



OXYZO Financial Services Private Limited

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REPORT ADOPTED BY THE BOARD OF DIRECTORS OF OXYZO FINANCIAL SERVICES PRIVATE LIMITED AT ITS MEETING HELD ON AUGUST 10, 2023, 2023, EXPLAINING THE EFFECT OF THE COMPOSITE SCHEME OF ARRANGEMENT AMONGST ZFIRST TECHNOLOGIES PRIVATE LIMITED, ZIEL FINANCIAL TECHNOLOGIES PRIVATE LIMITED, OXYZO FINANCIAL SERVICES PRIVATE LIMITED AND THEIR RESPECTIVE SHAREHOLDERS, ON EACH CLASS OF SHAREHOLDERS (PROMOTERS AND NON-PROMOTER), CREDITORS, DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES OF OXYZO FINANCIAL SERVICES PRIVATE LIMITED AND LAYING OUT IN PARTICULAR THE SHARE EXCHANGE RATIO AND SPECIFYING THE IMPACT OF THE COMPOSITE SCHEME OF ARRANGEMENT ON THE NCD HOLDERS OF OXYZO FINANCIAL SERVICES PRIVATE LIMITED

A. BACKGROUND:

1. The board of directors ("**Board**") of Oxyzo Financial Services Private Limited ("**Amalgamated Company**" or "**Company**") has, at its meeting held on August 10, 2023, approved the composite scheme of arrangement amongst Zfirst Technologies Private Limited, ("**Amalgamating Company**"), Company, Ziel Financial Technologies Private Limited, a wholly owned subsidiary of the Company ("**Transferee Company**"), and their respective shareholders (hereinafter referred to as the "**Scheme**"), under Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 ("**Companies Act**"), read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other rules made thereunder (including any statutory modification(s) or re-enactment(s) or amendments thereof for the time being in force), Section 2(1B), Section 2(42C) read with any other applicable provisions of the Income-Tax Act, 1961, as amended ("**IT Act**"), Regulation 59A, 94A read with any other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**"), other applicable laws including (a) circular bearing no. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/0000000103 dated July 29, 2022 (as updated on December 1, 2022) issued by Securities and Exchange Board of India ("**SEBI**") for Scheme(s) of Arrangement by entities who have listed their NCDs/ NCRPS ("**SEBI NCD Circular**") read with clarification issued by SEBI vide circular no. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2022/170, dated December 9, 2022; and Revised Standard Operating Procedure (SOP) on application filed under Regulation 37 and 59A of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 with respect to the Scheme of Arrangements dated December 20, 2022, issued by BSE Limited ("**BSE**"); and (b) Master Direction - Non-Banking Financial Company –Systemically Important Non-Deposit taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 (as amended upto June 20, 2023) issued by the Reserve Bank of India.
2. The Scheme, *inter alia*, contemplates the following on and from opening of business hours on April 1, 2023, or any other date as may be ordered/directed by the National Company Law Tribunal ("**Appointed Date**"):
 - (a) the amalgamation of the Amalgamating Company into and with the Amalgamated

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Company, with effect from the Appointed Date, pursuant to Sections 230 to 232 and other relevant provisions of the Act read with Section 2(1B) of the IT Act, which, *inter alia*, provides for ("**Amalgamation**"):

- (i) amalgamation of the Amalgamating Company into and with the Amalgamated Company;
 - (ii) transfer of the authorised share capital of the Amalgamating Company to the Amalgamated Company and consequential increase in the authorised share capital of the Amalgamated Company;
 - (iii) cancellation of all the subscribed and issued shares of the Amalgamating Company, including the shares held by the Amalgamated Company;
 - (iv) issuance of fully paid-up 0.0001% non-cumulative non-participating non-voting compulsorily convertible preference shares *Series A1* and 0.0001% non-cumulative non-participating non-voting compulsorily convertible preference shares *Series A2* by the Amalgamated Company to the shareholders of the Amalgamating Company (other than the Amalgamated Company), in accordance with the Share Exchange Ratio (*as defined hereinafter*), without any further act, instrument or deed, in accordance with Part IV of the Scheme; and
 - (v) dissolution of the Amalgamating Company without being wound up;
- (b) consequent upon the Amalgamation, transfer of the Transferred Undertaking (*as defined in the Scheme*) as a going concern on a Slump Sale (*as defined in the Scheme*) basis, with effect from Appointed Date from the Amalgamated Company to the Transferee Company pursuant to Sections 230 to 232 and other relevant provisions of the Act, read with Section 2(42C) of the IT Act; and
- (c) various other matter incidental, consequential or otherwise integrally connected therewith;

each in the manner as more particularly described in the Scheme.

