

# B S R & Associates LLP

Chartered Accountants

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## **Independent Auditor's Report To the Members of Oxyzo Financial Services Private Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Oxyzo Financial Services Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

### **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 Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 statements 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the



reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143(3) of the Act, 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act;
- e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- f) As per MCA notification dated 13 June 2017, the Company is exempt from the requirements of clause (i) of section 143(3) and therefore the report on adequacy and operating effectiveness of internal financial controls is not being made; and

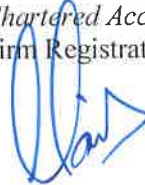
**B S R & Associates LLP**

- g) 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, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company did not have any pending litigations which would impact its financial position - refer Note 31 to the financial statements;
  - ii. The Company has made provisions, required under applicable laws or accounting standard for material foreseeable losses, if any, on long term contracts – refer Note 32 to the financial statements;
  - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company; and
  - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited financial statements for the period ended 31 March 2017 have been disclosed.

**For B S R & Associates LLP**

*Chartered Accountants*

Firm Registration No.: 116231W/W-100024



**Manish Gupta**

*Partner*

Membership No.: 095037

Place: Gurugram  
Date: 29 June 2018

**Annexure A to the Independent Auditor's Report of even date on the financial statements of Oxyzo Financial Services Private Limited**

- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and based on our examination of books of accounts, no immovable properties are owned by the Company. Hence, the provisions of paragraph 3(i)(c) of the Order are not applicable.
- (ii) The Company is a Non-Banking Financial Company (NBFC), primarily engaged in the lending business and does not hold any physical inventories. Accordingly, paragraph 3 (ii) of the Order is not applicable.
- (iii) 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 and other parties, if any, covered in the register maintained under section 189 of the Act.
- (iv) According to the information and explanations given to us and on the basis of examination of the records of the Company, the Company has not entered into any transactions related to loans, investments, guarantees and securities to which the provisions of Section 185 and Section 186 of the Act are applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employee's state insurance, income-tax, goods and services tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities, though there has been slight delays in few cases. As explained to us, the Company did not have dues on account of service tax. value added tax. duty of customs. duty of excise and cess during the year.

Also, according to the information and explanations given to us, no undisputed amount payable in respect of provident fund, employee's state insurance, income-tax, goods and services tax and other material statutory dues were in arrear as at 31 March 2018 for a period of more than six months from the date they become payable.

- (b) According to the information and explanations given to us, there are no dues of income tax and goods and services tax which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings obtained from financial institutions during the year. The Company did not have any outstanding dues to banks, government authorities and debenture holders during the year.
- (ix) According to the information and explanations given to us and our examination of the records of the Company, the term loans obtained during the year were applied for the purpose for which they were obtained. The Company has not raised money from initial public offer or further public offer (including debt instruments).
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, the provisions for managerial remuneration of Section 197 read with Schedule V to the Act is not applicable to the Company. Thus, paragraph 3(xi) of the Order is not applicable.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company, hence paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details are disclosed in financial statements as required by the applicable Accounting Standards. Further, the Company, being an unlisted private company, is not required to comply with the requirements of Section 177 of the Act.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934, and accordingly, the Company has obtained the registration certificate from the Reserve Bank of India.

*For B S R & Associates LLP*

*Chartered Accountants*

Firm Registration No: 116231 W/ W-100024

**Manish Gupta**

*Partner*

Membership No.: 095037

Place: Gurugram

Date: 29 June 2018

**Oxyzo Financial Services Private Limited**  
**Balance Sheet as at 31 March 2018**  
*(All amounts in Indian Rupees, unless otherwise stated)*

|  | Note | As at<br>31 March 2018    | As at<br>31 March 2017   |
|--|------|---------------------------|--------------------------|
| <b>EQUITY AND LIABILITIES</b>  |      |                           |                          |
| <b>Shareholders' funds</b>   |      |                           |                          |
| Share capital  | 3    | 250,000,000               | 20,000,000               |
| Reserves and surplus   | 4    | <u>2,515,963</u>          | <u>-</u>                 |
|  |      | <b>252,515,963</b>        | <b>20,000,000</b>        |
| <b>Non-current liabilities</b>   |      |                           |                          |
| Deferred tax liabilities (net)   | 5    | 562,006                   | -                        |
| Long-term provisions   | 6    | <u>1,084,218</u>          | <u>-</u>                 |
|  |      | <b>1,646,224</b>          | <b>-</b>                 |
| <b>Current liabilities</b>   |      |                           |                          |
| Short-term borrowings  | 7    | 579,200,000               | -                        |
| Trade payables   |      | -                         | -                        |
| - total outstanding dues of micro enterprises and small enterprises                      |      | -                         | -                        |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | 8    | 9,532,844                 | -                        |
| Other current liabilities  | 9    | 17,437,436                | -                        |
| Short-term provisions  | 6    | <u>1,934,018</u>          | <u>-</u>                 |
|  |      | <b>608,104,298</b>        | <b>-</b>                 |
| <b>TOTAL</b>   |      | <u><b>862,266,485</b></u> | <u><b>20,000,000</b></u> |
| <b>ASSETS</b>  |      |                           |                          |
| <b>Non-current assets</b>  |      |                           |                          |
| Property, plant and equipment  | 10   | 583,872                   | -                        |
| Long-term loans and advances   | 11   | <u>51,373,761</u>         | <u>-</u>                 |
|  |      | <b>51,957,633</b>         | <b>-</b>                 |
| <b>Current Assets</b>  |      |                           |                          |
| Cash and bank balances   | 12   | 33,113,817                | 20,000,000               |
| Short-term loans and advances  | 11   | 771,622,441               | -                        |
| Other current assets   | 13   | <u>5,572,594</u>          | <u>-</u>                 |
|  |      | <b>810,308,852</b>        | <b>20,000,000</b>        |
| <b>TOTAL</b>   |      | <u><b>862,266,485</b></u> | <u><b>20,000,900</b></u> |

