrument without that collateral would not be considered low credit risk. Financial instruments are also not considered to have low credit risk simply because they have a lower risk of default than the entity's other financial instruments or relative to the credit risk of the jurisdiction within which an entity operates.

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.

Forward looking information incorporated in ECL models

The data source for macroeconomic variable is website of Ministry of Statistics and Programme Implementation, which has then been further forecasted using excel's function of forecast. The Company considers IIP as the relevant macroeconomic factor owing to its customer mix which is primarily from the manufacturing sector. The link to PIT PDs has been established by factoring prescribed correlation percentage (3%) in BASEL II guidelines.

Credit risk exposure and impairment loss allowance

	As at March 31, 2021		As at March 31, 2020	
	Exposure	Impairment allowance	Exposure	Impairment allowance
Credit impaired loan assets (Default event triggered) (Stage 3)	1,672.30	988.03	832.16	574.64
Loan assets having significant increase in credit risk (Stage 2)	4,390.74	324.43	3,063.44	249.29
Other loan assets (Stage 1)	132,345.45	660.72	87,305.22	435.97
Impairment on account of COVID-19	-	399.62	-	154.12
Total	**138,408.49**	**2,372.80**	**91,200.82**	**1,414.02**

An analysis of Expected credit loss rate* :		
	As at March 31, 2021	**As at March 31, 2020**
Stage-1	0.50%	0.50%
Stage-2	7.39%	8.14%
Stage-3	59.08%	69.05%
Total	**1.71%**	**1.55%**

* 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.

Write off policy

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.

Impact of Covid-19

(a) 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. The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Company's performance will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by us. Reserve Bank of India (RBI) has issued guidelines dated 27 March, 2020, 17 April, 2020 and 23 May, 2020 relating to 'COVID-19 - Regulatory Package' 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 amount, EMI installments and/or interest, falling due between 01 March, 2020 and 31 August, 2020 excluding the collection already made in the month of March 2020. For all such accounts where moratorium is granted, the asset classification remained 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).

Further, 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 statements and results.

Accordingly, the provision for expected credit loss on financial assets as at 31 March 2021 aggregates Rs. 2,372.80 lakhs (as at 31 March 2020, Rs. 1,414.02 lakhs) which includes potential impact on account of the pandemic amounting to Rs. 399.62 lakhs (as at 31 March 2020, Rs. 154.12 lakhs). 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) RBI circular dated 7 April, 2021 advised all lending institutions to put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. 01 March, 2020 to 31 August, 2020 in conformity with the Supreme Court judgement dated 23 March, 2021 ("Supreme Court judgement"). Further, the circular stated that the methodology for calculation of the amount to be refunded/adjusted for different facilities shall be finalised by the Indian Banks Association ("IBA") in consultation with other industry participants/bodies, which shall be adopted by all lending institutions and also advised all lending institutions to disclose the aggregate amount to be refunded/adjusted in respect of their borrowers based on the above reliefs in their financial results for the year ended 31 March, 2021.

The IBA has released clarification on identification of borrowers and the calculation methodology of the amount to be refunded/adjusted in relation to compound interest/interest on interest/ penal interest vide letter CIB/ADV/MBR/9833 dated 19 April, 2021.

The Company has estimated the said amount and made a provision of Rs. 192.75 Lakhs through interest reversal in its Statement of Profit and Loss Account for the year ended 31 March, 2021.

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

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 - Regulatory Package', the Company had granted moratorium up to six months on the payment of installments which became due between 01 March 2020 and 31 August 2020 to all eligible borrowers.This relaxation did not automatically trigger a significant increase in credit risk.The Company continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators,the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

Disclosure as required under RBI notification no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 on COVID-19 Regulatory Package - Asset Classification and Provisioning

Particulars	March 31, 2021	March 31, 2020
Amount in SMA/overdue categories as of February 29, 2020	5,631.30	4,322.74
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 (as of February 29, 2020)	-	-
Respective amounts where asset classification benefits is extended (net of accounts which have moved out of SMA/overdue category during the moratorium period)	-	-
Provisions made during the period (As per para 4, Applicable to NBFC's covered under Ind AS)	-	22.93
Provisions adjusted against slippages in terms of paragraph 6 of the circular	-	-
Residual provision	-	22.93

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, 2021, the net of expected cash inflows and outflows within 12 months are Rs. 76,604.08 (March 31, 2020: Rs. 47,588.23). Refer note 36 for Maturity analysis of assets and liabilities and note 44 (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 31,2021**	**As at March 31,2020**
Variable rate borrowing	50,648.91	51,832.91
Fixed rate borrowing	66,188.66	10,416.65
Total borrowings	**116,837.57**	**62,249.56**

Sensitivity

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

Particulars	As at March 31,2021	As at March 31,2020
Interest sensitivity		
Interest rates – increase by 100 basis points (March 31, 2020: 100 bps)	360.81	297.81
Interest rates – decrease by 100 basis points (March 31, 2020: 100 bps)	(360.81)	(297.81)

D) Foreign currency risk

There are no un-hedged liability or assets denominated in foreign currency with the Company as at March 31, 2021 (Privious year ₹ Nil).

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, 2021 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	60,886.60	NA	50.93%

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	60,886.60	NA	50.93%

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	32,468.10	27.16%
2	Commercial Paper	-	0.00%
3	Borrowings (Other than debt securities)	84,369.47	70.57%
	TOTAL	**116,837.57**	**97.73%**

(v) Stock Ratios:

S.No.	Stock Ratio	%
	Commercial paper as a % of total public funds	
1	Commercial papers as a % of total liabilities	0.00%
2	Commercial papers as a % of total assets	0.00%
	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	10.71%
4	Non-convertible debentures (original maturity of less than one year) as a % of total assets	13.35%
	Other short-term liabilities as a % of total public funds	
5	Other short-term liabilities as a % of total liabilities	2.12%
6	Other short-term liabilities as a % of total assets	1.54%
	Notes:	

- Commercial Paper and NCDs for stock ratio is the Gross outstanding as at 31st March, 2021 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.

43 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)

(1)	Particulars		March 31, 2021		March 31, 2020	
	Liabilities side:					
	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	32,468.10	-	13,045.44	-
		: Unsecured (other than falling within the meaning of public deposits)	-	-	-	-
	(b)	Deferred Credits	-	-	-	-
	(c)	Term Loans	80,400.94	-	45,910.05	-
	(d)	Inter-corporate loans and borrowing	-	-	-	-
	(e)	Commercial Paper	-	-	1,483.63	-
	(f)	Public Deposits	-	-	-	-
	(g)	Other Loans (short term bank loan)	3,968.53	-	1,810.44	-
(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. 255.63 lakhs (previous year Rs. 120.72 lakhs))	105,212.97	51,974.49
	(b)	Unsecured (net of provision of Rs. 2,117.17 lakhs (previous year Rs. 1,293.30 lakhs))	30,439.48	37,535.89
(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	1,800.87	-
		(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 (Including interest accrued on deposits)	908.76	2,501.76
		(vi) Pass through certificates	1,346.64	-
		(vii) Others (Alternative investment funds)	3,057.25	-
		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 (Including interest accrued on deposits)	-	131.52
		(vi) Pass through certificates	764.79	-

Notes to the Ind AS financial statements for the year ended March 31, 2021
(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 2021			As at 31st March 2020		
	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	105,212.97	30,439.48	135,652.45	51,974.49	37,535.89	89,510.38
Total	**105,212.97**	**30,439.48**	**135,652.45**	**51,974.49**	**37,535.89**	**89,510.38**

(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 2021		As at 31st March 2020	
	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	6,977.98	6,969.55	-	-
Total	**6,977.98**	**6,969.55**	**-**	**-**

(8) Other information

Particulars	As at March 31st, 2021	As at March 31st, 2020
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	1,672.30	832.16
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	684.27	257.51
(iii) Assets acquired in satisfaction of debt	-	136.60

Notes to the Ind AS financial statements for the year ended March 31, 2021
(All amounts in Lakhs of ₹ unless otherwise stated)

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

I. Capital

Particulars	As at March 31st, 2021	As at March 31st, 2020
(i) CRAR (%)	32.32%	35.14%
(ii) CRAR - Tier I Capital (%)	31.34%	34.66%
(iii) CRAR - Tier II Capital (%)	0.98%	0.48%
(iv) Amount of subordinated debt raised as Tier-II capital	-	-
(v) Amount raised by issue of Perpetual DebtInstruments	-	-

II. Investments

Particulars	As at March 31st, 2021	As at March 31st, 2020
1. Value of Investments		
(i) Gross Value of Investments		
(a) In India	6,977.98	-
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	8.43	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	6,969.55	-
(b) Outside India	-	-

2. Movement of provisions held towards depreciation on investments

(i) Opening balance	-	-
(ii) Add : Provisions made during the year	8.43	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	**8.43**	**-**

III. (a) Derivatives

The Company does not have derivatives during the year as well as in the previous year ended March 31, 2020.

(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, 2020.

IV. Disclosures on risk exposure in derivatives

(a) The Company has not undertaken any kind of derivates 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, 2021 as well as in the previous year ended March 31, 2020.

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 years ended March 31, 2021 and March 31, 2020

VII. Details of assignment transaction undertaken by applicable NBFCs

The Company has not undertaken any assignment transaction during the years ended March 31, 2021 and March 31, 2020

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.