3. In terms of Section 232(2)(c) of the Companies Act, a report from the Board of the Company, explaining the effect of the Scheme *inter alia* on each class of shareholders (promoters and non-promoter shareholders), creditors, employees, key managerial personnel ("**KMP**"), directors of the Company, and specifying any special valuation difficulties, is required to be adopted by the Board.

Further, in terms of the SEBI NCD Circular, the Board report is required to comment on the (i) impact of the Scheme on the NCD holders; (ii) safeguard for the protection of the NCD holders; and (iii) exit offer to the dissenting NCD holders, if any.

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4. Accordingly, this report of the Board is prepared to comply with the requirements of Section 232(2)(c) of the Companies Act and the SEBI NCD Circular.
5. While deliberating on the Scheme, the Board, *inter-alia*, considered and took on record the following documents:
 - (a) A draft of the proposed Scheme;
 - (b) Draft of Auditor's certificate issued by the statutory auditors of the Company, i.e. S.N. Dhawan & Co. LLP (having registration number 000050N/N500045), certifying the ability of payment of interest / repayment of principal by the Company and the accounting treatment contained in the Scheme being in compliance with applicable Accounting Standards specified by the Central Government under Section 133 of the Companies Act and the rules made thereunder;
 - (c) Valuation report dated August 5, 2023 issued by Manuj Singhal [IBBI/RV/05/2018/10425], Registered Valuer ("**Valuation Report**");
 - (d) Fairness opinion dated August 7, 2023 issued by Corporate Capital Ventures Private Limited [INM000012276], SEBI Registered Merchant Banker, providing fairness opinion on the valuation of shares and the Share Exchange Ratio in the Valuation Report ("**Fairness Opinion**"); and
 - (e) Other representations, reports, documents and information made to/ furnished before the Board pertaining to the draft Scheme.

B. EFFECT OF THE SCHEME ON EACH CLASS OF SHAREHOLDERS (PROMOTER SHAREHOLDERS AND NON-PROMOTER SHAREHOLDERS), KMP, DIRECTORS, CREDITORS AND EMPLOYEES OF OXYZO FINANCIAL SERVICES PRIVATE LIMITED AND LAYING OUT IN PARTICULAR THE SHARE EXCHANGE RATIO, SPECIFYING ANY SPECIAL VALUATION DIFFICULTIES:

1. Valuation

Amalgamation:

The Valuation Report recommends the following Share Exchange Ratio:

- a. 5,33,208 (five lakh thirty-three thousand two hundred and eight) 0.0001% non-cumulative non-participating non-voting compulsorily convertible preference shares Series A1 of the Amalgamated Company of Rs. 10 (Rupees ten) each fully paid up for every 26,81,062 (twenty-six lakhs eighty-one thousand sixty-two) equity shares of the Amalgamating Company of Rs. 10 (Rupees ten) each fully paid up; and

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- b. 2,12,789 (two lakhs twelve thousand seven hundred and eighty-nine) 0.0001% non-cumulative non-participating non-voting compulsorily convertible preference shares Series A2 of the Amalgamated Company of Rs. 10 (Rupees ten) each fully paid up for every 10,69,938 (ten lakhs sixty-nine thousand nine hundred and thirty-eight) equity shares of the Amalgamating Company of Rs. 10 (Rupees ten) each fully paid up.

("Share Exchange Ratio")

No special valuation difficulties were reported by the valuer.

Slump Sale:

As the Transferee Company is a wholly owned subsidiary of the Company, no separate valuation has been carried out for transfer and vesting of the Transferred Undertaking on a Slump Sale basis to the Transferee Company and such transfer shall take place for a lump sum consideration of Rs. 4,94,00,763 (Rupees four crore ninety four lakh seven hundred and sixty three), without value being assigned to the individual assets and liabilities.