Significant accounting policies and notes to the financial statements 2 - 33

The notes referred to above form an integral part of these financial statements

As per our report of even date attached

For **BSR & Associates LLP**

Chartered Accountants

Firm Registration No.: 116231W/W-100024



**Manish Gupta**

Partner

Membership No.: 095037

Place : Gurugram

Date: 29 June 2018

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



**Ruchi Kalra**

Director

DIN : 03103474

Place : Gurugram

Date: 29 June 2018



**Vasant Sridhar**

Director

DIN : 07685035

Place : Gurugram

Date: 29 June 2018



**Brij Kishore Kiradoo**

Company Secretary

M.No.: A40347

Place : Gurugram

Date: 29 June 2018



**Oxyzo Financial Services Private Limited**  
**Statement of Profit and Loss for the year ended 31 March 2018**  
*(All amounts in Indian Rupees, unless otherwise stated)*


|   | Note | For the year ended<br>31 March 2018 | For the period from<br>21 September 2016<br>to 31 March 2017 |
|---|------|-------------------------------------|--|
| <b>Revenue</b>  |      |                                     |  |
| Revenue from operations   | 14   | 36,990,348                          | -  |
| Other income  | 15   | 301,553                             | -  |
| <b>Total revenue</b>  |      | <b>37,291,901</b>                   | -  |
| <b>Expenses</b>   |      |                                     |  |
| Finance Cost  | 16   | 9,900,405                           | -  |
| Employee benefit  | 17   | 12,497,673                          | -  |
| Depreciation  | 10   | 1,653                               | -  |
| Other expenses  | 18   | 8,882,267                           | -  |
| Contingent provision for standard assets  | 19   | 2,056,737                           | -  |
| <b>Total expenses</b>   |      | <b>33,338,735</b>                   | -  |
| <b>Profit before prior period items and tax</b>   |      | <b>3,953,166</b>                    | -  |
| Prior period items  | 20   | 590,660                             | -  |
| <b>Profit before tax</b>  |      | <b>3,362,506</b>                    | -  |
| Income tax  |      |                                     |  |
| - Current tax   |      | 1,139,616                           | -  |
| - Deferred tax  | 5    | 562,006                             | -  |
| <b>Profit after tax</b>   |      | <b>1,660,884</b>                    | -  |
| Earnings per equity share [nominal value of share Rs. 10 each (previous period: Rs. 10 each)] | 21   |                                     |  |
| - Basic   |      | 0.20                                | -  |
| - Diluted   |      | 0.20                                | -  |

Significant accounting policies and notes to the financial statement: 2 - 33

The notes referred to above form an integral part of these financials statements

As per our report of even date attached

For **B S R & Associates LLP**  
Chartered Accountants  
Firm Registration No.: 116231W/W-100024


  
**Manish Gupta**  
Partner  
Membership No.: 095037

Place : Gurugram  
Date: 29 June 2018

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

  
**Ruchi Kalra**  
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**Brij Kishore Kiradoo**  
Company Secretary  
M.No.: A40347

Place : Gurugram  
Date: 29 June 2018


**Oxyzo Financial Services Private Limited**  
**Cash Flow Statement for the year ended 31 March 2018**  
*(All amounts in Indian Rupees, unless otherwise stated)*

|   | <b>For the year ended<br/>31 March 2018</b> | <b>For the period from<br/>21 September 2016<br/>to 31 March 2017</b> |
|---|---|---|
| <b>Cash flow from operating activities:</b>                     |   |   |
| <b>Profit before tax</b>  | 3,362,506                                   | -   |
| <b>Adjustment for :</b>   |   |   |
| Employee stock options expense                                  | 855,079                                     | -   |
| Depreciation  | 1,653                                       | -   |
| Contingent provisions for standard assets                       | 2,056,737                                   | -   |
| Profit on redemption of mutual funds                            | (301,553)                                   | -   |
| <b>Operating cash flow before working capital changes</b>       | <b>5,974,422</b>                            | -   |
| <b>Adjustment for working capital changes-</b>                  |   |   |
| Increase in trade payables                                      | 9,532,844                                   | -   |
| Increase in provisions  | 961,499                                     | -   |
| Increase in other current liabilities                           | 16,883,828                                  | -   |
| (Increase) in loans and advances                                | (822,770,702)                               | -   |
| (Increase) in other current assets                              | (5,572,594)                                 | -   |
| <b>Cash used in operations</b>                                  | <b>(794,990,703)</b>                        | -   |
| Income tax paid   | (1,365,116)                                 | -   |
| <b>Net cash used in operating activities (A)</b>                | <b>(796,355,819)</b>                        | -   |
| <b>Cash flow from investing activities:</b>                     |   |   |
| Purchase of property, plant and equipment                       | (31,917)                                    | -   |
| Purchase of mutual funds  | (136,000,000)                               | -   |
| Sale proceeds from mutual funds                                 | 136,301,553                                 | -   |
| <b>Net cash flow from investing activities (B)</b>              | <b>269,636</b>                              | -   |
| <b>Cash flow from financing activities:</b>                     |   |   |
| Proceeds from borrowings  | 711,700,000                                 | -   |
| Repayment of borrowings   | (132,500,000)                               | -   |
| Proceeds from issue of equity shares                            | 230,000,000                                 | 20,000,000  |
| <b>Net cash flow from financing activities (C)</b>              | <b>809,200,000</b>                          | <b>20,000,000</b>   |
| Net Increase in cash and cash equivalents (A+B+C)               | 13,113,817                                  | 20,000,000  |
| Cash and cash equivalents at beginning of year (refer Note 12)  | 20,000,000                                  | -   |
| <b>Cash and cash equivalents at end of year (refer Note 12)</b> | <b>33,113,817</b>                           | <b>20,000,000</b>   |

Note: Cash flows are reported using the indirect method in accordance with Accounting Standard-3 'Cash Flow Statements' specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014

As per our report of even date attached

For **B S R & Associates LLP**  
Chartered Accountants  
Firm Registration No.: 116231W/W-100024

  
**Manish Gupta**  
Partner  
Membership No.: 095037

Place : Gurugram  
Date: 29 June 2018

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

  
**Ruchi Kalra**  
Director  
DIN : 03103474

Place : Gurugram  
Date: 29 June 2018

  
**Vasant Sridhar**  
Director  
DIN : 07685035

Place : Gurugram  
Date: 29 June 2018

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

Place : Gurugram  
Date: 29 June 2018



**Oyzo Financial Services Private Limited**  
(All amounts in Indian Rupees, unless otherwise stated)

**Significant Accounting Policies and Notes to Financial Statements for the year ended 31 March 2018**

**1. Background**

Oyzo Financial Services Private Limited (the 'Company') is a private limited company incorporated in India on 21 September 2016 under the provisions of the Companies Act, 2013. The Company is a subsidiary of OFB Tech Private Limited and incorporated to carry on the business of financing activities.