(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, 2021

Particulars	1 day to 7 days	8 days to 14 days	15 days to 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 1year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities											
Debt securities	-	-	154.52	1,165.02	2,241.67	2,156.67	7,089.21	19,661.01	-	-	32,468.10
Borrowings (other than debt securities)	7,737.69	4,073.15	6,251.06	6,240.40	3,588.93	12,303.64	20,676.30	23,387.50	110.80	-	84,369.47
Total	**7,737.69**	**4,073.15**	**6,405.58**	**7,405.42**	**5,830.60**	**14,460.31**	**27,765.51**	**43,048.51**	**110.80**	**-**	**116,837.57**
Assets											
Loans given	5,786.74	6,911.07	13,028.76	23,113.89	33,664.91	38,667.48	4,332.85	7,077.13	2,678.40	391.22	135,652.45
Investment (net)	-	-	4,904.98	97.29	139.18	440.79	622.51	752.75	12.05	-	6,969.55
Total	**5,786.74**	**6,911.07**	**17,933.74**	**23,211.18**	**33,804.09**	**39,108.27**	**4,955.36**	**7,829.88**	**2,690.45**	**391.22**	**142,622.00**

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

Category	As at March 31st, 2021	As at March 31st, 2020
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.	2,415.01	2,545.00
(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) limits.	1,390.68	1,696.78
(c) Investments in Mortgage Backed Securities (MBS) and other-securitised exposures:		
(i) Residential Mortgages	-	-
(ii) Commercial Real Estate	-	-
Total exposure to real estate sector	**3,805.69**	**4,241.78**

XI. Exposure to Capital Market

The Company does not have any exposure to capital market as at March 31, 2021 as well as in the previous year ended March 31, 2020.

XII. Disclosure for "DETAILS OF SINGLE BORROWER LIMIT (SBL) / 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, 2021 as well as in the previous year ended March 31, 2020.

XIII. 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.

XIV. Miscellaneous

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

(b) Credit Rating

Instrument	Rating Agency	Rating As at March 31, 2021	Rating As at March 31, 2020
Non convertible debentures	ICRA Ltd	BBB+ Stable	BBB (Stable)
Commercial paper	ICRA Ltd	A2+	A2
Bank Lines	ICRA Ltd	BBB+ Stable	BBB (Stable)
Principal Protected Market Linked Debenture	ICRA Ltd	PP-MLD BBB+Stable	PP-MLD BBB Stable
Other Instruments	ICRA Ltd	A-(CE) Stable	A-(CE) Stable
Non convertible debentures	ICRA Ltd	A-(CE) Stable	-
Bank Lines	ICRA Ltd	BBB+	BBB (Stable)/A2
Non convertible debentures	CARE	-	BWR A- (CE)Stable

Non convertible debentures	CARE	BBB+	BBB (Stable)
(c) No penalties have been levied by any regulator during the year as well as in the previous year ended March 31, 2021 as well as in the previous year ended March 31, 2020.			

XV. 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 31st, 2021	As at March 31st, 2020
Impairment allowance on loans	713.28	1,032.02
Impairment allowance on investment	8.43	-
Impairment on account of COVID-19	245.50	154.12
Provision made towards Income tax	1,538.43	987.29

XVI. Concentration of Deposits, Advances, Exposures and NPAs

(a) Concentration of Advances

Particulars	As at March 31st, 2021	As at March 31st, 2020
Total Advances to twenty largest borrowers	34,722.14	14,580.67
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	25.60%	16.24%
(b) Concentration of Exposures		
Particulars	**As at March 31st, 2021**	**As at March 31st, 2020**
Total Exposure to twenty largest borrowers /customers	37,954.76	15,135.60
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	27.98%	16.86%
(c) Concentration of NPAs		
Particulars	**As at March 31st, 2021**	**As at March 31st, 2020**
Total	435.92	286.34
(d) Sector-wise NPAs		
Percentage of NPAs to total advances in that sector		

S. No	Sector	As at March 31st, 2021	As at March 31st, 2020
(i)	Agriculture & allied activities	0.00%	0.00%
(ii)	MSME	1.53%	0.93%
(iii)	Corporate borrowers	0.43%	0.00%
(iv)	Services	0.00%	0.00%
(v)	Unsecured personal loans	0.00%	0.00%
(vi)	Auto loans	0.00%	0.00%
(vii)	Other personal loans	0.00%	0.00%

XVII. Movement of NPAs

Particulars	As at March 31st, 2021	As at March 31st, 2020
(i) Net NPAs to Net Advances (%)	0.50%	0.29%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	832.16	361.53
(b) Additions during the	1,153.07	975.42
(c) Reductions during the	312.93	504.79
(d) Closing balance	1,672.30	832.16
(iii) Movement of Net NPAs		
(a) Opening balance	257.51	261.41
(b) Additions during the	608.35	500.90
(c) Reductions during the	181.59	504.79
(d) Closing balance	684.27	257.51
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	574.64	100.12
(b) Provisions made during	544.73	474.52
(c) Write-off / write-back	131.34	-
(d) Closing balance	988.03	574.64

XVII. The Company does not have any joint ventures and subsidiaries abroad as at March 31, 2021 as well as in the previous year ended March 31, 2020.

XIX. The Company does not have any SPVs sponsored as at March 31, 2021 as well as in the previous year ended March 31, 2020.

XX. Disclosure of Complaints

(a) Customer Complaints

Particulars	As at March 31st, 2021	As at March 31st, 2020
No. of complaints pending at the beginning of the year	Nil	Nil
No. of complaints received during the year	10	Nil
No. of complaints redressed during the year	10	Nil
No. of complaints pending at the end of the year	Nil	Nil

XXI. Disclosure of restructured accounts as required by the NBFC Master Directions issued by RBI

Type of Restructuring-Others*		Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on 1 April of the FY (opening figures)	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	-	-	-	-
Fresh restructuring during the year*	No. of borrowers	8	6	-	-	14
	Amount outstanding	81.49	124.37	-	-	205.87
Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	-	-	-	-
Write-offs/Settlements/Recoveries of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	-	-	-	-

Restructured accounts as on 31 March of the FY (closing figures)	No. of borrowers	8	6	-	-	14
	Amount outstanding	81.49	124.37	-	-	205.87

*Since the disclosure of restructured advance ACCOUNT pertains to section 'Others', the First two sections, namely, 'Under CDR Mechanism' and 'Under SME debt Restructuring Mechanism' as per Format prescribed in the guidelines are not included above.

45.1 Disclosue 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	132,345.45	1,060.34	131,285.11	532.90	527.44
	Stage 2	4,390.74	324.43	4,066.31	17.56	306.87
Subtotal		**136,736.19**	**1,384.77**	**135,351.42**	**550.46**	**834.31**
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,244.17	631.20	612.97	130.60	500.60
Doubtful - up to 1 year	Stage 3	428.13	356.83	71.30	428.13	(71.30)
1 to 3 years	Stage 3			-	-	-
More than 3 years	Stage 3			-	-	-
Subtotal for doubtful		**428.13**	**356.83**	**71.30**	**428.13**	**(71.30)**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**1,672.30**	**988.03**	**684.27**	**558.73**	**429.30**
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**	132,345.45	1,060.34	131,285.11	532.90	527.44
	Stage 2	4,390.74	324.43	4,066.31	17.56	306.87
	Stage 3	1,672.30	988.03	684.27	558.73	429.30
	Total	**138,408.49**	**2,372.80**	**136,035.69**	**1,109.19**	**1,263.61**

45.2 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 2021	Overdue amount as on 31 March 2021	Loss Allowances (Provisions) as on 31 March 2021
106	1,672.30	1,203.98	988.03

Notes to the Ind AS financial statements for the year ended March 31, 2021
(All amounts in Lakhs of ₹ unless otherwise stated)

46 Expenditure on Corporate Social Responsibility

Particulars	March 31, 2021	March 31, 2020
(a) Gross amount required to be spent	23.54	-
(b) Amount spent:	-	-
(i) Construction/acquisition of any asset	-	-
(ii) On purpose other than (i) above	23.60	-
(c) Administrative expenses	-	-

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

	As at	
Particulars	March 31, 2021	March 31, 2020
(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 The Code on Social Security 2020 has been notified in the Official Gazette on September 29, 2020. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. Impact, if any, of the change will be assessed and accounted in the period in which said code becomes effective and the rules formed thereunder are published.

53 Figures for the previous year have been regrouped/re-classified to confirm to the figures of the current year.

54 The above financial statements have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 7 June 2021.

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

SD/-	**SD/-**
Ruchi Kalra	**Asish Mohapatra**
Whole-time director and Chief Financial Officer DIN: 03103474	Director DIN: 06666246

SD/-

Brij Kishore Kiradoo

Company Secretary
M.No.: A40347

Place: Gurugram
Date : 07 June 2021

BOARDS' REPORT

Dear Members,

Your Directors take the pleasure of presenting the Fifth Annual Report on the performance of your Company along with Audited Financial Statements of the Company for the period ended on 31st March 2021.

