

B S R & Associates LLP

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of ONE MOBIKWIK SYSTEMS LIMITED (formerly known as ONE MOBIKWIK SYSTEMS PRIVATE LIMITED)

Report on the Audit of Special Purpose Interim Consolidated Financial Statements

Opinion

We have audited the special purpose interim Consolidated Financial Statements of ONE MOBIKWIK SYSTEMS LIMITED (formerly known as ONE MOBIKWIK SYSTEMS PRIVATE LIMITED) (hereinafter referred to as the "Company" / "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the special purpose interim consolidated balance sheet as at 30 September 2023 and the special purpose interim consolidated statement of profit and loss (including other comprehensive income), special purpose interim consolidated statement of changes in equity and special purpose interim consolidated statement of cash flows for the period from 1 April 2023 to 30 September 2023, and notes to the special purpose interim consolidated financial statements, including a summary of material accounting policies and other explanatory information (collectively referred to as "Special Purpose Interim Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of report of other auditor on separate financial statements / information of subsidiaries where audited by other auditor, the aforesaid Special Purpose Interim Consolidated Financial Statements as at and for the six months period ended 30 September 2023 are prepared, in material respects, in accordance with the basis of preparation described in Note 2 to these special purpose consolidated interim financial statements.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("Act"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Special Purpose Interim consolidated financial statements* section of our report. We are independent of the Group in accordance with Code of Ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of special purpose interim consolidated financial statements under the provision of the Companies Act, 2013. We believe that the audit evidence obtained by us along with the consideration of report of the other auditor referred to in the "Other Matter" section below, is sufficient and appropriate to provide a basis for our opinion on the Special Purpose Interim Consolidated Financial Statements.

Emphasis of Matter- Basis of Preparation and Restriction of Use

We draw attention to Note 2 to the Special Purpose Interim Consolidated Financial Statements, which describes the basis of accounting. As explained therein, these Special Purpose Interim Consolidated Financial Statements have been prepared by the Company for the purpose of preparation of the Restated

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Consolidated Financial Information, which will be included in the Draft Red Herring Prospectus in connection with the proposed issue of equity shares of the Company by way of a fresh issue of equity shares by way of initial public offer in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"). As per the ICDR Regulations, the Company has opted not to present comparatives in these Special Purpose Interim Consolidated Financial Statements. Accordingly, the attached Special Purpose Interim Consolidated Financial Statements may not be suitable for any other purpose and this report should not be used, referred to or distributed for any other purpose.

Our opinion is not modified in respect of this matter.

Management and Board of Directors' Responsibilities for the Special Purpose Interim Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these Special Purpose Interim Consolidated Financial Statements prepared in accordance with the basis of preparation as stated in Note 2. The respective Management and Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each company, and for preventing and detecting frauds and other irregularities; the 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 Special Purpose Interim Consolidated Financial Statements and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the special purpose interim consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the Special Purpose Interim Consolidated Financial Statements, the respective Management and Board of Directors of the Companies are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Special Purpose Interim Consolidated Financial Statements

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

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



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- Identify and assess the risks of material misstatement of the special purpose interim consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal financial control with reference to special purpose consolidated interim financial statement in place and operating effectiveness of such control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors' use of the going concern basis of accounting in preparation of Special Purpose Interim Consolidated Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special Purpose Interim Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Special Purpose Interim Consolidated Financial Statements, including the disclosures, and whether the Special Purpose Interim Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements/financial information of such entities or business activities within the Group to express an opinion on the Special Purpose Interim Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial statement/ financial information of such entities included in the special purpose interim consolidated financial statements of which we are the independent auditors. For the other entities included in the Special Purpose Interim Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matter' in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the Special Purpose Interim Consolidated Financial Statements of which we are the independent auditor regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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Other Matter

We did not audit the financial statements of four subsidiaries, whose financial statement reflects total assets (before consolidation adjustments) of INR 868.30 million as at 30 September 2023, total revenues (before consolidation adjustments) of INR 521.17 million and net cash outflows (before consolidation adjustments) amounting to INR 141.04 million for the six months period ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the special purpose consolidated interim financial statements is not modified in respect of the above matter with respect to our reliance on the special purpose interim financial information certified by the Management.

For B S R & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 116231W/ W-100024



Girish Arora
Partner

Membership No.: 098652
ICAI UDIN: 24098652BKAGHJ1010

Place: Gurugram
Date: 01 January 2024

ONE MOBIKWIK SYSTEMS LIMITED (formerly known as ONE MOBIKWIK SYSTEMS PRIVATE LIMITED)
Special Purpose Interim Consolidated Balance Sheet as at 30 September 2023
(Amounts in INR million, unless otherwise stated)

	Notes	As at 30 September 2023
Assets		
Non-current assets		
Property, plant and equipment	4	21.68
Right-of-use asset	39	111.27
Goodwill	6	-
Other intangible assets	5	-
Financial assets		
(i) Investments	7(a)	16.21
(ii) Other financial assets	7(c)	24.15
Other tax assets (net)	18	198.75
Other non-current assets	8	1,118.88
Total non-current assets		1,490.94
Current assets		
Financial assets		
(i) Trade receivables	9	675.73
(ii) Cash and cash equivalents	10(a)	737.54
(iii) Bank balances other than (ii) above	10(b)	2,352.10
(iv) Other financial assets	7(c)	885.31
Other current assets	8	731.85
Total current assets		5,382.53
Total assets		6,873.47
Equity and liabilities		
Equity		
Equity share capital	11(a)	114.38
Other equity	12	1,419.46
Total equity		1,533.84
Liabilities		
Non-current liabilities		
Financial liabilities		
(i) Borrowings	13	72.94
(ii) Lease liabilities	39	103.42
(iii) Other financial liabilities	15	0.35
Provisions	16	24.83
Total non-current liabilities		201.54
Current liabilities		
Financial liabilities		
(i) Borrowings	13	1,438.85
(ii) Lease liabilities	39	20.18
(iii) Trade payables	14	53.18
(a) Total outstanding dues of micro enterprise and small enterprises		53.18
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,819.07
(iv) Other financial liabilities	15	1,684.13
Other current liabilities	17	101.07
Provisions	16	21.61
Total current liabilities		5,138.09
Total liabilities		5,339.63
Total equity and liabilities		6,873.47
Summary of material accounting policies	2	

The notes referred to above form an integral part of the Special Purpose Interim consolidated financial statement.