The Company has obtained a Certificate of Registration vide Certificate No. N-14.03380 from the Reserve Bank of India ("RBI") on 18 October 2017 to commence / carry on the business of Non-Banking Finance Company ("NBFC") without accepting public deposits.

**2. Significant Accounting Policies:**

**i. Basis for preparation of financial statements**

The financial statements of the Company have been prepared and presented under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India ("GAAP") to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Master Directions – Non Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 vide Master Direction DNBR.PD.007/03.10.119/2016-17 dated 1 September 2016 ('Master Direction') issued by the Reserve Bank of India, as adopted consistently by the Company.

**ii. Use of Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses for the reporting period. Any revision to the accounting estimates is recognised prospectively in the current and future periods. Estimate and underlying assumptions are reviewed on an ongoing basis. Estimates include provisions for doubtful debts and advances, employee benefit plans, provision for income taxes. Actual results could differ from these estimates.

**iii. Current and non-current classification**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realization in case and cash equivalents, the Company has ascertained its operating cycle as less than 12 months for the purpose of current/ non-current classification of assets and liabilities.

**iv. Revenue recognition**

The Company's revenue recognition policies are in accordance with the Master Direction and Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable, as adopted consistently by the Company for income recognition. Reversal of income, necessitated by these guidelines, has been netted off from revenue from operations.



**Oxyzo Financial Services Private Limited**  
(All amounts in Indian Rupees, unless otherwise stated)

**Significant Accounting Policies and Notes to Financial Statements for the year ended 31 March 2018**

***Interest Income from financing activities:***

Interest income from loans disbursed is accounted for by applying the Internal Rate of Return (IRR), implicit in the agreement, on the diminishing balance of the financed amount, over the period of the agreement so as to provide a constant periodic rate of return on the net investment outstanding on the contracts on accrual basis except for non-performing assets, in respect of which income is recognised when received in accordance with the Master Direction of the RBI. No income is accrued on accounts delinquent for more than 90 days.

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

***Processing fees and service fees***

Processing fees and service fee charged on loans are recognised upfront on accrual basis.

***Gain/ loss on redemption of Investment:***

Gain or loss on redemption of investments is determined based on the weighted average cost of the investments redeemed.

**v. Provisioning for standard assets and non-performing assets**

Provisions for standard and non-performing assets are recognized in accordance with the Master Direction. The provision estimate based on DPD (Days Past Due) are as below:

| Asset Classification | Overdue (in days) | % of provision   |
|----------------------|-------------------|--|
| Standard assets      | 0 – 90 days       | 0.25%  |
| Sub-standard assets  | 91 – 455 days     | 10%  |
| Doubtful 1           | 456 – 820 days    | - 100% provision to the extent to which the advance is not covered by the realizable value of security<br>- 20% on secured portion |
| Doubtful 2           | 821 – 1550 days   | - 100% provision to the extent to which the advance is not covered by the realizable value of security<br>- 30% on secured portion |
| Doubtful 3           | > 1551 days       | - 100% provision to the extent to which the advance is not covered by the realizable value of security<br>- 50% on secured portion |

Further, specific provisions are also recognized based on the management's best estimate of the recoverability on non-performing assets.

**vi. Expenditure**

***Interest Expense***

Interest on borrowings is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowing.

***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 other entity. The cost allocated to the Company under cost sharing arrangement are included under the head other expenses and employee benefits. The cost allocated



**Oxyzo Financial Services Private Limited**  
(All amounts in Indian Rupees, unless otherwise stated)

**Significant Accounting Policies and Notes to Financial Statements for the year ended 31 March 2018**

to other entity under the arrangement are shown as recoverable from respective entity. Amount charged from other entity is reduced from respective expense.

**vii. Employee benefits**

The Company's obligations towards various employee benefits has been recognized as follows:

*Short-term employee benefits*

All employee benefits payable/ available within twelve months of rendering the service are classified as short-term employee benefits. 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.

*Defined contribution plan*

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.

*Defined benefit plan*

The Company's Gratuity plan is a defined benefit plans. The present value of obligations under such a defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

*Other long-term benefits – Compensated absences*

Entitlements to earned leaves are recognized when they accrue to employees. Any excess over the maximum number of accumulated leaves entitlement days subject to mandatory lapse days is encashed at applicable basic pay rate. Balance leaves, if any can be encashed at the time of retirement/ termination of employment. The Company determines the liability for such accumulated leave entitlements on the basis of actuarial valuation as at the year end.

**viii. Employees Stock Option Scheme**

The Company accounts of employee stock option based compensation as per the guidance note on share based payment under intrinsic value method. The guidance note also applies to transfer to stock options of the parent of the Company to the employees of the Company. 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.



**Oxyzo Financial Services Private Limited**  
**(All amounts in Indian Rupees, unless otherwise stated)**

**Significant Accounting Policies and Notes to Financial Statements for the year ended 31 March 2018**

**ix. Fixed assets and depreciation**

*Property, plant and equipment*

Property, plant and equipment are carried at cost of acquisition less accumulated depreciation. The cost of an item of property, plant and equipment comprises its purchase price, including non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures related to an item of property, plant and equipment are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values, over their estimated useful lives as determined under Part C of Schedule II of the Companies Act, 2013, using the straight line method, and is recognised in the statement of profit and loss. Management believes that the useful lives as determined under Part C of Schedule II represent the period over which management expects to use such assets.

In case of assets transferred from holding company to subsidiary company during the year, the useful lives are arrived by deducting the life of assets already used from the total useful lives prescribed under Part C of schedule II of the Companies Act, 2013.

**x. Impairment of Assets**

The carrying amounts of assets are reviewed at each balance sheet date in accordance with Accounting Standard 28 'Impairment of Assets', to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

**xi. Investments**

Investments are classified into current or non-current based on the intent on the management at the time of making the investment. Investments intended to be held for more than one year are classified as non-current investment. Current investments, other than investments in unquoted mutual funds, are valued at lower of cost and market value. Investments in unquoted mutual funds in the nature of current investments are valued at net asset value declared by the respective funds as at the Balance Sheet date. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to Statement of Profit and Loss; appreciation, if any, is recognised at the time of sale, except investments in current unquoted mutual fund on which appreciation is recognised based on the net asset value.