FINANCIAL RESULTS **Amount in Lakhs**

Particulars	As on 31st March, 2021	As on 31st March, 2020
Revenue from Operations	19,752.97	13,517.51
Other Income	4.20	1.50
Total Income	19,757.17	13,519.01
Expenses	14,375.49	10,688.82
Profit/(Loss) before tax and prior period Adjustments	5,381.68	2,830.19
Profit/(Loss) before tax	5,381.68	2,830.19
Tax Expenses	1,387.99	724.26
Profit/(Loss) for the year	**3,993.69**	**2,105.93**
Other comprehensive income/(loss) For the year	(1.23)	(1.92)
Total comprehensive profit for the year	**3,992.46**	**2,104.01**

STATE OF COMPANY'S AFFAIRS, OPERATING RESULTS AND PROFITS

During the period under review, the company has earned revenue from operation of **Rs.** 19,752.97 **lakhs** however, the company has incurred expenses of **Rs.** 14,375.49 **lakhs**. The Directors are hopeful that in view of these financial results the efforts will be enhanced by the Company for promoting its services, the business of the company would further augment in the coming years. The Company has earned Profit of the year of **Rs. 3,993.69 lakhs which is higher than previous year.**

WEB ADDRESS OF THE COMPANY

The Company is having website i.e- **https://www.oxyzo.in/**

DIVIDEND

Company has a policy of deploying the internal accruals for growth based on this the Board of Directors of the Company think it prudent not to recommend dividend for the Financial Year 2020-21.

RESERVE AND SURPLUS

During the period under review, the company has transferred Rs. 3,992.46 lakhs to Reserve and Surplus.

CAPITAL ADEQUACY

The Capital Adequacy Ratio referred under note no. 37.2 of Annual Financial Statement for March 31, 2021.

CHANGE IN NATURE OF BUSINESS

Your Company, NBFC sector (NBFC-ND) has grown in size and complexity over the years and our industry is maturing and achieving high scale, though nature of business is certain and unmodified.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

No dividend was declared during the period; hence, no unclaimed dividend was required to be transferred to Investor Education and Protection Fund in terms of Section 125 of the Companies Act, 2013.

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, extract of the Annual Return for the Financial Year ended March 31, 2021 made under the provisions of Section 92(3) of the Act and which forms part of this Report. The Extract of Annual Return is to be placed at web address of the Company i.e. https://www.oxyzo.in/

CAPITAL STRUCTURE

Authorized Share Capital:

As on the date of this report, the Authorised Share Capital of the Company is Rs. 52,01,37,440/- (Rupees Fifty-Two Crore One Lakh Thirty-Seven Thousand Four Hundred and Forty Only) divided into 5,20,13,744 (Five Crore Twenty Lakh Thirteen Thousand Seven Hundred and Forty-Four) Equity Shares of Rs. 10/- each.

Issued, Subscribed and Paid-Up Capital:

As on the date of this report, the Issued, Subscribed and Paid-up Capital of the Company is Rs. 50,10,33,880/- (Rupees Fifty Crore Ten Lakh Thirty-Three Thousand Eight Hundred and Eighty only) divided into 5,01,03,388 (Five Crore One Lakh Three Thousand Three Hundred and Eighty-Eight only) Equity shares Rs. 10/- each.

Changes in Shares Capital during the period under review
Authorized Share Capital

During the period under review and as on the date of the report the Authorised share capital of the company has been increased in following order:

Change during the period under review and till the date of report.

The Authorised Share Capital of the company was increased from Rs. 49,39,26,460/-(Rupees Forty-Nine Crore Thirty-Nine Lakh Twenty-Six Thousand Four Hundred and Sixty Only) divided into 4,93,92,646 (Four Crore Ninety-Three Lakh Ninety-Two Thousand Six Hundred and Forty-Six) Equity Share of Rs. 10/- each to Rs. 52,01,37,440/- (Rupees Fifty-Two Crore One Lakh Thirty-Seven Thousand Four Hundred and Forty Only) divided into 5,20,13,744 (Five Crore Twenty Lakh Thirteen Thousand Seven Hundred and Forty-Four) Equity Shares of Rs. 10/- each. w.e.f. October 06, 2020.

Hence, the Authorized Share capital at present is Rs. 52,01,37,440/- (Rupees Fifty-Two Crore One Lakh Thirty-Seven Thousand Four Hundred and Forty Only).

Paid-up Share Capital

As on the date of the report the Paid-up capital of company is Rs. 50,10,33,880/- (Rupees Fifty Crore Ten Lakh Thirty-Three Thousand Eight Hundred and Eighty only) divided into 5,01,03,388 (Five Crore One Lakh Three Thousand Three Hundred and Eighty-Eight only) Equity shares Rs. 10/- each.

During the period under review and as on the date of the report the Paid-up Capital of your Company has been increased in following order:

S.NO.	Date of Allotment	No. of Shares	Name of Allottee	Total Consideration
1	29.09.2021	5,11,892	OFB Tech Private Limited	14,99,99,713
2	30.09.2021	3,41,262	OFB Tech Private Limited	10,00,00,004
3	24.03.2021	6,93,353	OFB Tech Private Limited	29,99,99,976
4	30.03.2021	8,08,911	OFB Tech Private Limited	34,99,99,611

DEBT STRUCTURE AND OTHER SECURITIES

Change during the period under review and till the date of report.

1. Non- Convertible Debentures:

- Listed Non-Convertible Redeemable Debentures of Rs. 25 Crores to Bandhan Bank Limited on June 15, 2020 which are secured by first and exclusive charge on specific identified receivables and by corporate guarantee from the Holding Company, OFB Tech Private Limited. (125 units out of 250 units were redeemed on December 15, 2020, thus the amount of Rs. 12.5 Crores is outstanding during the period under review.)

- Unlisted Non-Convertible Redeemable Debentures of Rs. 23 Crores to AU Small Finance Bank Limited on June 24, 2020, which are secured by first and exclusive charge on specific identified receivables and by corporate guarantee from the Holding Company, OFB Tech Private Limited. (Face Value of Rs. 2,50,000/- per unit was redeemed out of the Total Face Value of Rs. 10,00,000/- till now, thus the outstanding amount of face value is Rs. 7,50,000/- per unit during the period under review.)

- Unlisted Non-Convertible Redeemable Debentures of Rs. 50 Crores to Bank of India on June 29, 2020, which are secured by first and exclusive charge on specific identified receivables and by corporate guarantee from the Holding Company, OFB Tech Private Limited. (Pre-redeemed on April 12, 2021)

- Listed Non-Convertible Redeemable Debentures of Rs.60 Crores to Bank of Baroda and Punjab National Bank on December 10, 2020, through EBP mode, which are secured by first and exclusive charge on specific identified receivables and by corporate guarantee from the Holding Company, OFB Tech Private Limited.

- Listed Non-Convertible Redeemable Debentures of Rs.15 Crores to Vivriti Samarth Bond Fund on December 18, 2020 which are secured by first and exclusive charge on specific identified receivables and by corporate guarantee from the Holding Company, OFB Tech Private Limited.

- Listed Non-Convertible Redeemable Debentures of Rs.10 Crores to Punjab National Bank on December 30, 2020, through EBP mode, which are secured by first and exclusive charge on specific identified receivables and by corporate guarantee from the Holding Company, OFB Tech Private Limited.

- Unlisted Non-Convertible Redeemable Debentures of Rs. 28.25 Crores to Vivriti India Impact Bond on December 31, 2020, which are secured by first and exclusive charge on specific identified receivables and by corporate guarantee from the Holding Company, OFB Tech Private Limited.

- Unlisted Non-Convertible Redeemable Debentures of Rs. 25 Crores to A.K. Capital Finance Limited on March 30, 2021, which are secured by first and exclusive charge on specific identified receivables. (Outstanding as on date is 22.22 Crore)

- Unlisted Non-Convertible Redeemable Debentures of Rs. 10 Crores to IFMR Fimpact Medium Term Opportunities Fund on January 31, 2019 were early redeemed on March 15, 2021.

- Unlisted Non-Convertible Redeemable Debentures of Rs. 20 Crores (Series-A1 of 10 crores and Series-A2 of 10 Crores) to Mr. Sachin Bansal on July 30, 2019 were early redeemed on May 06, 2020.

- Listed Non-Convertible Redeemable Debentures of Rs. 9 Crores (Series- 1) to UNIFI AIF on March 13, 2020 were redeemed on Maturity i.e. May 13, 2021.

2. Commercial Paper

- Commercial paper of Units 200 having face value of Rs 5,00,000/-each to NORTHERN ARC MONEY MARKET ALPHA TRUST on May 04 ,2020 (Redeemed at its maturity date i.e. June 29, 2020)

- Commercial Paper of Units 100 having face value of Rs 5,00,000/- each to NORTHERN ARC MONEY MARKET ALPHA TRUST on June 04, 2020. (Redeemed at its maturity date i.e. July 29, 2020)

- Commercial Paper of Units 100 having face value of Rs 5,00,000/- each to NORTHERN ARC MONEY MARKET ALPHA TRUST on June 12, 2020. (Redeemed at its maturity date i.e. August 27, 2020)

- Commercial Paper of Units 200 having face value of Rs 5,00,000/- each to NORTHERN ARC MONEY MARKET ALPHA TRUST on July 08, 2020. (Redeemed at its maturity date i.e. October 28, 2020)

- Commercial Paper of Units 140 having face value of Rs 5,00,000/- each to NORTHERN ARC MONEY MARKET ALPHA TRUST on August 05, 2020. (Redeemed at its maturity date i.e. January 28, 2021)

- Commercial Paper of Units 160 having face value of Rs 5,00,000/- each to NORTHERN ARC MONEY MARKET ALPHA TRUST on October 12, 2020. (Redeemed at its maturity date i.e. February 25, 2021)

- Commercial Paper of Units 160 having face value of Rs 5,00,000/- each to NORTHERN ARC MONEY MARKET ALPHA TRUST on October 29, 2020. (Pre-redeemed as on March 09, 2021)

3. External Commercial Borrowing

Your Company has executed Loan agreement on May 27, 2021, with Financing for Healthier Lives DAC (FHL), a SPV domiciled in Ireland (lender) to raise USD 6500,000 under automatic route with object to create specific portfolio.