As per our report of even date attached

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

Girish Arora
Partner
Membership No.: 098652
UDIN: 24098652BKAGHJ1010

Place: Gurugram
Date : 01 January 2024

For and on behalf of the Board of Directors of
ONE MOBIKWIK SYSTEMS LIMITED (formerly known as ONE MOBIKWIK SYSTEMS PRIVATE LIMITED)

Bipin Preet Singh
Managing Director
& Chief Executive Officer
DIN:02019594

Ankita Sharma
Company Secretary

Place: Gurugram
Date : 01 January 2024

Upasana Rupkrishan Taku
Chairperson,
Whole-time Director
& Chief Financial Officer



ONE MOBIKWIK SYSTEMS LIMITED (formerly known as ONE MOBIKWIK SYSTEMS PRIVATE LIMITED)
Special Purpose Interim Consolidated Statement of Profit and Loss for the six months period ended 30 September 2023
(Amounts in INR million, unless otherwise stated)

	Notes	For the six months period ended 30 September 2023
Income		
Revenue from operations	19	3,810.88
Other income	20	62.85
Total income		3,873.73
Expenses		
Payment gateway cost		835.99
Lending operational expenses		1,026.93
Financial guarantee expenses	31	313.46
Employee benefits expense	21	516.63
Other expenses	24	975.33
Total expenses		3,668.34
Earnings before finance cost, depreciation, amortisation and tax (EBITDA)		
		205.39
Finance costs	22	90.38
Depreciation and amortisation expense	23	19.68
Profit before tax		95.33
Current tax	26	0.55
Total tax expense		0.55
Profit for the period		94.78
Other comprehensive income (OCI)		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of net defined benefit liability	27	0.83
Income tax relating to above item		-
Other comprehensive income for the period		0.83
Total comprehensive income for the period		95.61
Earnings per share:		
(i) Basic	25	1.66
(ii) Diluted		1.61

Summary of material accounting policies 2

The notes referred to above form an integral part of the Special Purpose Interim consolidated financial statement.

As per our report of even date attached

For B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 116231W/W-100024

Girish Arora

Partner

Membership No.: 098652

UDIN: 24098652BKAGHJ1010

Place: Gurugram

Date : 01 January 2024

For and on behalf of the Board of Directors of

ONE MOBIKWIK SYSTEMS LIMITED (formerly known as ONE MOBIKWIK SYSTEMS PRIVATE LIMITED)


Bipin Preet Singh
Managing Director
& Chief Executive Officer
DIN:02019594



Upasana Rupkrishan Taku

Chairperson,

Whole-time Director

& Chief Financial Officer

DIN:02979387



Ankita Sharma

Company Secretary

Place: Gurugram

Date : 01 January 2024



ONE MOBIKWIK SYSTEMS LIMITED (formerly known as ONE MOBIKWIK SYSTEMS PRIVATE LIMITED)
Special Purpose Interim Consolidated Statement of Cash Flows for the six months period ended 30 September 2023
(Amounts in INR million, unless otherwise stated)

Particulars	Notes	For the six months period ended 30 September 2023
Cash flow from operating activities		
Profit before tax		95.33
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	23	6.74
Depreciation of right-of-use asset	23	12.94
Interest income	20	(59.06)
Share-based payment expense	21	11.29
Finance costs	22	90.38
Financial guarantee expense	31	313.46
Reversal of impairment loss on trade receivables	20	(1.48)
Operating Profit before working capital changes		469.60
Working capital adjustments		
Decrease in Trade receivables		84.28
Increase in Other financial assets		(100.53)
Increase in Other current assets		(215.28)
Decrease in Other bank balances (Escrow and Nodal accounts)		45.79
Decrease in Other financial liabilities		(910.12)
Increase in Trade payables		693.77
Decrease in Other liabilities		(37.69)
Increase in Provisions		3.63
Cash generated from operations		33.45
Income tax (paid)/refund, net		(82.01)
Net cash used in operating activities		(48.56)
Cash flow from investing activities		
Purchase of property, plant and equipment	4	(7.23)
Interest received on bank deposits		85.95
Investments in bank deposits		(32.60)
Proceeds from maturity of bank deposits		313.78
Net cash from investing activities		359.90
Cash flow from financing activities		
Proceeds from term loan		2,800.00
Repayment of term loan		(2,800.00)
Repayment of non-convertible debenture		(132.00)
Payment of lease liabilities	39	(15.75)
Interest and other borrowing cost		(81.71)
Net cash used in financing activities		(229.46)
Net increase in cash and cash equivalents		81.88
Cash and cash equivalents at the beginning of the period	10(a)	(293.54)
Cash and cash equivalents at the end of the period (note 10(a))		(211.66)



ONE MOBIKWIK SYSTEMS LIMITED (formerly known as ONE MOBIKWIK SYSTEMS PRIVATE LIMITED)
Special Purpose Interim Consolidated Statement of Cash Flows for the six months period ended 30 September 2023
(Amounts in INR million, unless otherwise stated)

Notes

1. Changes in liabilities arising from financing activities

	As at 30 September 2023
<i>Non convertible debentures</i>	
Opening balance	492.41
Amortisation of interest and other charges on borrowings	34.01
Repayments during the period - Principal	(132.00)
Repayments during the period - Interest	(31.83)
Closing balance	362.59
<i>Borrowings (excluding bank overdraft)</i>	
Opening balance	200.00
Proceeds during the period	2,800.00
Repayments during the period	(2,800.00)
Closing balance	200.00
<i>Lease liabilities (note 39)</i>	

2. The above special purpose interim consolidated statement of cash flow from operating activities has been prepared under the "Indirect method" as set out in IND AS-7 "Statement of cash flows".