2. Effect on the shareholders (promoter shareholders and non-promoter shareholders)

Upon the Scheme becoming effective, all the shareholders of the Amalgamating Company (other than the Amalgamated Company), shall become the shareholders of the Amalgamated Company in the manner as stipulated in the Scheme and shall be allotted compulsory convertible preference shares, based on the Share Exchange Ratio and containing such terms and conditions as has been approved by the Board.

As the shares to be issued are compulsorily convertible in nature, upon their issuance, based on the existing shareholding of the promoter and promoter group in the Amalgamated Company as on the date of this report, the shareholding on a fully diluted basis of the promoter group will decrease.

Apart from dilution, there is not expected to be any adverse effects on the shareholders of the Company.

3. Effect on the Directors and KMPs

The Scheme would not have any effect on the KMPs and Directors of the Company.

The KMPs and Directors of the Company and their respective relatives may be deemed to be concerned and / or interested in the Scheme only to the extent of their shareholding in the Company (if any).





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4. Effect on the creditors

Under the Scheme, no arrangement with the creditors (secured or unsecured) of the Company is being proposed. No compromise is offered under the Scheme to any of the creditors of any of the Company. The liability of the creditors of the Company, under the Scheme, is neither being reduced nor being extinguished.

5. Effect on staff or employees

The Scheme would not have any effect on the rights of the staff and employees currently being engaged by the Company.

Upon the Scheme becoming effective:

(a) all the staff and employees of the Amalgamating Company who are in such employment as on the Effective Date shall become and be deemed to have become, the employees of the Amalgamated Company without any break or interruption of service and on the basis of continuity of service, and on the same terms and conditions (and which are not less favourable than those) as were applicable during the course of their employment with the Amalgamating Company as on the Effective Date; and

(b) all the staff and employees forming part of the Transferred Undertaking shall become and be deemed to have become, the employees of the Transferee Company without any break or interruption of service and on the basis of continuity of service, and on the same terms and conditions (and which are not less favourable than those) as were applicable during the course of their employment.

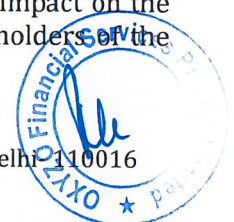
6. Effect on deposit holders and deposit trustee:

As on date of this Report, the Company has no outstanding public deposits and therefore, the effect of the Scheme on any such public deposit holders or deposit trustees does not arise.

C. EFFECT OF THE SCHEME ON THE NCD HOLDERS OF OXYZO FINANCIAL SERVICES PRIVATE LIMITED

1. Impact of the Scheme on the NCD Holders

There will not be any impact on the debenture holders of the Company pursuant to the Scheme. The current debenture holders will continue to be served by the Company and none of the existing terms and conditions associated with the debentures are being proposed to be altered under the Scheme. Therefore, the Scheme will not have any adverse impact on the holders of the debentures and thus adequately safeguards interests of the holders of the debentures.





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2. Safeguards for the Protection of the NCD Holder and Exit offer to the Dissenting NCD Holders

As the Scheme does not in any manner affect the interest of the holders of debentures, nor does it impact the ability of the Company to discharge its obligations towards the debentures, no safeguards are being proposed under the Scheme, nor is any exit offer being offered to the dissenting holders of debentures.

D. CONCLUSION

While deliberating the Scheme, the Board has considered its impact on each of the shareholders (promoter and non-promoter shareholders), KMPs, directors, creditors and employees of the Company. As per the Board, the Scheme is in the best interest of the shareholders (promoter and non-promoter shareholders), KMPs, directors, creditors, employees and the debenture holders of the Company and there shall be no prejudice caused to them in any manner by the Scheme.

The Board has adopted this Report after noting and considering the documents and information set forth in this Report. The Board or any fully authorized committee by the Board is entitled to make relevant modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.

By order of the Board OXYZO FINANCIAL SERVICES PRIVATE LIMITED


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Ruchi Kalra
Whole Time Director & CFO
DIN: 03103474
Date: 11-08-2023