Contact Details of Debenture Trustee are as under:

Particulars	Name of Debenture Trustee		
	Catalyst Trusteeship Limited	Vistra ITCL (India) Limited	IDBI Trusteeship Services Limited
Name of the Contact Person	Ms. Suhani Merchant	Mr. Amit Gurbani	Mr. Deepak Avasthi
Address	Windsor, 6th floor, Office No.604, C.S.T Road, Kalina, Santacruz (East) Mumbai-400098	The IL&FS Financial Centre, Plot No. C-22, G Block, 7th floor, Bandra Kurla Complex, Bandra (East), Mumbai- 400051	Asian Building, Ground Floor, 17. R. Kamani Marg, Ballard Estate, Mumbai – 400001
Email	Suhani.merchant@ctltrustee.com	mumbai@vistra.com	itsl@idbitrustee.com
Contact No.	022-49220555	+91-22-26593535	022 40807000

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company, being NBFC engaged in the business of financing Industrial enterprises, is exempted to comply with the provisions of Section 186 except Subsection (1) of Companies Act, 2013 as per Section 186 (11) of Act.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the transactions/contracts/arrangements of the nature as specified in Section 188(1) of the Companies Act, 2013 entered by the Company during the year under review with related party(ies) are in ordinary course of business and on arm's length. The details of such transactions/contracts/arrangements which are material in nature are contained in the Annexure-I attached hereto in form AOC-2.
The Company has formulated a Policy on Related Party Transactions and the same is available on Company's website at: www.oxyzo.in.

Salient Feature:

The Policy intends to ensure that proper approval, reporting and disclosure processes are in place for all transactions between the Company and related parties. This Policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All the Related Party Transactions entered during the financial year ended March 31, 2021 in the Ordinary Course of Business and at Arm's Length were reviewed and approved by the Audit Committee. All Related Party Transactions are placed before the Audit Committee for its review on a quarterly basis.

SUBSIDIARY COMPANIES/ JOINT VENTURE/ ASSOCIATE COMPANIES

The Company does not have any joint venture or associate companies during the period under review. The Fellow subsidiary Company is OFCONS Projects and Services Private Limited (formerly known as OFCONS Construction Private Limited) incorporated as on March 21, 2018.

OFCONS is engaged in the business of Contracting and providing all kinds of information, advertisement and business management services for various tenders, government awards, procurement of contracts and projects related to work process outsourcing and also act as a labour aggregator, facilitator, advisor, consultant on all labour matters. During the period under review there was divestment by OFCONS (fellow subsidiary) of its one layer subsidiary namely SagarAsia Universal Private Limited w.e.f. January 19, 2021.

Further, another fellow subsidiary "OAGRI Farm Private Limited (formerly known as OFB Data Technologies Private Limited)" is incorporated on May 06, 2020. It is engaged in the business of trading/dealing in agricultural commodities.

NUMBER OF MEETINGS OF THE BOARD

The Board has met Twenty-Three (23) times during the period ended on 31st March 2021 and not more than one hundred and twenty days (120) intervened between two consecutive meetings of the Board.

The List of Board Meeting is as under:
30-05-2020, 10-06-2020. 15-06-2020, 17-06-2020, 22-06-2020, 24-06-2020, 25-06-2020, 29-06-2020,05-09-2020, 19-09-2020, 25-09-2020, 29-09-2020, 30-09-2020,10-11-2020, 02-12-2020, 10-12-2020, 16-12-2020, 18-12-2020, 30-12-2020, 31-12-2020, 04-03-2021, 24-03-2021, 30-03-2021

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information under Section 134(3)(m) of The Companies Act, 2013 read with the Rule 8(3) of Companies (Accounts) Rules, 2014 for the financial year ended 31st March 2021

(A) Conservation of Energy

As Company's operations, do not involve any process of manufacture or production, no specific steps could be taken for conservation of energy.

(B) Technology Absorption

A *Research & Development*

Company is investing in analytics and artificial intelligence capabilities to

a) be able to connect to the customer in a hyper-personalised manner.

b) improve credit decision process.

c) Company is investing in building algorithms to:

i) Identify credit risk more effectively.

ii) Analyse repayment behaviors helping in rotation and cross-selling.

B *Technology Absorption, Adaptation & Innovation:*

(a) Efforts made towards technology Absorption, Adaptation & Innovation at Oxyzo:

1. Use of Lead management system to maintain and manage all the client leads
2. Use of Loan Management System to automate all pre sanction and post sanction business workflows. Essential modules like ALM, risk, hypothecation, lender management, collections etc to aid multiple teams in their operations.
3. Customer website and app where customers can request disbursements, manage ledgers, pay their dues, and manage their profile.
4. Automation of various flows across departments to increase efficiency and controls.
5. Integration with third party software as part of business workflows to enrich information or provide new offerings.

(b) Benefits derived as a result of the above efforts:

1. Technology is making business operations and expansion much easier as the cost of administration becomes lower.
2. Reduction in data errors and TAT.
3. Reduction in cost of acquiring new segments and servicing existing customers

(c) There is no Imported Technology during the period under review.

(d) There is no expenditure incurred on Research & Development during the period under review.

(C) Foreign Exchange Earnings and Outgo

There is no Foreign Earnings and outgo during the period under review.

DETAILS OF DIRECTORS, COMMITTEE AND KEY MANAGERIAL PERSON

Ruchi Kalra
CFO & WTD

Asish Mohapatra
Director

Vasant Sridhar
Director

Brij Kishore Kiradoo
Company Secretary

Rohit Kapoor
Independent Director

Sathyan David
Independent Director

Akshat Vikram Pande
Independent Director

As per Company Law and Company's Articles of Association none of the directors retire by rotation and none of directors of the Company are disqualified from being appointed as Director of the Company pursuant to Section 164 of the Companies Act, 2013 and this fact has been affirmed by the auditors in their report. Further, no changes took place in the directorship during the Financial Year 2020-21 and till the date of this report.

STATEMENT ON INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING PROFICIENCY) OF INDEPENDENT DIRECTORS

Integrity, Expertise and Experience:

Mr. Akshat Pande: Akshat is the Founder and Managing Partner of Alpha Partners, a corporate and commercial law firm based in Delhi NCR. Akshat has an experience of 15 years in the field of corporate and commercial law. He completed his law graduation from Delhi University (2005) and post-graduation from University of East Anglia, Norwich, UK (2006). He is also a member of the Institute of Company Secretaries of India (2002).

Mr. Rohit Kapoor: Rohit is currently the CEO for India & South Asia business across Hotels, Homes, LIFE & Workspaces at OYO. A seasoned professional with over 20 years of experience, Rohit has worked in various leadership positions across sales and finance in several companies such as Max India Limited and Mckinsey & Company. Prior to joining OYO, Rohit was the Executive Director & Board Member at Max Healthcare for close to 4 years. He has also been Senior Director-Strategy; Business Performance at Max. In the past, Rohit has also worked as a consultant at McKinsey& Company for close to a decade. During his tenure with McKinsey, he led client work across 7 countries in the world. He was also a coleader of campus recruitment and learning and development.

Mr. Sathyan David: Sathyan was previously the Chief General Manager, Department of Non-Banking Supervision, Reserve Bank of India and has designed regulatory frameworks over the entire NBFC sector. In 35 years with RBI, David has served as a member / chair of various committees and was RBI's Nominee Director at Indian Bank and Karur Vysya Bank. Dr David holds a Masters in Economics from the Birla Institute of Technology and Science, Pilani, a Diploma in Risk Management in Banking from INSEAD, Paris and a Doctorate in International Economics from the University of Madras.

Proficiency:

In compliance with Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014, all the IDs of the Company have registered themselves with the India Institute of Corporate Affairs (IICA), Manesar and have included their names in the databank of Independent Directors within the statutory timeline.

They have also confirmed that they will appear for the online proficiency test within a period of two year, unless exempted under Law.

Board Committees

The Board of Directors in compliance with the requirements of various laws applicable to the Company, as a part of good Corporate Governance practices and for operational convenience, has constituted several committees to deal with specific matters and has delegated powers for different functional areas to different committees.