Summary of material accounting policies

2

The notes referred to above form an integral part of the Special Purpose Interim consolidated financial statement.

As per our report of even date attached

For B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 116231W/W-100024



Girish Arora

Partner

Membership No.: 098652

UDIN: 24098652BKAGHJ1010

Place: Gurugram

Date : 01 January 2024

For and on behalf of the Board of Directors of

ONE MOBIKWIK SYSTEMS LIMITED (formerly known as ONE MOBIKWIK SYSTEMS PRIVATE LIMITED)



Bipin Preet Singh

*Managing Director
& Chief Executive Officer*
DIN:02019594



Upasana Rupkrishan Taku

*Chairperson,
Whole-time Director
& Chief Financial Officer*
DIN:02979387



Ankita Sharma
Company Secretary

Place: Gurugram

Date : 01 January 2024



(a) Equity share capital

Equity shares of INR 10 each issued, subscribed and fully paid up	Amount
As at 1 April 2023	-
Changes in equity share capital during the period	-
As at 30 September 2023	-

Equity shares of INR 2 each issued, subscribed and fully paid up	Amount
As at 1 April 2023	114.38
Changes in equity share capital during the period (refer note 11)	-
As at 30 September 2023	114.38

(b) Instruments entirely equity in nature

(i) Cumulative compulsory convertible preference shares (CCCPs) of INR 10 each issued, subscribed and fully paid up

Particulars	Amount
As at 1 April 2023	-
Changes in preference share capital during the period (refer note 11)	-
As at 30 September 2023	-

(ii) Cumulative compulsory convertible preference shares (CCCPs) of INR 100 each issued, subscribed and fully paid up

Particulars	Amount
As at 1 April 2023	-
Changes in preference share capital during the period (refer note 11)	-
As at 30 September 2023	-

(c) Other equity

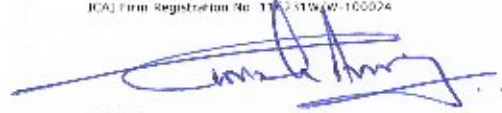
Particulars	Money received against share warrants	Share application money pending allotment	Reserve and surplus			Other comprehensive income	Total other equity
			Securities premium	Employee share options reserve	Retained earnings		
Balance as at 1 April 2023	-	0.00	11,543.40	528.00	(10,767.35)	8.51	1,312.56
Total comprehensive profit for the period ended 30 September 2023	-	-	-	-	94.78	-	94.78
Profit for the period ended	-	-	-	-	94.78	-	94.78
Reversal/transfer of net defined benefit liability	-	-	-	-	-	-	-
Total comprehensive profit	-	-	-	-	94.78	-	94.78
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-
Preference share based dividend expense	-	-	-	11.29	-	-	11.29
Balance as at 30 September 2023*	-	0.00	11,543.40	539.29	(10,671.74)	8.51	1,419.46

* Represents share application money pending for allotment of INR 3,038 ... rounded off to "0" on conversion to INR million.

The notes referred to above form an integral part of the Special Purpose Interim consolidated financial statement.

As per our report of even date attached.

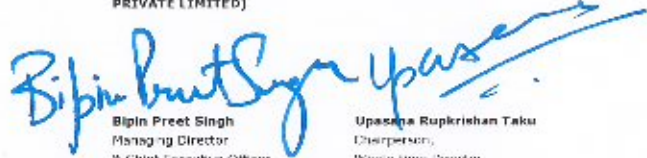
For B S R & Associates LLP
 Chartered Accountants
 ICAI Firm Registration No. 116241W-100024



Girish Arora
 Partner
 Membership No.: 098652
 UGID: 24098652BKAGH1010

Place: Gurugram
 Date: 01 January 2024

For and on behalf of the Board of Directors of
 ONE MOBIKWIK SYSTEMS LIMITED (formerly known as ONE MOBIKWIK SYSTEMS PRIVATE LIMITED)



Bipin Preet Singh
 Managing Director
 & Chief Executive Officer
 DIN: 02019594

Upasana Rupkrihan Taku
 Chairperson,
 Whole-time Director
 & Chief Financial Officer
 DIN: 02979387



Ankita Sharma
 Company Secretary

Place: Gurugram
 Date: 01 January 2024



ONE MOBIKWIK SYSTEMS LIMITED
(formerly known as ONE MOBIKWIK SYSTEMS PRIVATE LIMITED)
Special Purpose Interim Consolidated Financial Statements
(Amounts in INR millions, unless otherwise stated)

1. Corporate Information

ONE MOBIKWIK SYSTEMS LIMITED (formerly known as ONE MOBIKWIK SYSTEMS PRIVATE LIMITED) ("the Holding Company" or "the Company") was incorporated on 20 March 2008 under the Companies Act, 1956. The registered office and corporate office of the Holding Company are situated in Gurugram, Haryana. The principal place of business of the Group is in India.

The principal activities of the Group (i.e., the Holding Company and its subsidiaries) consist of issuing and operating prepaid payment instrument (Wallet Payment System) and providing payment gateway services. The Holding Company was authorised by Reserve Bank of India for issuance and operation of mobile based pre-payment instruments subject to terms and conditions detailed in the certificate of authorisation dated 18 July 2013 for five years, which was subsequently extended to 30 September 2024 vide renewal certificate dated 20 September 2023. The users use their MobiKwik wallet for transferring money, for paying their utility bills (prepaid recharge, post-paid mobile, landline, electricity, TV, etc.) and for shopping online on e-commerce websites. The Holding Company also provides financial services platform facilitating various loans product in association with financing partners. The registered office of the Holding Company is situated at Unit no. 102, 1st Floor, Block - B, Pegasus One, Golf Course Road, Sector 53, Gurugram, Haryana.

2. Material accounting policies

2.1 Statement of compliance

These Special Purpose Interim Consolidated Financial Statements have been prepared by the Company for the purpose of preparation of the Restated Consolidated Financial Information, which will be included in the Draft Red Herring Prospectus in connection with the proposed issue of equity shares of the Company by way of a fresh issue of equity shares by way of initial public offer in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"). Accordingly, Special Purpose Interim Consolidated Financial Statements may not be suitable for any other purpose.