Non-current investments are valued at cost unless there is diminution, other than temporary, in their value. Diminution is considered other than temporary based on criteria that include the extent to which cost exceeds the market value, the duration of the market value decline and the financial health and specific prospects of the issuer.

**xii. Earnings per share**

Basic Earnings per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average





**Oxyzo Financial Services Private Limited**  
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**Significant Accounting Policies and Notes to Financial Statements for the year ended 31 March 2018**

number of equity and dilutive potential equity shares outstanding during the year, except where the results would be anti-dilutive.

**xiii. Current and deferred tax**

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized only to the extent that there is a reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written - up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

**xiv. Provisions, contingent liabilities and contingent assets**

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis. Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

**xv. Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and fixed deposits with original maturity of three months or less.



**Oxyzo Financial Services Private Limited**  
**Notes to financial statements for the year ended 31 March 2018**  
*(All amounts in Indian Rupees, unless otherwise stated)*

| 3 Share capital                             | As at 31 March 2018 |                    | As at 31 March 2017 |                   |
|---|---------------------|--------------------|---------------------|-------------------|
|   | Number of shares    | Amount             | Number of shares    | Amount            |
| <b>Authorised</b>                           |                     |                    |                     |                   |
| Equity shares of Rs. 10 each                | 25,000,000          | 250,000,000        | 5,000,000           | 50,000,000        |
|   | <b>25,000,000</b>   | <b>250,000,000</b> | <b>5,000,000</b>    | <b>50,000,000</b> |
| <b>Issued, subscribed and fully paid-up</b> |                     |                    |                     |                   |
| Equity shares of Rs. 10 each, fully paid up | 25,000,000          | 250,000,000        | 2,000,000           | 20,000,000        |
|   | <b>25,000,000</b>   | <b>250,000,000</b> | <b>2,000,000</b>    | <b>20,000,000</b> |

**(a) Reconciliation of number and amount of equity shares outstanding at the beginning and end of the year**

|  |                   |                    |                  |                   |
|--|-------------------|--------------------|------------------|-------------------|
| Balance at the beginning of the year/ period     | 2,000,000         | 20,000,000         | -                | -                 |
| Adj: issued during the year/ period              | 23,000,000        | 230,000,000        | 2,000,000        | 20,000,000        |
| <b>Balance as at the end of the year/ period</b> | <b>25,000,000</b> | <b>250,000,000</b> | <b>2,000,000</b> | <b>20,000,000</b> |

**(b) The rights, preferences and restrictions to equity shares**

The Company has a single class of equity shares having a par value of Rs. 10 per share (previous period Rs. 10 per share). Each holder of equity share is entitled to one vote per share in proportion of the share of the paid-up capital of the Company held by the shareholder. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after discharging all liabilities of the Company, in proportion to their shareholding.

**(c) Equity shares held by the holding company**

| Name  | As at 31 March 2018 |           | As at 31 March 2017 |           |
|---|---------------------|-----------|---------------------|-----------|
|   | No. of shares       | % holding | No. of shares       | % holding |
| OFB Tech Private Limited (holding company)* | 25,000,000          | 100.00%   | 2,000,000           | 100.00%   |

**(d) Detail of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| Name  | As at 31 March 2018 |           | As at 31 March 2017 |           |
|---|---------------------|-----------|---------------------|-----------|
|   | No. of shares       | % holding | No. of shares       | % holding |
| OFB Tech Private Limited (including shares held by nominees)* | 25,000,000          | 100.00%   | 2,000,000           | 100.00%   |

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

**4 Reserves and surplus**

|  | As at 31 March 2018 | As at 31 March 2017 |
|--|---------------------|---------------------|
| <b>Capital reserve (Employee stock options outstanding account)</b>  |                     |                     |
| Opening balance  | -                   | -                   |
| Add: transferred during the year/ period                             | 855,079             | -                   |
| Closing balance  | <b>855,079</b>      | -                   |
| <b>Statutory reserve under section 45-1C of the RBI Act, 1934*</b>   |                     |                     |
| Opening balance  | -                   | -                   |
| Add: transfer from surplus in the statement of profit and loss       | 332,177             | -                   |
|  | <b>332,177</b>      | -                   |
| <b>Surplus/(deficit) in a statement of profit and loss</b>           |                     |                     |
| Opening balance  | -                   | -                   |
| Add: Profit for the year/ period                                     | 1,660,884           | -                   |
| Less: transfer to reserve fund as per section 45-1C of RBI Act, 1934 | (332,177)           | -                   |
| Closing balance  | <b>1,328,707</b>    | -                   |
|  | <b>2,515,963</b>    | -                   |

\*Statutory reserve represents the reserve fund created under Section 45-1C of the Reserve Bank of India Act, 1934 (RBI Act). Under Section 45-1C of the RBI Act, a company is required to transfer sum not less than twenty percent of its net profit every year. Accordingly, the Company has transferred Rs. 332,177 (previous year Nil) being twenty percent of net profit for the financial year to the statutory reserve. The statutory reserve can be utilised for the purposes as specified by the Reserve Bank of India from time to time.