The Board of Directors has amongst others constituted:

- Audit Committee,
- Asset Liability Management Committee,
- Risk Management Committee,
- Nomination & Remuneration Committee,
- IT Strategy Committee,
- IT Steering Committee,
- Investment Committee
- CSR Committee

Details with respect to the composition of the Committee are as follows:

AUDIT COMMITTEE:

S.No	Name of Director	Designation at Company	Designation at Committee Meeting
1	Mr. Rohit Kapoor	Independent Director	Chairman
2	Mr. Sathyan David	Independent Director	Member
3	Mr. Akshat Vikram Pande	Independent Director	Member
4	Ms. Ruchi Kalra	CFO and WTD	Member
5	Mr. Asish Mohapatra	Director	Member

NOMINATION AND REMUNERATION COMMITTEE:

S.No	Name of Director	Designation at Company	Designation at Committee Meeting
1	Mr. Akshat Vikram Pande	Independent Director	Chairman
2	Mr. Rohit Kapoor	Independent Director	Member
3	Mr. Vasant Sridhar	Director	Member
4	Mr. Asish Mohapatra	Director	Member

RISK MANAGEMENT COMMITTEE:

S.No	Name of Director	Designation at Company	Designation at Committee Meeting
1	Mr. Sathyan David	Independent Director	Chairman
2	Mr. Akshat Vikram Pande	Independent Director	Member
3	Ms. Ruchi Kalra	CFO and WTD	Member
4	Mr. Asish Mohapatra	Director	Member

ASSETS LIABILITY COMMITTEE:

S.No	Name of Director	Designation at Company	Designation at Committee Meeting
1	Ms. Ruchi Kalra	CFO and WTD	Chairperson
2	Mr. Akshat Vikram Pande	Independent Director	Member
3	Mr. Vasant Sridhar	Director	Member

IT STEERING COMMITTEE:

S.No	Name of Director	Designation at Company	Designation at Committee Meeting
1	Ms. Ruchi Kalra	WTD & CFO (Business Owner)	Chairperson
2	Mr. Dhruva Shree Agrawal	IT development- CIO and CTO	Member
3	Mr. Asish Mohapatra	Director	Member

IT STRATEGY COMMITTEE:

S.No	Name of Director	Designation at Company	Designation at Committee Meeting
1	Mr. Sathyan David	Independent Director	Chairman
2	Mr. Dhruva Shree Agrawal	IT development	CTO & CIO
3	Mr. Asish Mohapatra	Director	Member

INVESTMENT COMMITTEE:

S.No	Name of Director	Designation at Company	Designation at Committee Meeting
1	Ms. Ruch Kalra	WTD & CFO	Chairperson
2	Mr. Asish Mohapatra	Director	Member
3	Mr. Lokesh Garg	VP, Finance and Collection – Ofbusiness	Member
4	Mr. Prashant Roy Sharma	Head, Corporate Finance	Member

CSR COMMITTEE AS CONSTITUTED ON NOVEMBER 10, 2020:

S.No	Name of Director	Designation at Company	Designation at Committee Meeting
1	Mr. Asish Mohapatra	Director	Chairperson
2	Ms. Ruch Kalra	WTD & CFO	Member
3	Mr. Akshat Vikram Pande	Independent Director	Member

TERM OF REFERENCE OF THE BOARD COMMITTEES:

The term of reference of the Board Committees like Audit Committee, Nomination remuneration committee, Risk Management committee, ALCO Committee, IT Strategy committee, IT Steering Committee, Investment Committee, CSR Committee are provided in the Corporate Governance Guidelines. The Guidelines are available at the Website of the Company www.oxyzo.in.

Key Managerial Personnel ("KMP"):

During the period under review there were no changes in the KMPs of the Company. Following are the KMPs of the Company as on date of this Board's Report:.

- Ms. Ruch Kalra — Whole-time Director & Chief Financial Officer
- Mr. Brij Kishore Kiradoo — Company Secretary & Compliance Officer

Your Company has adopted a **'Policy on Selection Criteria/ "Fit & Proper" Person Criteria'** inter-alia setting out parameters to be considered for appointment of Directors and Key Managerial Personnel of the Company.

RBI DIRECTIONS

The Company continues to be classified as a Systematically Important Non-deposit taking NBFC (NBFC-ND-SI), for FY 2020-21. This subjects your Company to enhanced regulatory oversight and reporting requirements, thereby creating a stronger culture of good governance within the Company.

Your Company has complied with the provision of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 with respect to the downstream investments made by it during the year under review.

FAIR PRACTICES CODE

Your Company has in place a Fair Practice Code (FPC), which includes guidelines on the terms and conditions relating to receipt of loan applications from the prospective borrowers and processing thereof, sanction, monitoring and recovery of loans and other financial products being offered by it, the Grievances Redressal Mechanism in place etc.

COMPLIANCE WITH SECRETARIAL STANDARDS

In terms of Section 118 (10) of the Act, your company is in compliance with Secretarial Standards (SS-1) on Meetings of the Board of Directors and Secretarial Standards (SS-2) on General Meeting specified by the Institute of Company Secretaries of India constituted under Section 3 of the Company Secretaries Act, 1980.

CREDIT RATING(S)

The ICRA Limited (ICRA) and CARE Rating have assigned following ratings to your company during the period under review:

- NCD-ICRA Ltd - BBB+ Stable
- Commercial Paper - ICRA Ltd. - A2+
- Bank Lines - ICRA Ltd. - BBB+ Stable
- Market Linked Debenture - ICRA Ltd. - PP - MLD BBB+ Stable
- Other Instruments - ICRA Ltd. - A-(CE) Stable
- NCD - ICRA Ltd - A-(CE) Stable
- Bank Lines and NCD - CARE Ratings - BBB+

DECLARATION BY INDEPENDENT DIRECTOR

The independent directors have submitted the declaration of independence, as required pursuant to Section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence as provided in section 149(6) of the said Act.

PUBLIC DEPOSITS

During the year under review, your company neither accepted any deposits nor there were any amounts outstanding at the beginning of the year which were classified as 'Deposits' in terms of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 and hence, the requirement for furnishing of details of deposits which are not in compliance with the Chapter V of the Companies Act, 2013 is not applicable.

REMUNERATION POLICY, DISCLOSURE OF REMUNERATION & PARTICULARS OF EMPLOYEES

The Company being an Unlisted Company (debt listed) is exempted as per the Companies (Amendment) Act, 2020, Notification dated 28th September, 2020, Amendment Effective from 22nd January 2021, issued by the Ministry of Corporate Affairs, Govt. of India, to furnish information as required under Section 197 of the Companies Act, 2013 read with the Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The remuneration details in terms of the provisions of Rules 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as part of this report at Annexure-II.

Remuneration Policy's Salient Feature:

The Board of Directors adopted a "Remuneration Policy" inter-alia setting out the directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178 of Companies Act, 2013.

This Policy on Remuneration was prepared pursuant to Non-Banking Financial Company –Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Annex XIII and Section 178 of the Companies Act, 2013 and any other applicable provisions (including any statutory modifications or re-enactments thereof, for the time being in force). The policy was approved by the Board of Directors and made effective from 21 August 2019. The update policy is placed at OXYZO website "www.oxyzo.in"

AUDITOR AND REPORTS:

STATUTORY AUDITOR

Deloitte Haskins and Sells, Chartered Accountant (Firm Reg. No.015125N) was appointed as Statutory Auditors of the company by the Members 's consent from the conclusion of Fourth Annual General Meeting held on December 07, 2020 till the conclusion of the 8th Annual General Meeting with respect to the financial years beginning from April 1, 2020 and ending on March 31, 2024.

Statutory Auditor Report:

The Statutory auditor's in their report dated June 07 2021 on the financial statements of your Company for Financial Year ended have not submitted any reservations, qualifications, adverse remarks.

During the year under review, the Statutory Auditors have not reported any instances of fraud in the Company committed by officers or employees of the company to the Audit Committee.

SECRETARIAL AUDITOR

In terms of Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014, M/s Jhamb & Associates (ACS-41091, CP-22129) Company Secretaries has been appointed as Secretarial Auditor of the company for F.Y. 2020-21.

Secretarial Auditor Report:

M/s Jhamb & Associates, Practicing Company Secretary in their draft report on Secretarial audit of your company for the Financial Year ended March 31, 2021, has not submitted any reservations, qualifications, adverse remarks or disclaimers.

INFORMATION SYSTEM AUDIT/ TECHNOLOGY AND GENERAL CONTROL (IS AUDIT)

M/s Aumyaa Consulting Services LLP, an external agency has been appointed as the IT/IS audit of your company for F.Y. 2020-21.

IS Auditor Report:

The Information System Audit approach relies extensively on automated controls and therefore on the effectiveness of control over the IT System. The IS Auditor in their report on Information Technology and General Control of your company for the Financial Year ended March 31, 2021, identified risk based IT/IS audit scope; and assesses the inherent risk in the processes and activities of IT departments to ensure that appropriate risk management limits, control mechanisms and mitigation strategies are in place. The suggestion made by the Auditor and the compliances thereof are placed before the Board or Audit Committee for their discussion and actions.
The Board give suggestions / recommendations and control directives to mitigate the shortcomings and make the process, procedure, systems and functions more robust, accountable, reliable and compliant.

INTERNAL FINANCIAL CONTROLS

Your Company's well-defined organizational structure, documented policies, defined authority matrix and internal controls ensure the efficiency of operations, compliance with internal systems/policies and applicable laws. The Internal Control system/policies of your company are supplemented with internal audits, regular reviews by management and checks by external auditors. The Audit Committee and the Board of Directors monitor the internal control systems/policies of your company. The Risk Management Committee and/or the Audit Committee periodically review various risk associated with the business of the Company along with the risk mitigants and ensure that they have an integrated view of risks faced by the company. The Board of Directors are of the view that your Company's internal control systems are commensurate with the nature of its business, size and complexity of its operations.
In-house Internal team reviews day to day processes and Internal controls and Internal Audit Team is also assisted by an external agency on contractual basis for a predefined scope.