Further, the ICDR Regulations clarify that the issuer company is exempted from presenting comparatives for the stub period. Accordingly, the Company has opted not to present comparatives in these Special Purpose Interim Consolidated Financial Statements.

The Special Purpose Consolidated Balance Sheet of the Company as at 30 September 2023 and the Special Purpose Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Special Purpose Consolidated Statement of Changes in Equity and the Special Purpose Consolidated Statement of Cash Flows for the six months period ended 30 September 2023 and a summary of the significant accounting policies and other explanatory information (together referred to as 'Special Purpose Consolidated Financial Statements') has been prepared under Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 (the 'Act') more particularly in accordance with Ind AS 34 "Interim Financial Reporting" and other relevant provisions of the Act as amended from time to time.

For the six months period ended 30 September 2023, the Group prepared its financial statements in accordance with disclosure principles under Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting" (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India and presentation requirements of Schedule III of the Companies Act 2013.



ONE MOBIKWIK SYSTEMS LIMITED
(formerly known as ONE MOBIKWIK SYSTEMS PRIVATE LIMITED)
Special Purpose Interim Consolidated Financial Statements
(Amounts in INR millions, unless otherwise stated)

Further,

- there were no changes in the accounting policies during the year/period of these Special Purpose Interim Consolidated Financial Statements,
- there were no material amounts which have been adjusted, in arriving at profit/(loss) for the respective year/period; and
- there were no material adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited special purpose consolidated interim financial statements of the group as at and for the six months period ended 30 September 2023.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These Special Purpose Interim Consolidated Financial Statements were authorised for issue in accordance with a resolution passed by Board of Directors on 01 January 2024.

2.2 Basis of preparation and presentation

A. Basis of measurement

The Special Purpose Interim Consolidated Financial Statements have been prepared on the historical cost basis as explained in the accounting policies below, except for the following:

- certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

B. Measurement of Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the head of finance.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the board of directors.



ONE MOBIKWIK SYSTEMS LIMITED
(formerly known as ONE MOBIKWIK SYSTEMS PRIVATE LIMITED)
Special Purpose Interim Consolidated Financial Statements
(Amounts in INR millions, unless otherwise stated)

For financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The preparation of these Special Purpose Interim Consolidated Financial Statements requires the use of certain critical accounting judgements and estimates. It also requires the management to exercise judgement in the process of applying the Group's accounting policies. The areas where estimates are significant to the Special Purpose Interim Consolidated Financial Statements, or areas involving a higher degree of judgement or complexity, are disclosed in Note 3.

Further information about the assumptions made in measuring fair values is included in note no 29

C. Functional and presentation currency

The Special Purpose Interim Consolidated Financial Statements is presented in Indian Rupees (INR) millions, except where otherwise indicated.

All amounts disclosed in the Special Purpose Interim Consolidated Financial Statements and notes have been rounded off to the nearest INR millions as per the requirement of Schedule III, unless otherwise stated.

2.3 Basis of consolidation

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Special Purpose Interim Consolidated Profit and Loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company.

When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.



ONE MOBIKWIK SYSTEMS LIMITED
(formerly known as ONE MOBIKWIK SYSTEMS PRIVATE LIMITED)
Special Purpose Interim Consolidated Financial Statements
(Amounts in INR millions, unless otherwise stated)

The Special Purpose Interim Consolidated Financial Statements include the financial information of ONE MOBIKWIK SYSTEMS LIMITED (formerly known as ONE MOBIKWIK SYSTEMS PRIVATE LIMITED) and its subsidiaries as set out below.

Name of the Company	Country of Incorporation	% of Holding
		30 September 2023
ZAAK EPAYMENT SERVICES PRIVATE LIMITED	India	100
MOBIKWIK FINANCE PRIVATE LIMITED	India	100
MOBIKWIK CREDIT PRIVATE LIMITED	India	100
MOBIKWIK INVESTMENT ADVISER PRIVATE LIMITED (formerly known as HARVEST FINTECH PRIVATE LIMITED)	India	100

Procedure of consolidation

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the holding company.

Subsidiary:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the holding company with those of its subsidiaries.
- (b) Offset (eliminate) the carrying amount of the holding company's investment in each subsidiary and the holding company's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

2.4 Summary of material accounting policies

The accounting policies, as set out in the following paragraphs of this note, have been consistently applied, to all the periods presented in these Special Purpose Interim Consolidated Financial Statements.

a) Current versus non-current classification

The Group presents assets and liabilities in balance sheet based on current/non-current classification. An asset is classified as current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- (ii) Held primarily for the purpose of trading
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (i) It is expected to be settled in normal operating cycle
- (ii) It is held primarily for the purpose of trading
- (iii) It is due to be settled within twelve months after the reporting period, or



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- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

b) Revenue from contract with customers

The Group derives revenue primarily from following services:

- Commission income from sale of recharge, bill payments and merchant payments
- Fees for money transfer service from user's wallet to bank account
- Revenue from share in interest income, processing fee, activations fees, penalties and other such incomes on account of servicing of loans products through lending partners (Digital Financial Services)
- Revenue from technology platform services
- Payment gateway services
- Income from advertisement/sale of space

The Group recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied upon transfer of control of service to a customer.

Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring good or service to a customer excluding taxes or duties collected on behalf on Government. An entity estimates the transaction price at contract inception, including any variable consideration, and updates the estimate each reporting period for any changes in circumstances.

Variable consideration such as discounts, volume-based incentives, any payments made to a customer (unless the payment is for a distinct good or service received from the customer) is estimated using the expected value method or most likely amount as appropriate in a given circumstance. An entity includes estimates of variable consideration in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved.

The Group provides incentives to its users in various forms including cashbacks and supercash. Cashbacks and supercash given to users where the Group recovers a convenience fee are classified as reduction of revenue. However, when these incentives offered to the users are higher than the income earned from the users, the excess (i.e., the incentive given to a user less income earned from the users) on an individual transaction basis is classified under business promotion expenses.