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**Notes to financial statements for the year ended 31 March 2018**  
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| <b>5 Deferred tax liabilities (net)</b>   | <b>As at<br/>31 March 2018</b> | <b>As at<br/>31 March 2017</b> |
|---|--------------------------------|--------------------------------|
| <b>Deferred tax assets on</b>   |                                |                                |
| Provision for gratuity  | 18,536                         | -                              |
| Provision for compensated absences  | 52,577                         | -                              |
| Contingent provision for standard assets  | 529,610                        | -                              |
| <b>Total deferred tax assets</b>  | <b>600,723</b>                 | <b>-</b>                       |
| <b>Deferred tax liabilities</b>   |                                |                                |
| Difference between written down value of fixed assets as per Income-tax Act, 1961 and Companies Act, 2013 | 29,729                         | -                              |
| Unamortised processing fees on borrowings   | 1,133,000                      | -                              |
| <b>Total deferred tax liabilities</b>   | <b>1,162,729</b>               | <b>-</b>                       |
| Net deferred tax liabilities recognised in the financial statements                                       | <b>562,006</b>                 | <b>-</b>                       |

| <b>6 Provisions</b>                                | <b>Non-current</b>             |                                | <b>Current</b>                 |                                |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|  | <b>As at<br/>31 March 2018</b> | <b>As at<br/>31 March 2017</b> | <b>As at<br/>31 March 2018</b> | <b>As at<br/>31 March 2017</b> |
| <b>Provision for employee benefits:</b>            |                                |                                |                                |                                |
| Provision for gratuity (refer Note 25)             | 756,539                        | -                              | 779                            | -                              |
| Provision for compensated absences (refer Note 25) | 199,808                        | -                              | 4,373                          | -                              |
| <b>Others:</b>                                     |                                |                                |                                |                                |
| Contingent provisions for standard assets          | 127,871                        | -                              | 1,928,866                      | -                              |
|  | <b>1,084,218</b>               | <b>-</b>                       | <b>1,934,018</b>               | <b>-</b>                       |

| <b>7 Short term borrowings</b>               | <b>As at<br/>31 March 2018</b> | <b>As at<br/>31 March 2017</b> |
|--|--------------------------------|--------------------------------|
| <b>Term loans* (secured)</b>                 |                                |                                |
| From other parties                           | 550,000,000                    | -                              |
| <b>Loan from related party** (unsecured)</b> |                                |                                |
| OFB Tech Private Limited                     | 29,200,000                     | -                              |
|  | <b>579,200,000</b>             | <b>-</b>                       |

\* The Company had obtained the following secured short term loans from financial institutions:

(a) Facility from Northern Arc Capital Limited (formerly known as IFMR Capital Finance Limited) at an interest rate of 13.50% p.a. repayable within 12 months from every drawdown. The loan was supported by exclusive first charge on portfolio of receivables covering 1.10 times of the principal. Further, loan is guaranteed by OFB Tech Private Limited, holding company.

(b) Facility of Rs. 100,000,000 from Avanse Financial Services Limited at an interest rate of 12.95% p.a. repayable within 12 months from date of drawdown. The loan was supported by exclusive first charge on portfolio of receivables covering 1.10 times of the principal. Further, loan is guaranteed by OFB Tech Private Limited, holding company

\*\* Unsecured short-term borrowings repayable on demand from holding company, at an interest rate of 10 % p.a.

| <b>8 Trade payables*</b>   | <b>As at<br/>31 March 2018</b> | <b>As at<br/>31 March 2017</b> |
|--|--------------------------------|--------------------------------|
| Total outstanding dues of micro enterprises and small enterprises                      | -                              | -                              |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 9,532,844                      | -                              |
|  | <b>9,532,844</b>               | <b>-</b>                       |

| <b>9 Other current liabilities</b>         | <b>As at<br/>31 March 2018</b> | <b>As at<br/>31 March 2017</b> |
|--|--------------------------------|--------------------------------|
| Loans pending disbursement                 | 10,906,989                     | -                              |
| Interest accrued but not due on borrowings | 3,601,736                      | -                              |
| Capital creditors                          | 553,608                        | -                              |
| Statutory dues payable                     | 2,115,391                      | -                              |
| Employee related payables                  | 259,712                        | -                              |
|  | <b>17,437,436</b>              | <b>-</b>                       |

\* The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should maintain in their correspondence with its customers, the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information received and available with the Company, there are no amounts payable to Micro and Small Enterprises as at 31 March 2018 and 31 March 2017.



**Oxyzo Financial Services Private Limited**  
**Notes to financial statements for the year ended 31 March 2018**  
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**10 Fixed assets**

| Asset description             | Gross block           |           |                       |                        | Depreciation          |                    |                       | Net block              |
|-------------------------------|-----------------------|-----------|-----------------------|------------------------|-----------------------|--------------------|-----------------------|------------------------|
|                               | As at<br>1 April 2017 | Additions | Sales/<br>Adjustments | As at<br>31 March 2018 | As at<br>1 April 2017 | During the<br>year | Upto<br>31 March 2018 | As at<br>31 March 2018 |
| Property, plant and equipment | -                     | 585,525   |                       | 585,525                | -                     | 1,653              | 1,653                 | 583,872                |
| Computers and other equipment | -                     | 585,525   | -                     | 585,525                | -                     | 1,653              | 1,653                 | 583,872                |



**Oxyzo Financial Services Private Limited**  
**Notes to financial statements for the year ended 31 March 2018**  
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|   | Non-current            |                        | Current                |                        |
|---|------------------------|------------------------|------------------------|------------------------|
|   | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>31 March 2018 | As at<br>31 March 2017 |
| <b>11 Loans and advances</b>  |                        |                        |                        |                        |
| <i>To parties other than related parties</i>  |                        |                        |                        |                        |
| Loans - secured   | -                      | -                      | 98,903,293             | -                      |
| Loans - unsecured   | 51,148,261             | -                      | 672,643,140            | -                      |
| Prepaid expenses  | -                      | -                      | 62,442                 | -                      |
| Advance tax and tax deducted at source [net of provision for tax Rs. 1,139,616 (previous year NIL)] | 225,500                | -                      | -                      | -                      |
| Advance to employees  | -                      | -                      | 13,566                 | -                      |
|   | <b>51,373,761</b>      | <b>-</b>               | <b>771,622,441</b>     | <b>-</b>               |
| <b>12 Cash and bank balances</b>  |                        |                        | As at<br>31 March 2018 | As at<br>31 March 2017 |
| Cash and cash equivalents   |                        |                        |                        |                        |
| - On current account balances with  |                        |                        | 33,113,817             | 20,000,000             |
|   |                        |                        | <b>33,113,817</b>      | <b>20,000,000</b>      |
| <b>13 Other current assets</b>  |                        |                        | As at<br>31 March 2018 | As at<br>31 March 2017 |
| Unamortised processing fees on  |                        |                        | 4,400,000              | -                      |
| Other recoverables from related party (OFB Tech Private Limited)                                    |                        |                        | 1,172,594              | -                      |
|   |                        |                        | <b>5,572,594</b>       | <b>-</b>               |