INTERNAL AUDIT

M/s Nucleus AAR Advisor LLP, Chartered Accountants, has been re-appointed as Internal Auditor of your company on contract basis on June 17, 2020 for F.Y.2020-21.

Internal Auditor's Report:

The Internal Audit approach relies extensively on automated controls and therefore on the effectiveness of control over overall internal System. The Auditor in their report identified risk based internal audit scope and assesses the inherent risk in the processes and activities of all departments to ensure that appropriate risk management limits, control mechanisms and mitigation strategies are in place. The suggestion made by the Auditor and the compliances thereof are placed before the Board or Audit Committee for their discussion and actions.
The Board give suggestions / recommendations and control directives to mitigate the shortcomings and make the process, procedure, systems and functions more robust, accountable, reliable and compliant.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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") is mentioned under Annexure A to the Independent Auditor's Report. (Auditor Report as part of Annual Report)

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has constituted a CSR Committee in accordance with Section 135 of the Act.
The Company primarily worked through "Ashoka Institute of Medical Sciences & Research" a Not-for-Profit Organisation towards supporting the projects to set up / or building a multi-specialty hospital for cancer & other diseases covered under schedule VII of the Act.

Silent Features of CSR policy:

The purpose of the CSR Policy is to support initiatives in areas that would maximise social welfare. The CSR Policy is aligned to company's purpose to facilitate setting up / building a multi-specialty hospital for cancer & other diseases. The CSR Policy has put in place a framework to identify the areas of focus to achieve the purposes, as stated above.

The focus areas as identified in the CSR Policy inter-alia include:

- promoting health care including preventive health care
- Any other CSR activity as allowed under Section 135 of Companies Act, 2013.

The details of the CSR Policy of the Company, its development and initiatives taken by the Company on CSR during the year as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been placed at Company website: **www.OXYZO.in**

RISK MANAGEMENT FRAMEWORK

Your Company has in place a mechanism to identify, assess, monitor and mitigate various risk associated with the business of the Company. Major risk identified by the business and functions, if any, systematically addressed through mitigating actions on a continuing basis. The Board of Directors have adopted a 'Risk Management Policy' which inter-alia integrates various elements of risk management into a unified enterprise-wide policy.
The Risk Management Committee of the Company has not identified any elements of risk which in their opinion may threaten the existence of your company.

DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

Your company promotes the ethical behavior and has put in place a mechanism for reporting illegal or unethical behavior. Your company has a "Vigil Mechanism and Whistle-blower policy" under which the employees are free to report violations of applicable laws and regulations and the code of conduct. Employees may report their genuine concerns to Ashish Kumar (HR Head). In exceptional case, the vigil mechanism shall provide direct access to the Chairperson of the Audit Committee. During the year under review, no employee was required to access to the HR Head or Audit Committee.
The details of establishment of such mechanism have been disclosed on the website- https://www.oxyzo.in/policy/whistle-blower-policy

KEY AWARD AND RECOGNITION

During the period under review, Company has been recognized as most innovative financial services company – India in the Fin Tech Award 2021 as hosted by Wealth and Finance International. This goes to prove the confidence to all employees have in your company and commends on the efforts taken by the management towards building an impeccable performance-based organization.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Consistent with its core values, your company is committed to create an environment in which all individuals are treated with respect and dignity and to promote a gender sensitive and safe work environment. Accordingly, the Board of Directors adopted a "POSH Policy" and also constituted an Internal Complaints Committee, in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.
Considering the geographic diversification throughout the country and increase in number of employees, the Board of Directors also constituted Regional Internal Complaints Committees for respective regions.

During the year under review, no complaints related to sexual harassment were received by the Internal Complaints Committee and the Regional Internal Complaints Committees.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

During the period under review, your company signify following material changes affecting the financial position of the company:

Expected Credit Losses:

The Expected Credit Loss("ECL") is a new credit loss accounting concept that replaces the current allowance for credit loss concept. The ECL focuses on estimation of expected losses over life of the loans (and other financial assets), while the current standard relies on incurred losses and/or general management estimates.

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.

Credit risk exposure and impairment loss allowance:

	As at March 31,2021		As at March 31,2020	
	Exposure	Impairment Allowance	Exposure	Impairment Allowance
Credit impaired loan assets (Default event triggered) (Stage 3)	1,672.30	988.03	832.16	574.64
Loan assets having significant increase in credit risk (Stage 2)	4,390.74	324.43	3,063.44	249.29
Other loan assets (Stage 1)	132,345.45	660.72	87,305.22	435.97
Impairment on account of COVID-19	-	399.62	-	154.12
Total	**138,408.49**	**2372.80**	**91,200.82**	**1,414.02**
An analysis of Expected credit loss rate:				
		As at March 31,2021		As at March 31,2020
Stage-1		0.50%		0.50%

Stage-2		7.39%		8.14%
Stage-3		59.08%		69.05%
Total		**1.71%**		**1.55%**

- **COVID-19 Pandemic;**

(a) 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. The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Company's performance will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by us. Reserve Bank of India (RBI) has issued guidelines dated 27 March, 2020, 17 April, 2020 and 23 May, 2020 relating to 'COVID-19 - Regulatory Package' 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 amount, EMI installments and/or interest, falling due between 01 March, 2020 and 31 August, 2020 excluding the collection already made in the month of March 2020. For all such accounts where moratorium is granted, the asset classification remained 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).

Further, 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 statements and results.

Accordingly, the provision for expected credit loss on financial assets as at 31 March 2021 aggregates Rs. 2,372.80 lakhs (as at 31 March 2020, Rs. 1,414.02 lakhs) which includes potential impact on account of the pandemic amounting to Rs. 399.62 lakhs (as at 31 March 2020, Rs. 154.12 lakhs). 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) RBI circular dated 7 April, 2021 advised all lending institutions to put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. 01 March, 2020 to 31 August, 2020 in conformity with the Supreme Court judgement dated 23 March, 2021 ("Supreme Court judgement"). Further, the circular stated that the methodology for calculation of the amount to be refunded/adjusted for different facilities shall be finalised by the Indian Banks Association ("""IBA""") in consultation with other industry participants/bodies, which shall be adopted by all lending institutions and also advised all lending institutions to disclose the aggregate amount to be refunded/adjusted in respect of their borrowers based on the above reliefs in their financial results for the year ended 31 March, 2021.

The IBA has released clarification on identification of borrowers and the calculation methodology of the amount to be refunded/adjusted in relation to compound interest/interest on interest/ penal interest vide letter CIB/ADV/MBR/9833 dated 19 April, 2021.

The Company has estimated the said amount and made a provision of Rs. 192.75 Lakhs through interest reversal in its Statement of Profit and Loss Account for the year ended 31 March, 2021."

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

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 - Regulatory Package', the Company had granted moratorium up to six months on the payment of installments which became due between 01 March 2020 and 31 August 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Company continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

Further, your company has taken all measures in disclosing the impact of the CoVID-19 pandemic on the Business and complied with all advisory Circulars issued by the Securities Exchange Board of India from time to time.

Apart from above there have been no material changes and commitments that would affect the financial position of the company in the financial year of the company to which the financial statements related and the date of the director's report.

DIRECTOR'S RESPONSIBILITY STATEMENT

To the best of our knowledge and belief and according to the information and explanations obtained by us, pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Directors hereby confirm that:

(a) in the preparation of the annual accounts for the financial year ended March 31, 2021, the applicable accounting standards had been followed and no material departures have been made from the same ;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

(e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PERFORMANCE EVALUATION

In terms of the provisions of Section 134 of the Companies Act, 2013, Performance appraisal framework was formulated by the Nomination and Remuneration Committee (NRC) and adopted by the Board. NRC has evaluated the performance of the Board as a whole and the Committees of the Board. The Board in consultation with the NRC has evaluated the performance of the Individual Directors (including Independent Directors and Non-Executive Directors). The main criteria on which the evaluations were carried out were the contribution of the Director in the various deliberations and discussions at the Board and its Committee meetings on matters related to strategy, risk, business performance and growth as well as awareness on norms relating to Corporate Governance, disclosure and legal compliances and contribution of new insights and ideas on business management and growth.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

Auditor of a company in the course of the performance of his duties as auditor, has no reason to believe that an offence of fraud involving such amounts as prescribed under the Act , has been committed in the company by its officers or employees, and no such report made to the Central Government.

Further, to apprise you that there is no such matter on which auditors have reported frauds to the audit committee or the Board but not reported to the Central Government.

SIGNIFICANT AND MATERIAL ORDER PASSED BY REGULATOR

The Whole Time Member, SEBI has passed an favorable order on November 20, 2020 under Section 15-I(3) of the SEBI Act, 1992 with regard to the Market Linked Debentures ("MLDs") issued on private placement basis by your Company.

Further, your company has complied with the relevant byelaws/regulation/circular/notices/guidelines as may be issued by the Regulatory Authority from time to time. Furthermore, there is no significant and material orders passed by the regulator or court or tribunals impacting the going concern status and Company's operations in future.

COST RECORDS

For the purposes of sub-section (1) of section 148 of the Act. The Company is neither engaged in the production of the goods or providing services as specified in the Act and nor having an overall turnover from all its products and services of rupees thirty-five crore or more during the immediately preceding financial year, hence Company is not required to include cost records for any product or services in their books of account.

PROCEEDING UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016

There is no application made or any proceeding pending under Insolvency and Bankruptcy Code, 2016, during the year.