Where the Group acts as an agent for selling goods or services, only the commission income is included within revenue. Typically, the Group has a right to payment before or at the point that services are delivered. Cash received before the services are delivered is recognised as a contract liability. The amount of consideration does not contain a significant financing component as payment terms are less than one year.

The Group's contracts with customers may include multiple performance obligations. For such arrangements, the Group allocate revenues to each performance obligation based on its relative standalone selling price. The Group generally determine standalone selling prices based on the prices charged to customers or using expected cost-plus margin.

Commission income from sale of recharge, bill payments and merchant payments:

The Group facilitates recharge of talk time, utility bill payments and merchant payments and earns commission for the respective services. Commission income is recognized when the control of services is transferred to the customer i.e. when the services have been provided by the Group.

Such commission is generally determined as a percentage of monetary value of transactions processed or gross merchandise value. The Group typically contracts with merchants, financial institutions, or



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affiliates of those parties. Contracts stipulate the types of services and articulate how fees will be incurred and calculated. Commission income are recognized each day based on the value of transaction at the time the transactions are processed.

Amount received by the Group pending settlement are disclosed as payable to the merchants under other financial liabilities.

Fees for money transfer service from user's wallet to bank account:

Commission on money transfer represents the amount earned from the users in the form of commission on the withdrawal of money by the users from their wallets and transfer the same to the bank accounts of their choice using the IMPS facility. Commission on money transfer is recognised on satisfaction of the associated performance obligation i.e. on transfer of money, and basis the standard agreement entered with the respective users.

Commission on payment gateway services:

The Group facilitates payment gateway services and earns commission from merchants and recognises such revenue when the control of services is transferred to the customer i.e. when the services have been provided by the Group. Such commission is generally determined as a percentage of transaction value processed by the Group.

Revenue from share in interest income, processing fee, penalties and other such incomes on account of servicing of loans products through lending partners:

Share in interest income (net) is earned on the loans to users by respective lending partners. This income is shared by the Group as per terms of agreement with service providers and accounted on accrual basis. Processing fees is recognised on satisfaction of associated performance obligation i.e. on sourcing of customers for lending partners and when amount of loan or credit is transferred to the user's wallet based on standard agreements entered with the respective lending partners. Penalty fees for customer defaults i.e. delayed payment of instalment of loan product, is recognised as revenue on receipt of payment from customer. Other such incomes on account of loan facilitation services, collection, monitoring etc is recognised in line with the period of service obligation.

Revenue from technology platform services:

The Group has contracts with customers to provide technology platform services, in the form of service of design, development, operation and maintenance of technology-based products, one-time integration, setup and technology fee, etc. either independently or bundled with merchants, transaction processing and loan processing services. The Group typically contracts with financial institutions and merchant aggregators. Contracts stipulate the types of services and articulate how fees will be incurred and calculated. Service fee for design and development of technology-based products are recognised over the period of satisfaction of relative performance obligation i.e. development of product.

The services of one-time integration, setup, and technology fee, etc. are generally billed to the customers upfront. However, the underlying obligation to keep up and run the platform continues for the entire period of the contract with customer, and the pattern of benefits to the customer from such services rendered is generally even, throughout the period of contract. Revenue against such upfront technology platform service fee is recognized on a straight-line basis over a period (i.e. over the contractual term).

Income from advertisement/sale of space:

Revenue from sale of advertisement space is recognised, on satisfaction of associated performance obligation i.e. as and when the relevant advertisement is displayed on the application.

Refer note k for transition to Indian Accounting Standards (IND AS).



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Contract balance

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section I) Financial instruments.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). The Group recognises contract liability for consideration received in respect of unsatisfied performance obligations and reports these amounts as "Deferred revenue" or "Advance from customers" in the balance sheet. Provisions for customer incentives are also reported as contract liabilities.

c) Leases

The Group's leased assets primarily consist of leases for office space. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes periods covered by extension options when it is reasonably certain that they will be exercised and includes periods covered by termination options when it is reasonably certain that they will not be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflect that the Group exercise a purchase option. The Group applies Ind AS 36 to determine whether a ROU asset is impaired and accounts for any identified impairment loss as described in the accounting policy below on "Impairment of non-financial assets".

The lease liability is initially measured at amortized cost at the present value of the future lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Group's incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset (or in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero) if the Group changes its assessment if whether it will exercise an extension or a termination or a purchase option.



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The interest cost on lease liability (computed using effective interest method), is expensed in the statement of profit and loss.

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract in accordance with Ind AS 116 and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group has elected to account for all COVID-19-related rent concession that meets all of the following conditions in the same way as they would if they were not lease modification:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.

(b) any reduction in lease payments affects only payments originally due on or before the 31 March 2022.

(c) there is no substantive change to other terms and conditions of the lease.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Refer note k for transition to Indian Accounting Standards (IND AS).

d) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

e) Foreign currency transactions and translations

The functional currency of the Group is Indian Rupees which represents the currency of the primary economic environment in which it operates.

Transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated using mean exchange rate prevailing on the last day of the reporting period. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Treatment of exchange differences

Exchange differences on monetary items are recognised in the Profit or Loss in the period in which they arise.

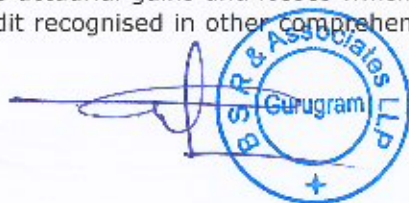
f) Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity, compensated absences and other incentives to employees.

Post-employment and termination benefit costs

Payments to defined contribution benefit plans (i.e. provident fund and employee state insurance scheme) are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprises actuarial gains and losses which is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they



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occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

Short-term and other long-term employee benefits

A liability is recognised for short-term employee benefits accruing to employees in respect of salaries, annual leave and sick leave, performance incentives etc. in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit.

The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the period-end. Actuarial gain/loss are immediately taken to the statement of profit and loss and are not deferred. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

g) Share-based payments

Employees of the Group also receive remuneration in the form of share-based payment transactions under Group's Employee stock option plan (ESOP)-2014.