**Oxyzo Financial Services Private Limited**  
**Notes to financial statements for the year ended 31 March 2018**  
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|  | <b>For the year ended<br/>31 March 2018</b> | <b>For the period from<br/>21 September 2016<br/>to 31 March 2017</b> |
|--|---|---|
| <b>14 Revenue from operations</b>              |   |   |
| <b>Interest income</b>                         |   |   |
| Interest from financing activities             | 29,043,205                                  | -   |
| <b>Other financial services income</b>         |   |   |
| Processing fees                                | 7,754,900                                   | -   |
| Other fees                                     | 192,243                                     | -   |
|  | <b>36,990,348</b>                           | <b>-</b>  |
| <b>15 Other income</b>                         |   |   |
| Profit on redemption of mutual funds           | 301,553                                     | -   |
|  | <b>301,553</b>                              | <b>-</b>  |
| <b>16 Finance cost</b>                         |   |   |
| Interest on loan                               | 9,300,405                                   | -   |
| Processing fees on loans                       | 600,000                                     | -   |
|  | <b>9,900,405</b>                            | <b>-</b>  |
| <b>17 Employee benefits expense</b>            |   |   |
| Salaries and wages                             | 11,136,644                                  | -   |
| Employee stock options expense (refer Note 26) | 855,079                                     | -   |
| Contribution to Provident and other funds      | 157,389                                     | -   |
| Gratuity (refer Note 25)                       | 71,983                                      | -   |
| Compensated absences                           | 204,181                                     | -   |
| Staff welfare expenses                         | 72,397                                      | -   |
|  | <b>12,497,673</b>                           | <b>-</b>  |
| <b>18 Other expenses</b>                       |   |   |
| Rates and taxes                                | 2,602,728                                   | -   |
| Legal and professional charges                 | 597,755                                     | -   |
| Business promotion expenses                    | 605,000                                     | -   |
| Travelling and conveyance                      | 271,314                                     | -   |
| Telephone expenses                             | 39,494                                      | -   |
| Payments to the auditor                        |   |   |
| - Statutory audit                              | 375,000                                     | -   |
| - Tax audit                                    | 75,000                                      | -   |
| Technical support services                     | 2,021,460                                   | -   |
| Business auxiliary services                    | 2,221,332                                   | -   |
| Insurance expenses                             | 5,109                                       | -   |
| Bank charges                                   | 6,979                                       | -   |
| Printing and stationery                        | 35,461                                      | -   |
| Miscellaneous expenses                         | 25,635                                      | -   |
|  | <b>8,882,267</b>                            | <b>-</b>  |



**Oxyzo Financial Services Private Limited**  
**Notes to financial statements for the year ended 31 March 2018**  
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|  | <b>For the year ended<br/>31 March 2018</b> | <b>For the period from<br/>21 September 2016<br/>to 31 March 2017</b> |
|--|---|---|
| <b>19 Contingent provision for standard assets</b> |   |   |
| Contingent provision against standard asset        | 2,056,737                                   | -   |
|  | <b>2,056,737</b>                            | <b>-</b>  |
| <b>20 Prior period items</b>                       |   |   |
| Pre-incorporation expenses                         | 590,660                                     | -   |
| <b>Total</b>                                       | <b>590,660</b>                              | <b>-</b>  |







**Oxyzo Financial Services Private Limited**  
**Notes to financial statements for the year ended 31 March 2018**  
*(All amounts in Indian Rupees, unless otherwise stated)*

| (c) <i>Transactions with related parties</i>                      | For the year ended<br>31 March 2018 |                             | For the period from<br>21 September 2016 to 31 March 2017 |                             |
|---|-------------------------------------|-----------------------------|---|-----------------------------|
|   | Holding company                     | Key managerial<br>personnel | Holding company   | Key managerial<br>personnel |
| Issue and allotment of equity share capital                       | 230,000,000                         | -                           | 20,000,000  | -                           |
| Purchases of property, plant and equipment                        | 553,608                             | -                           | -   | -                           |
| Interest expense  | 2,134,120                           | -                           | -   | -                           |
| Pre-incorporation expenses (prior period)                         | 590,660                             | -                           | -   | -                           |
| Technical support services (cost allocation received)             | 2,021,460                           | -                           | -   | -                           |
| Business auxiliary services (cost allocation received)            | 2,221,332                           | -                           | -   | -                           |
| Employee costs and reimbursements (cost allocation received)      | 4,292,986                           | -                           | -   | -                           |
| Employee costs and reimbursements received (cost allocation made) | 1,172,594                           | -                           | -   | -                           |
| Payments on behalf of borrowers                                   | 435,732,967                         | -                           | -   | -                           |
| Loan taken  | 161,700,000                         | -                           | -   | -                           |
| Loan repaid   | 132,500,000                         | -                           | -   | -                           |
| <b>Managerial remuneration*</b>                                   |                                     |                             |   |                             |
| Ruchi Kalra   | -                                   | 1,250,000                   | -   | -                           |
| Dhaval Radia  | -                                   | 1,841,665                   | -   | -                           |
| Vasant Sridhar  | -                                   | 283,333                     | -   | -                           |
| <b>Employee stock options expense</b>                             |                                     |                             |   |                             |
| Vasant Sridhar  | -                                   | 78,136                      | -   | -                           |
| Dhaval Radia  | -                                   | 672,424                     | -   | -                           |

(d) *Balances outstanding as at year end*

|                              |            |   |   |   |
|------------------------------|------------|---|---|---|
| Trade payables               | 8,779,232  | - | - | - |
| Capital creditors            | 553,608    | - | - | - |
| Interest accrued but not due | 1,920,708  | - | - | - |
| Other recoverables           | 1,172,594  | - | - | - |
| Loans outstanding            | 29,200,000 | - | - | - |

\* It Does not include gratuity and compensated absences as they are provided based on Company as a whole

**25 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. The amount recognized as an expense towards contribution to Employees' Provident Fund and Employees' State Insurance schemes is Rs. 152,672 (previous year Nil) and Rs. 4,715 respectively (previous year Nil).

(b) *Defined benefit plans*

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



**Oxyzo Financial Services Private Limited**  
**Notes to financial statements for the year ended 31 March 2018**  
*(All amounts in Indian Rupees, unless otherwise stated)*

**26 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 7 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 entitle to shares of OFB.