ACKNOWLEDGEMENTS

The Directors take this opportunity to express their appreciation to all stakeholders of the Company including the Reserve Bank of India, the Ministry of Corporate Affairs, the Securities Exchange Board of India, the Government of India and other Regulatory Authorities, the BSE Limited, the Depositories, Bankers, Financial Institutions We thank our customers, business associates for their continued support during the financial year. We also place on record our sincere appreciation for the enthusiasm and commitment of Company's employees for the growth of the Company and look forward to their continued involvement and support.

For and on behalf of Board of Directors
OXYZO Financial Services Private Limited

SD/-	**SD/-**
Ruchi Kalra	**Asish Mohapatra**
CFO and WTD	**Director**
DIN:03103474	**DIN : 06666246**
Add: Shop No. G-22 C (UGF) D-1 (K-84) Green Park, Main New Delhi, South Delhi -110016	**Add: Shop No. G-22 C (UGF) D-1 (K-84) Green Park, Main New Delhi, South Delhi -110016**

Date: 07-06-2021

Place: Gurgaon, Haryana

ANNEXURE I
FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

SL.No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	**NA**
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions'	
f)	Date of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

2. Details of contracts or arrangements or transactions at Arm's length basis.

SL.No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	OFB Tech Private Limited (Holding Company), Ofcons Projects and Services Private Limited (Fellow Subsidiary) and Oagri Farm Private Limited (Fellow Subsidiary)
b)	Nature of contracts/arrangements/ transaction	• Intercompany Loan Agreement with OFB • Technical Support Agreement with OFB • Common Sharing Agreement with OFB
c)	Duration of the contracts/arrangements/transaction	As per the Agreement and as mentioned under Appendix A
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	As per Appendix A attached
e)	Date of approval by the Board	As per Appendix A
f)	Amount paid as advances, if any	N.A.

Appendix- A

1. Intercompany Loan Agreement:

The agreement was made on April 16, 2018 between OFB Tech Private Limited and OXYZO Financial Services Private Limited and salient terms of agreement are as follows:

Nature of Facility: Working Capital Loan repayable on demand.

Interest: 10%p.a.

Repayment: Interest-monthly
Principal-Repayable on demand

Term: Effective from November 01, 2017 and shall remain in full force and effect until it is terminated in accordance with the terms of Agreement.

Use of Funds: Utilized for the working capital requirement.

2. **Technical Support Agreement:**

The agreement was made on April 16, 2018 between OFB Tech Private Limited and OXYZO Financial Services Private Limited where OFB Tech Private Limited shall provide Information Technology Services to OXYZO Financial Services Private Limited w.e.f. November 01, 2017. The description of which is mentioned in the agreement.

3. **Common Sharing Agreement:**

The agreement was made on April 16, 2018 between OFB Tech Private Limited and OXYZO Financial Services Private Limited and salient terms of the agreement are as follows:

(a) Shared Services: The OXYZO Financial Services Private Limited shall use the following facilities on a cost to cost basis:

– Office space and its maintenance;

– Electricity;

– Telecommunication etc.

(b) Term: Effective from November 01, 2017 and shall remain in full force and effect until it is terminated in accordance with the terms of Agreement.

Value of Transaction:	(Amount in Lakhs)
Nature of Transaction	**Value as at 31-03-2021 (INR)**
Common Sharing Agreement (Including Technical Support) with OFB Tech Private Limited	Rs.933.24/-
Inter Company Loan Agreement with OFB Tech Private Limited	Rs.39,082.53/-
Issue of Share Capital to OFB Tech Private Limited	Rs. 8,999.99/-
Guarantee given to lenders by holding Company on behalf of the company	Rs.112,740.99/-
Transaction with Ofcons Projects and Services Private Limited (Fellow Subsidiary)	Rs.1,943.79/-
Transaction with Oagri Farm Private Limited (Fellow Subsidiary)	Rs. 23.16/-

For OXYZO Financial Services Private Limited

SD/-
Ruchi Kalra
CFO and WTD
Add: Shop No. G-22 C (UGF) D-1 (K-84)
Green Park, Main New Delhi, South Delhi -110016

SD/-
Asish Mohapatra
Director
Add: Shop No. G-22 C (UGF) D-1 (K-84)
Green Park, Main New Delhi, South Delhi -110016

Dated: June 07, 2021

Place: New Delhi

Annexure II

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF [THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGE-RIAL PERSONNEL) RULES, 2014]

The Company being an Unlisted Company (debt listed) is exempted as per the Companies (Amendment) Act, 2020, Notification dated 28th September, 2020, Amendment Effective from 22nd January 2021, issued by the Ministry of Corporate Affairs, Govt. of India, to furnish information as required under Section 197 of the Companies Act, 2013 read with the Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

In terms of the provisions of Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the name of the top ten employees in term of remuneration drawn as set out in the said Rules are being send to the members and others entitled thereto. If any, member is interested in obtaining a copy thereof, such member may write to compliance@ oxyzo.in

Further, the name of every employee, who-

(i) If employed throughout the financial year ended on March 31, 2021, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees: **NA**

(ii) If employed for a part of the financial year ended on March 31, 2021, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month: **NA**

(iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the man-aging director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company: **NA**

(iv) the percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above; **NA**

(v) whether any such employee is a relative of any director or manager of the company: **No**

For OXYZO Financial Services Private Limited

SD/- Ruchi Kalra	SD/- Asish Mohapatra
CFO and WTD	Director
DIN:03103474	DIN : 06666246
Add: Shop No. G-22 C (UGF) D-1 (K-84) Green Park, Main New Delhi, South Delhi -110016	Add: Shop No. G-22 C (UGF) D-1 (K-84) Green Park, Main New Delhi, South Delhi -110016
Dated : June 07, 2021	
Place : Gurgaon, Haryana	

Details of Debenture Trustee

PURSUANT TO REGULATION 53 (E) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

S.No.	Details of Debenture Trustee
1.	Catalyst Trusteeship Limited Office No.-83-87, 8th Floor, Mittal Tower, B Wing, Nariman Point, Mumbai, Maharashtra-400021 Tel: 022-49220506 Fax: 022-49220505 Email id: deeshatrivedi@ctltrustee.com
2.	Vistra ITCL (India) Limited Registered office: IL & FS Financial Centre, Plot No- C22, G Block, Bandra Kurla Complex, East Mumbai- 400051 Tel : +91 22 2659 3535 Fax: 912226533297 Email: Mumbai@vistra.com / dipti.jain@vistra.com
3.	IDBI Trusteeship Services Limited Address- Asian Building, Ground Floor, 17. R. Kamani Marg, Ballard Estate, Mumbai – 400001 Contact Person: Deepak Avasthi Tel.: 022 40807000 Email: itsl@idbitrustee.com

For and on behalf of Board of Directors
OXYZO Financial Services Private Limited

SD/-
Ruchi Kalra

CFO and WTD

DIN:03103474

Add: #101, 1st Floor, Vipul Agora Mall,
MG Road, Gurugram - 122001, India

SD/-
Asish Mohapatra

Director

DIN : 06666246

Add: #101, 1st Floor, Vipul Agora Mall,
MG Road, Gurugram - 122001, India

Dated : September 8, 2021

Place : Gurgaon

Related Party Disclosure

PURSUANT TO REGULATION 53 (F) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND ANNEX XIV OF RBI MASTER DIRECTION - NON-BANKING FINANCIAL COMPANY - SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016

1. The Company is in compliance with the Accounting Standard on "Related Party Disclosures"- Disclosure as required by Ind AS -24 on "Related Party Disclosure" notified under the companies (Indian Accounting Standard) Rules, 2015: **Please refer note no. 35 of Note to Account of Annual Accounts.:**

2. A. The disclosure requirements are as follows:

Sr. no.	In the accounts of	Disclosures of amounts at the year end and the maximum amount of loans/ advances/ Investments outstanding during the year.
1.	Holding Company	• Loans and advances in the nature of loans to subsidiaries by name and amount. - NIL • Loans and advances in the nature of loans to associates by name and amount- NIL • Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount. -NIL
2	Subsidiary	Same disclosures as applicable to the parent company in the accounts of subsidiary company. -NA
3.	Holding Company	Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan- NIL.

B. Disclosures of transactions of OXYZO Financial Services Private Limited with OFB Tech Private Limited, holding more than 10 % in OXYZO Financial Services Pvt. Ltd: **Please refer note no. 35 of Note to Account of Annual Accounts or Annexure – II (AOC-2) of Board report**.

For and on behalf of Board of Directors
OXYZO Financial Services Private Limited

SD/-
Ruchi Kalra
CFO and WTD
DIN:03103474
Add: #101, 1st Floor, Vipul Agora Mall, MG Road, Gurugram - 122001, India

SD/-
Asish Mohapatra
Director
DIN : 06666246
Add: #101, 1st Floor, Vipul Agora Mall, MG Road, Gurugram - 122001, India

Dated : September 8, 2021
Place : Gurgaon

Declaration by Management

Declaration by the Management under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regarding compliance with Code of Conduct.

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended time to time and other law for the time being in force, I Ruchi Kalra, CFO and WTD of the Company, hereby confirm on behalf of the Company that all Board Members and Senior Management Personnel of the Company have adhered with the Code of Conduct as applicable to them for the Financial Year ended March 31, 2021.