Equity-settled transactions

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

Refer note k for transition to Indian Accounting Standards (IND AS).

h) Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in Other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.



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Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.



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i) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. Cost includes, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

Depreciation and amortisation

Depreciation is provided on the written down value method. The estimated useful life of each asset as prescribed under Schedule II of the Companies Act, 2013 are as depicted below:

Assets category	Estimated useful life
Computers	3 Years
Furniture & fixtures	10 Years
Office equipment	5 Years
Leasehold improvements	6 Years
Server & Network Equipment	6 Years

Depreciation on addition to the property, plant and equipment is provided on pro rata basis from the date the assets are acquired/ installed. Depreciation on sale/ deduction of plant, property and equipment assets is provided for upto the date of sale and deduction.

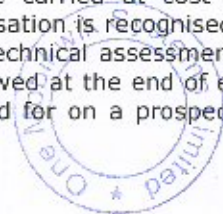
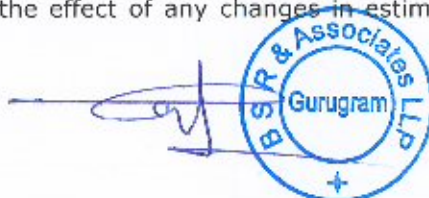
The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Refer note k for transition to Indian Accounting Standards (IND AS).

j) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives determined based on technical assessment of internal experts. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.



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Assets category	Estimated useful life
Computer software	5 Years

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill is recognised in profit or loss as incurred.

Goodwill is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

k) First time adoption of IndAS

(i) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment including capital work-in-progress as recognised in the standalone financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets including intangible assets under development covered by Ind AS 38 Intangible assets.

Accordingly, the Company has elected to measure its property, plant and equipment and Intangible assets at their previous GAAP carrying value.

(ii) Leases

Ind AS 101 allows an entity to determine whether an arrangement existing at the date of transition to Ind ASs contains a lease in accordance with Ind AS 116, on the basis of facts and circumstances existing at that date.

The standard provides an option to apply Ind AS 116 on transition date either using full retrospective method or modified retrospective method along with some available practical expedients

Accordingly, the Company has elected to follow full retrospective method for transition to Ind AS 116.

(iii) Share based payments

Ind AS 101 allows an entity not to apply Ind AS 102 Share-based payment to equity instruments that vested before the date of transition to Ind AS. Accordingly, the Company has elected to use exemption and has not applied Ind AS 102 on the options granted and vested before the date of transition to Ind AS.

(iv) Investment in subsidiaries

Ind AS 101 provides the exemption for investments in subsidiaries, joint ventures and associates to be measured at :

- a) At cost determined in accordance of Ind AS 27, or
- b) Deemed cost

The deemed cost of an investment for this purpose is either its:



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- Fair value at the date of transition
- The previous GAAP carrying amount of the investment.

The Company has elected to carry its investments in subsidiaries at deemed cost being carrying amount under previous GAAP on the transition date.

(v) Revenue

The Company has applied Ind AS 115 'Revenue from contracts with customers' to contracts that are not completed on transition date. Further, the Company has applied full retrospective approach on transition date subject to some practical expedients as prescribed by the standard.

1) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are recognised when a Group becomes a party to the contractual provisions of the instruments.

Financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial instruments

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial asset at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

A financial asset that meet the following conditions are subsequently measured at amortised cost (except for financial asset that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

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



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On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments financial assets that meet the amortised cost criteria or the FVTOCI criteria may irrevocably be but are designated as at FVTPL are measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement of financial instruments

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt instruments at FVTOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity instruments at FVTOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

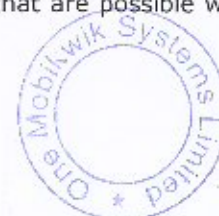
Impairment of financial assets

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments, trade receivables, other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For measurement of loss allowance in case of financial guarantee contracts, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.



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(i) Significant increase in credit risk

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Group applies a three-stage approach to measure ECL on financial guarantee contracts. The underlying receivables of debtors migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognized.

Exposures with days past due (DPD) less than or equal to 30 days are classified as stage 1.

Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognized. Exposures with DPD equal to 31 days but less than or equal to 89 days are classified as stage 2. At each reporting date, the Group assesses whether there has been a significant increase in credit risk for underlying receivables of debtors since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

Stage 3: Lifetime ECL – credit impaired

Receivable of debtor is assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For receivable of debtors that have become credit impaired, a lifetime ECL is recognized on principal outstanding as at period end.

Exposures with DPD equal to or more than 90 days are classified as stage 3.

The definition of default for the purpose of determining ECLs has been aligned to the Reserve Bank of India definition of default, which considers indicators that the debtor is unlikely to pay and is no later than when the exposure is more than 90 days past due.

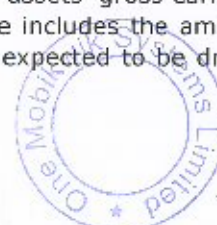
The measurement of all expected credit losses for financial guarantee contracts held at the reporting date are based on historical experience, current conditions, and reasonable and supportable forecasts. The measurement of ECL involves increased complexity and judgement, including estimation of PDs, LGD, a range of unbiased future economic scenarios, estimation of expected lives and estimation of EAD and assessing significant increases in credit risk.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn



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down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in a separate component of equity wherein fair value changes are accumulated, and does not reduce the carrying amount of the financial asset in the balance sheet.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party or when the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

A financial liability is any liability that is:

- (a) a contractual obligation:
- (i) to deliver cash or another financial asset to another entity; or



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(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

(b) a contract that will or may be settled in the entity's own equity instruments and is:

(i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or

(ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost

Other financial liabilities are subsequently measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of a qualifying asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with Ind AS 109 (see section of impairment of financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Although the fee income from financial guarantee contracts is recognised in accordance with the principles of Ind AS 115, the financial guarantee contract is in the scope of Ind AS 109 and the fee income from it is not revenue from contracts with customers. The Group presents the fee income from financial guarantees as part of revenue from share in interest income.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.