Employee stock compensation expense for stock options during the year ended 31 March 2018 amounts to Rs. 855,079 (previous year Nil.)

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

| Vesting schedule (from the date of grant)  | Date of grant | No. of options granted | Exercise price (in Rs.) |
|--|---------------|------------------------|-------------------------|
| 40% on completion of first year (month end)<br>20% during the second year (various dates)<br>20% during the third year (various dates)   | 08-Apr-16     | 15                     | 10                      |
| 25% on completion of first year (month end)<br>25% on completion of second year (month end)<br>25% on completion of third year (month end)<br>25% on completion of fourth year (month end) | 08-Apr-16     | 4                      | 10                      |
| 25% on completion of first year (month end)<br>25% on completion of second year (month end)<br>25% on completion of third year (month end)<br>25% on completion of fourth year (month end) | 08-Apr-17     | 40                     | 10                      |
| 25% on completion of first year<br>25% on completion of second year<br>25% on completion of third year<br>25% on completion of fourth year   | 28-Feb-18     | 12                     | 10                      |
| 35.33% on completion of second year<br>33.33% on completion of third year<br>33.33% on completion of fourth year   | 28-Feb-18     | 3                      | 204,767                 |
| 50% on completion of second year<br>50% on completion of fourth year   | 28-Feb-18     | 8                      | 204,767                 |
| 100% on completion of fourth year  | 28-Feb-18     | 1                      | 204,767                 |

Stock option activity during the year is as follows:

| Particulars   | 31 March 2018                 |  | 31 March 2017                 |  |
|---|-------------------------------|--|-------------------------------|--|
|   | 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/ period  | -                             | -  | -                             | -  |
| Granted during the year/ period #   | 83                            | 29,613                                   | -                             | -  |
| Exercised during the year/ period   | -                             | -  | -                             | -  |
| Vested during the year  | 9                             | 10                                       | -                             | -  |
| Outstanding at the end of the year/ period  | 74                            | 29,612                                   | -                             | -  |
| Exercisable at the end of the year/ period  | 9                             | 10                                       | -                             | -  |
| Weighted average remaining contractual life of the options outstanding at the end of the year/ period | 10.10 years                   |  | -                             | -  |

# includes 67 options transferred to the Company pursuant to transfer of employees from OFB



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The Company accounts of employee stock option based compensation under intrinsic value method as per the Guidance Note on "Accounting for Employee Share-based Payments" ("Guidance Note"), issued by the Institute of Chartered Accountants of India ("ICAI"). Accordingly, 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. Had the compensation cost of employee stock options been determined based on fair value approach as described by the Guidance note, the Company's net profit after tax and basic and diluted earning per share would have been as per the proforma amount shown below:

| Particulars   | For the year ended<br>31 March 2018 | For the period from<br>21 September 2016<br>to 31 March 2017 |
|---|-------------------------------------|--|
| Net profit as reported  | 1,660,884                           | -  |
| Add: Employee stock options expense included in reported net profit/ (loss)   | 855,079                             | -  |
| Less: Employee stock options expense determined under fair value based method | (876,389)                           | -  |
| Pro forma net profit/ (loss)  | 1,639,573                           | -  |
| Earning per share   |                                     |  |
| As reported - Basic   | 0.20                                | -  |
| As reported - Diluted   | 0.20                                | -  |
| Adjusted pro forma - Basic  | 0.20                                | -  |
| Adjusted pro forma - Diluted  | 0.20                                | -  |

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

| Particulars                         | 08-Apr-16 | 08-Apr-17 | 28-Feb-18 | 28-Feb-18 |
|-------------------------------------|-----------|-----------|-----------|-----------|
| Fair value of options at grant date | 53,187    | 80,615    | 152,052   | 69,391    |
| Fair value of share at grant date   | 53,193    | 80,621    | 152,058   | 152,058   |
| Exercise price                      | 10        | 10        | 10        | 204,767   |
| Expected volatility                 | 43.05%    | 41.16%    | 41.16%    | 41.16%    |
| Option life                         | 9.08      | 10.08     | 10.91     | 10.91     |
| Dividend yield                      | 0%        | 0%        | 0%        | 0%        |
| Risk free interest rate             | 7.47%     | 6.64%     | 7.51%     | 7.51%     |



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**27 Schedule to the Balance Sheet of a Non-Banking Financial Company as required in terms of paragraph 18 of the Master Direction**

| Particulars   | As at 31 March 2018 |                | As at 31 March 2017 |                |
|---|---------------------|----------------|---------------------|----------------|
|   | Rupees              |                | Rupees              |                |
| Liabilities Side:   | Amount out-standing | Amount overdue | Amount out-standing | Amount overdue |
| 1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid |                     |                |                     |                |
| a) Debentures : Secured   | -                   | -              | -                   | -              |
| : Unsecured<br>(Other than falling within the meaning of public)  | -                   | -              | -                   | -              |
| b) Deferred Credits   | -                   | -              | -                   | -              |
| c) Term Loans   | 551,681,028         | -              | -                   | -              |
| d) Inter-corporate loans and borrowing  | 31,120,708          | -              | -                   | -              |
| e) Commercial Paper   | -                   | -              | -                   | -              |
| f) Public deposits  | -                   | -              | -                   | -              |
| g) Other Loans (specify nature)   | -                   | -              | -                   | -              |
| 2) Break-up of (1)(f) above (Outstanding public deposits 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 Outstanding  |                | Amount Outstanding  |                |
| 3) Break-up of loans and Advances including bills receivables [Other than those included in (4) below]:               |                     |                |                     |                |
| a) Secured  |                     | 98,903,293     |                     | -              |
| b) Unsecured  |                     | 723,791,401    |                     | -              |
| 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) Loans where assets have been repossessed   |                     | -              |                     | -              |
| b) Loans other than (a) above   |                     | -              |                     | -              |
| 5) Break-up of Investments:   |                     |                |                     |                |
| <b>Current Investments:</b>   |                     |                |                     |                |
| <b>1. Quoted:</b>   |                     |                |                     |                |
| (i) Shares: (a) Equity  |                     | -              |                     | -              |
| (b) Preference  |                     | -              |                     | -              |
| (ii) Debentures and Bonds   |                     | -              |                     | -              |
| (iii) Units of mutual funds   |                     | -              |                     | -              |
| (iv) Government Securities  |                     | -              |                     | -              |
| (v) Others (please specify)   |                     | -              |                     | -              |
| <b>2. Unquoted:</b>   |                     |                |                     |                |
| (i) Shares: (a) Equity  |                     | -              |                     | -              |
| (b) Preference  |                     | -              |                     | -              |
| (ii) Debentures and Bonds   |                     | -              |                     | -              |
| (iii) Units of mutual funds   |                     | -              |                     | -              |
| (iv) Government Securities  |                     | -              |                     | -              |
| (v) Others (please specify)   |                     | -              |                     | -              |
| <b>Long Term Investments:</b>   |                     |                |                     |                |
| <b>1. Quoted:</b>   |                     |                |                     |                |
| (i) Shares: (a) Equity  |                     | -              |                     | -              |
| (b) Preference  |                     | -              |                     | -              |
| (ii) Debentures and Bonds   |                     | -              |                     | -              |
| (iii) Units of mutual funds   |                     | -              |                     | -              |
| (iv) Government Securities  |                     | -              |                     | -              |
| (v) Others (please specify)   |                     | -              |                     | -              |
| <b>2. Unquoted:</b>   |                     |                |                     |                |
| (i) Shares: (a) Equity  |                     | -              |                     | -              |
| (b) Preference  |                     | -              |                     | -              |
| (ii) Debentures and Bonds   |                     | -              |                     | -              |
| (iii) Units of mutual funds   |                     | -              |                     | -              |
| (iv) Government Securities  |                     | -              |                     | -              |
| (v) Others (please specify)   |                     | -              |                     | -              |