By order of the Board of Director
For OXYZO Financial Services Private Limited

SD/-
Ruchi Kalra
CFO and WTD
DIN: 03103474

Dated : September 8, 2021
Place: Gurgaon

JHAMB & ASSOCIATES

(Company Secretaries & Registered Valuers)

30.06.2021

To,
The Board of Directors,
OXYZO FINANCIAL SERVICES PRIVATE LIMITED
101, First Floor Vipul Agora Mall, MG Road Gurgaon 122002

Subject: **SECRETARIAL AUDIT REPORT**

Dear Sir/Madam,

With reference to the emails and management representation letter signed on 30th day of June, 2021 and on the basis of information and documents provided to us, we hereby submitting our report on secretarial audit of the Company.

Thanks & Regards
For Jhamb & Associates
(Company Secretaries & Registered Valuers)

Jhamb & Associates
New Delhi
Company Secretaries

Hitesh Jhamb
(Proprietor)
M.No.A41091
COP No. 22129

Enclosure: **Secretarial Audit Report**

Office: A-259, Defence Colony, New Delhi-110024.
Mob: +91-9953001339 / 9654080119;
E-mail: jassociates.cs@gmail.com; hiteshjhamb66@gmail.com

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
OXYZO FINANCIAL SERVICES PRIVATE LIMITED

I/We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by OXYZO FINANCIAL SERVICES PRIVATE LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my Opinion thereon.

Jhamb & Associates ★ New Delhi ★ Company Secretaries ★

Based on my/our verification of the OXYZO FINANCIAL SERVICES PRIVATE LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I/we have examined the books, papers, minute books, forms and returns filed and other records maintained by OXYZO FINANCIAL SERVICES PRIVATE LIMITED ("The Company") for the financial year ended on 31st March, 2021 according to the provisions of:

Jhamb & Associates New Delhi Company Secretaries

i. The Companies Act, 2013 (the Act) and the rules made there under;
ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA ') and the rules made there under;
iii. Specific provisions of the Depositories Act, 1996 and the Regulations and Bye-laws Framed there under;
iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings.
v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
    a. Specific provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
    b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Not applicable as the Company is not equity listed.**

c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not applicable as the Company is not equity listed.**

e. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **Not applicable upon the Company during the Financial Year under review.**

f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **Not applicable as the Company is not Registrar and Share Transfer Agent.**

h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **Not applicable as the Company is not equity listed.**

i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not applicable as no buy back of securities took place during the year under review.**

j. Other laws applicable upon the Company are:

   i. RBI Regulations for being an NBFC Company

   ii. Labour Laws

Jhamb & Associates New Delhi Company Secretaries

I/we have also examined compliance with the applicable clauses of the following:

a. Secretarial Standards issued by The Institute of Company Secretaries of India.
b. The Listing Agreements entered into by the Company with Bombay Stock Exchange(s);

During the period under review the Company has complied \vith the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Jhamb & Associates * Company Secretaries * New Delhi

I/we further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Some meetings convened at shorter notice with requisite approvals. Most notices were given by hand delivery to Directors and shareholders and few were given via e-mails.

Most decisions are carried unanimously. The dissenting members' views, if any, are captured and recorded as part of the minutes.

I/we further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance ,vith applicable laws, rules, regulations and guidelines.

Jhamb & Associates New Delhi Company Secretaries

MANAGEMENT RESPONSIBILITY

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit;
2. I have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion;
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. I have not examined any other specific laws except as mentioned above.

5. Wherever required, I have obtained the Management Representation about the compliance of laws, rules and regulation and happening of events etc;
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification thereof;
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company;

Jhamb & Associates New Delhi Company Secretaries

I/we further report that during the audit period the company has

a. Increased the Authorized Share Capital by 2,62,10,980/- (Two Crore Sixty Two Lakhs Ten Thousand Nine Hundred Eighty) from Rs. 49,39,26,460 (Forty Nine Crores Thirty Nine Lakhs Twenty Six Thousand Four Hundred Sixty) to Rs. 52,01,37,440/- (Fifty Two Crores One Lakh Thirty Seven Thousand Four Hundred Forty) during the year 2020-21 on 06.10.2020,

b. Increased the Paid up Share Capital of the Company by Rs. 2,35,54,180/- (Two Crores Thirty Five Lakhs Fifty Four Thousand One Hundred and Eighty only) from Rs. 47,74,79,700/- (Forty Seven Crores Seventy Four Lakhs Seventy Nine Thousand and Seven Hundred to Rs. 50, 10,33,880 (Fifty Crores Ten Lakhs Thirty Three Thousand Eight Hundred and Eighty) in four tranches during the year as follows:
   - Allotted 5,11,892 equity shares on 29.09.2020
   - Allotted 3,41,262 equity shares on 30.09.2020

- Allotted 6,93,353 equity shares on 24.03.2021
- Allotted 8,08,911 equity shares on 30.03.2021

c. Issued and allotted 8505 Non-Convertible Debentures in eight tranches during the period under review:

- Allotted 250 NCD on 15.06.2020 of Face Value of Rs. 10 Lakh aggregating to Rs. 25 Cr.
- Allotted 230 NCD on 24.06.2020 of Face Value of Rs. 10 Lakh aggregating to Rs. 23 Cr.
- Allotted 500 NCD on 29.06.2020 of Face Value of Rs. 10 Lakh aggregating to Rs. 50 Cr.
- Allotted 600 NCD on 10.12.2020 of Face Value of Rs. 10 Lakhs aggregating to Rs. 60 Cr.
- Allotted 1500 NCD on 18.12.2020 of Face Value of Rs. 1 Lakh aggregating to Rs. 15 Cr.
- Allotted 100 NCD on 30.12.2020 of Face Value of Rs. 10 Lakh aggregating to Rs. 10 Cr.
- Allotted 2825 NCD on 31.12.2020 of Face Value of Rs. 1 Lakh aggregating to Rs. 28.25 Cr.
- Allotted 2500 NCD on 30.03.2021 of Face Value of Rs. 1 Lakh aggregating to Rs. 25 Cr.

d. Listing:

During the year under review, following Non-Convertible Debentures (NCDs) were listed on Bombay Stock Exchange in the following pattern:

- Listed 250 units of NCD on BSE on 25.06.2020
- Listed 600 units of NCD on BSE on 14.12.2020
- Listed 1500 units of NCD on BSE on 23.12.2020
- Listed 100 units of NCD on BSE on 31.12.2020

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e. Delisting and Redemption:

200 unlisted NCDs redeemed on 06/05/2020 which were allotted in two tranches as Series A1 and A2 on 30.07.2019

100 unlisted NCDs redeemed on 15/03/2021 which were allotted on 31.01.2019

No delisting of Debentures took place during the financial year 2020-2021.

f. Issued 1060 units of Commercial papers during the year 2020-21 in seven tranches as follows:

Lender's Mane	Type of Facility	Total Amount (in Rs.)	Date of allotment	Repayment Date/Schedule
Northern Arc Money Market Alpha Trust	200	10 Cr.	May 04, 2020	June 29, 2020
Northern Arc Money Market Alpha Trust	100	5 Cr.	June 04, 2020	July 29, 2020
Northern Arc Money Market Alpha Trust	100	5 Cr.	June 12, 2020	August 27, 2020
Northern Arc Money Market Alpha Trust	200	10 Cr.	July 08, 2020	October 28, 2020
Northern Arc Money Market Alpha Trust	140	7 Cr.	August 05,2020	January 28, 2021
Northern Arc Money Market Alpha Trust	160	8 Cr.	October 12,2020	February 25, 2021
Northern Arc Money Market Alpha Trust	160	8 Cr.	October 29,2020	March 09, 2021 (Buy Back)

g. Show Cause Notice received from SEBI pursuant to the provisions of Clause 4(c) of SEBI Circular No IMD/DF/17/2011 September 28, 2011 w.r.t the Market Linked Debentures allotted by Company on 1st March, 2019 has been disposed off by SEBI vide order WTM/MPB/DDHS/145/2020. SEBI agreed that the Company has not violated the above said provisions. SEBI therefore disposed-off the Show Cause Notice without any penalty.

Further, No Show Cause Notices received from SEBI/ RBI/ ROC or RD.

h. The Company spent Rs. 23,60,000 on promoting health care activities as CSR expenditure via Ashoka Institute of Medical Sciences and Research, a Not-for-Profit Organisation on 23.03.2021.

i. Section 180 is not applicable upon the Company being a Private Company pursuant to exemptions given to the Private Company

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j. Section 185 is not applicable upon the Company being an NBFC Company pursuant to Section 185 (3)(b) of the Companies Act, 2013

k. Section 186 is not applicable upon the Company being an NBFC Company pursuant to Section 186 (11)(a) of the Companies Act, 2013 read with the Rule 11(2) of the Companies (Meeting of Board and its Powers) Rules, 2014.

l. Necessary resolution passed w.r.t. Related Party Transactions u/s 188 of the Companies Act, 2013.

m. Memorandum of Association altered during the year w.r.t. increase in Authorized Share Capital of the Company vide EGM held on 06.10.2020 whereas Articles of Association was altered to exclude the points related to Common Seal of the Company (Point No. 64 of the Articles of Association) vide EGM held on 08.03.2021.

Place: Delhi
Date: 30/06/2021
UDIN:A041091C000544726

Jhamb & Associates * Company Secretaries * New Delhi

CS HITESH JHAMB
COMPANY SECRETARY IN PRACTICE
M. NO. - A41091
CP.NO. - 22129