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The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Interest income

For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

m) Provisions and Contingent liabilities

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows (representing The amount recognised as a provision is the best estimate of the consideration expenditure required to settle the present obligation at the reporting date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Contingent liabilities

A contingent liability is possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

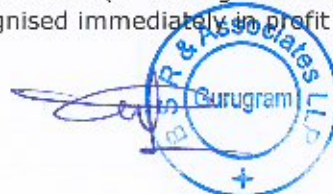
The Group does not recognise a contingent liability but discloses its existence in the Special Purpose Interim Consolidated Financial Statements.

n) Impairment of non – financials assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units. Each cash-generating unit represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or cash-generating units. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.



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When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

o) Segment reporting

Till the year ended 31 March 2022, the information reported to the Group's Chief Executive Officer (CEO) (the Chief Operating Decision Maker (CODM)) for the purposes of resource allocation and assessment of segment performance was focused on the degree of homogeneity of products, services and material businesses. Segment's performance was evaluated based on segment revenue, segment results and adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA). Accordingly, the Group's reportable segments under Ind AS 108 were as follows:

Segment A - Consumer Payments

Segment B - Digital Financial Services (erstwhile known as BNPL)

Segment C - Payment Gateway

During the year ended 31 March 2023, the Group has reassessed the basis of segment reporting. This reassessment was required due to change in the business strategy over the period, increased interdependency between various services, increased interchangeability of resources and common costs, change in the way Group's Chief Executive Officer (CEO) (Chief Operating Decision Maker "CODM") review Group performance etc. Accordingly, to align with the above shift in business strategy and the consequent change in the way the CODM reviews the performance, the management of the Group has modified the segment disclosure and concluded that though there are different business units of the Group, including Financial services and Payment services but CODM reviews the information at the overall level and the Group does not allocate revenue from operations, operating costs and expenses, assets and liabilities across the units. Allocation of resources and assessment of financial performance is done at the consolidated level. Accordingly, it has been assessed that Group operates in a single operating segment only.

p) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for bonus issue, bonus element in a rights issue to existing shareholders and share split

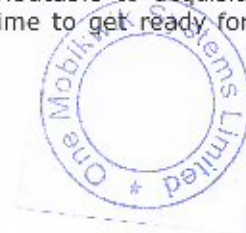
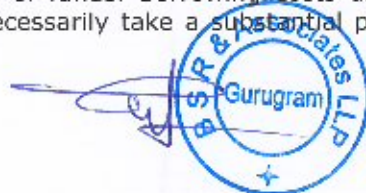
For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all potential equity shares except where the results are anti-dilutive.

q) Measurement of EBITDA

As permitted by the Guidance Note on Division II - Ind AS Schedule III to the Companies Act, 2013, the Group has elected to present Earnings before finance cost, depreciation, amortisation and tax (EBITDA) as a separate line item on the face of the Special Purpose Interim Consolidated Profit and Loss. The Company measures EBITDA on the basis of profit/(loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs, exceptional items and tax expense. Finance costs comprise interest expense on: borrowings, bank overdraft, lease liability and late payment of statutory dues.

r) Borrowing Cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their



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intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

s) Share Capital

Equity shares

Incremental costs directly attributable to the issue of equity shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with Ind AS 12.

Preference shares

The Group's redeemable preference shares are classified as financial liabilities, because they bear nondiscretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

t) Recognition of Dividend Income, Interest income or expense

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3. Significant accounting judgements, estimates and assumptions

The preparation of Special Purpose Interim Consolidated Financial Statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Therefore, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

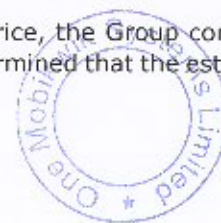
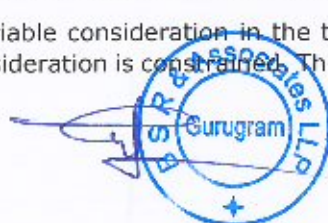
Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Special Purpose Interim Consolidated Financial Statements:

a) Revenue from contracts with customers

The Group applied judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers, such as identifying performance obligations, wherein, the Group provides multiple services as part of the arrangement. The Group allocated the portion of the transaction price to services basis on its relative standalone prices.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates



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of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

b) Determining lease term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has some property lease arrangements with its vendors that include option to terminate the contract by either party at any time by giving advance notice or by the Group as per its discretion. The Group applied judgment in evaluating whether it is reasonably certain to exercise the termination option. It considered all the factors that create economic incentive for the Group to continue with lease or terminate including alternatives available for the office lease, use of underlying property, leasehold improvements made and accordingly determined lease term.

c) Financial Instruments

Classification and measurement – Refer note 2.4(I) and 31.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Taxes

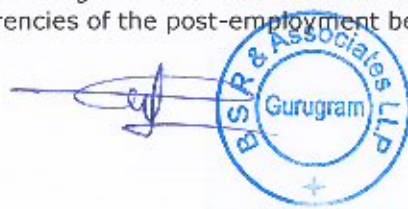
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. In assessing the probability the Group considers whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilised before they expire. Significant management assumptions are required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has tax business losses and unabsorbed depreciation carried forward amounting to INR 6,560.40 million. The Group does not expect sufficient future taxable profit against which such tax losses can be utilised. On this basis, the Group has not recognised deferred tax assets on these carried forward tax losses. Refer Note 26 for further details.

b) Defined benefit plans (gratuity benefit)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.



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The mortality rate are current best estimates of the expected mortality rates of plan members, both during and after employment. Future salary increases and gratuity increases are based on expected future inflation rates, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Refer Note 27 for further details.

c) Useful life of assets of Property, Plant and Equipment

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed at each financial period end. Refer Note 4 for further details.

d) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as stand-alone credit rating). Refer Note 41 for further details.

e) Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Also refer to note 31.

f) Fair value of equity-settled share-based transaction

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Group measures the fair value of equity-settled transactions with employees at the grant date using Black-Scholes model. The assumptions for estimating fair value for share-based payment transactions are disclosed in Note 29.

g) Adoption of new accounting principles

Onerous contracts – cost of fulfilling a contract (amendment to Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets)

The amendment clarified that the 'costs of fulfilling a contract' comprise both the incremental costs and allocation of other direct costs. The Company has adopted this amendment effective 1 April 2022 and the adoption did not have any material impact on its financial statements.