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

| Category                             | As at 31 March 2018      |                    |                    | As at 31 March 2017      |           |       |
|--------------------------------------|--------------------------|--------------------|--------------------|--------------------------|-----------|-------|
|                                      | Rupees                   |                    |                    | Rupees                   |           |       |
|                                      | Amount net of provisions |                    |                    | Amount net of provisions |           |       |
|                                      | Secured                  | Unsecured          | Total              | Secured                  | Unsecured | Total |
| <b>1. Related Parties</b>            |                          |                    |                    |                          |           |       |
| (a) Subsidiaries                     | -                        | -                  | -                  | -                        | -         | -     |
| (b) Companies in the same group      | -                        | -                  | -                  | -                        | -         | -     |
| (c) Other related parties            | -                        | -                  | -                  | -                        | -         | -     |
| <b>2. Other than related parties</b> | 98,903,293               | 723,791,401        | 822,694,694        | -                        | -         | -     |
| <b>Total</b>                         | <b>98,903,293</b>        | <b>723,791,401</b> | <b>822,694,694</b> | -                        | -         | -     |

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

| Category                             | As at 31 March 2018                               |                                      | As at 31 March 2017                               |                                      |
|--------------------------------------|---|--------------------------------------|---|--------------------------------------|
|                                      | Rupees  |                                      | Rupees  |                                      |
|                                      | Market Value/<br>Break up or fair<br>value or NAV | Book Value<br>(Net of<br>Provisions) | Market Value/<br>Break up or fair<br>value or NAV | Book Value<br>(Net of<br>Provisions) |
| <b>1. Related Parties</b>            |   |                                      |   |                                      |
| (a) Subsidiaries                     | -   | -                                    | -   | -                                    |
| (b) Companies in the same group      | -   | -                                    | -   | -                                    |
| (c) Other related parties            | -   | -                                    | -   | -                                    |
| <b>2. Other than related parties</b> | -   | -                                    | -   | -                                    |
| <b>Total</b>                         | -   | -                                    | -   | -                                    |

**8) Other information**

| Particulars                                   | As at<br>31 March 2018<br>Rupees | As at<br>31 March 2017<br>Rupees |
|---|----------------------------------|----------------------------------|
| (i) Gross Non-Performing Assets               |                                  |                                  |
| (a) Related parties                           | -                                | -                                |
| (b) Other than related parties                | -                                | -                                |
| (ii) Net Non-Performing Assets                |                                  |                                  |
| (a) Related parties                           | -                                | -                                |
| (b) Other than related parties                | -                                | -                                |
| (iii) Assets acquired in satisfaction of debt | -                                | -                                |

28 There has been no loans restructured during the financial year ended 31 March 2018

29 The financial statements for the period ended 31 March 2017 were audited by Lodha & Co., Chartered Accountants. The Company in its Extraordinary General Meeting, dated 1 January 2018, appointed B S R & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/W-100024) as its statutory auditors.

30 The financial statements for period ended 31 March 2017 was not for a complete financial year, since the Company was incorporated on 21 September 2017. Hence, the prior period numbers are not comparable to current year.

31 The Company has a process whereby pending litigations (if any) are reviewed on periodical basis. As at 31 March 2018, the Company did not have any pending litigation.

32 The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision, if any, as required under any law/ accounting standards for material foreseeable losses on such long-term contracts has been made in the books of account.



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33 Detail of Specified Bank Notes (SBNs) held and transacted during the period 8 Nov 2016 to 31 Dec 2016:

| Particulars                                | SBNs* | Other denomination Notes | Total (INR) |
|--|-------|--------------------------|-------------|
| Closing cash in hand as on 8 November 2016 | NIL   | NIL                      | NIL         |
| Permitted receipts                         | NIL   | NIL                      | NIL         |
| Permitted payments                         | NIL   | NIL                      | NIL         |
| Amount deposited in banks                  | NIL   | NIL                      | NIL         |
| Closing cash in hand as on 30 December     | NIL   | NIL                      | NIL         |

\* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November 2016.

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding amounts as appearing in the audited financial statements for the year ended 31 March 2017 have been disclosed.

For **B S R & Associates LLP**  
 Chartered Accountants  
 Firm Registration No.: 116231W/W-100024

**Manish Gupta**  
 Partner  
 Membership No.: 095037

Place : Gurugram  
 Date: 29 June 2018

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

**Ruchi Kalra**  
 Director  
 DIN : 03103474

Place : Gurugram  
 Date: 29 June 2018

**Vasant Sridhar**  
 Director  
 DIN : 07685035

Place : Gurugram  
 Date: 29 June 2018

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

Place : Gurugram  
 Date: 29 June 2018