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h) Recently issued accounting pronouncements

On 31 March 2023, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) Amendment Rules, 2023 effective from 1 April 2023. Following are the key amended provisions which may have an impact on the financial statements of the Company:

Disclosure of accounting policies (amendments to Ind AS 1 - Presentation of Financial Statements)

The amendments intend to assist in deciding which accounting policies to disclose in the financial statements. The amendments to Ind AS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

Definition of accounting estimate (amendments to Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)

The amendments distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

Deferred tax related to assets and liabilities arising from a single transaction (amendments to Ind AS 12 - Income taxes)

The amendments specify how to account for deferred tax on transactions such as leases. The amendments clarify that lease transactions give rise to equal and offsetting temporary differences and financial statements should reflect the future tax impacts of these transactions through recognizing deferred tax. The Company is evaluating the impact of this amendment, if any, in its financial statements.

Other amendments included in the notification do not have any significant impact on the financial statements.



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4 Property, plant and equipment

Cost	Computers	Office equipment	Furniture and fixtures	Server & Network Equipment	Leasehold improvements	Total
As at 1 April 2023	44.79	4.39	0.20	12.85	3.85	66.08
Additions	2.69	4.54	-	-	-	7.23
Disposals	-	-	-	-	-	-
As at 30 September 2023	47.48	8.93	0.20	12.85	3.85	73.31
Accumulated depreciation						
As at 1 April 2023	35.08	1.64	0.07	6.99	1.14	44.92
Charge for the period	3.36	1.06	0.01	1.75	0.53	6.74
Disposals	-	-	-	-	-	-
As at 30 September 2023	38.44	2.70	0.08	8.74	1.67	51.63
Carrying amount						
As at 30 September 2023	9.04	6.23	0.12	4.11	2.18	21.68



5 Other intangible assets

	Software	Total
Cost		
As at 1 April 2023	0.32	0.32
Additions	-	-
As at 30 September 2023	0.32	0.32
Accumulated amortisation		
As at 1 April 2023	0.32	0.32
Amortisation for the period	-	-
As at 30 September 2023	0.32	0.32
Carrying amount		
As at 30 September 2023	-	-



6 Goodwill

Total

Cost

As at 30 September 2023

48.63

Accumulated amortisation and impairment

As at 30 September 2023

48.63

Carrying amount

As at 30 September 2023

-

Note:

1 During the year ended 31 March 2019, the Group had acquired Mobikwik Investment Adviser Private Limited (formerly known as Harvest Fintech Private Limited) resulting into goodwill of INR 48.63 million. Goodwill is tested for impairment annually at each reporting date i.e. 31 March. Management determines the recoverable amount of goodwill based on value in use calculations of expected benefits over foreseeable future.

As at 31 March 2020, due to certain changes in business and economic conditions, management believes that the expected benefits will take much longer to accrue than anticipated as on 31 March 2019. The recoverable amount was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use. The carrying amount was determined to be higher than its recoverable amount, accordingly, an impairment loss of INR 48.63 was recognised during the year ended 31 March 2020.



	As at 30 September 2023
7(a) Investment	
Non-current	
Unquoted investments (fully paid)	
Investment in other equity instruments at Fair value through Other comprehensive income (FVTOCI)	
National Payment Corporation of India ("NPCI")	16.21
(6,132 equity shares of INR 1.256/- each) (refer note 1 below)	
	<u>16.21</u>
Aggregate amount of un-quoted investments	16.21
Aggregate amount of impairment in value of investments	-
Notes:	
1. The investment in other equity instruments are not held for trading. Instead, these are held for medium to long-term strategic purposes. Accordingly, the Group has elected to designate this investment in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in this investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investment for long term purposes and realising their performance potential in the long run. Refer note 29 for further details.	
2. No investments were disposed of during the six months period ended 30 September 2023, and there were no transfers of any cumulative gain or loss within equity relating to these investments.	

	As at 30 September 2023
7(b) Loans	
Unsecured, credit impaired	
Loan (Refer note 1 below)	1.01
Less: Loss allowance	(1.01)
Total loans	<u>-</u>
Notes:	
1. It represents loan given to Pivotchain Technologies Private Limited (related party till 31 March 2020) which carries interest rate of 15 % p.a and repayable on demand.	
2. The fair value of loans carried at amortized cost.	

	As at 30 September 2023
7(c) Other financial assets	
Non-current	
Unsecured, considered good unless stated otherwise	
Security deposits	23.07
Bank deposits with maturity for more than twelve months (refer note 10(b))	1.08
	<u>24.15</u>
Current	
Unsecured, considered good unless stated otherwise	
Amount recoverable from payment gateway banks	364.22
Amount recoverable from users and business partners	467.35
Interest accrued on deposits	35.20
Security deposits	2.95
Other recoverables	15.59
	<u>885.31</u>
Unsecured, considered doubtful	
Amount recoverable from payment gateway banks	2.31
Security deposits	9.13
Receivable from users (Refer note 1 below and note 36)	142.13
Less: Loss allowance	(153.57)
	<u>-</u>
	<u>885.31</u>
Total other financial assets	<u>909.46</u>
Notes:	
1. Includes amounts receivable from users on account of a fraud in Immediate Payment Service (IMPS) transactions in year ended 31 March 2018. Pending collection of these amounts, the amounts have been fully provided for in the books of account. The Holding Company is in the process of recovering the amounts. The total amount of transfer through the above mode was INR 200.24 million, out of which INR 105.88 million has been recovered till date.	



8 Other assets	As at 30 September 2023
Non-current	
Unsecured, considered good unless otherwise stated	
Advance to suppliers (Refer note 1 below)	1,106.99
Amount paid under protest	10.09
Prepaid expenses	0.40
Balances with government authorities	1.40
Total	1,118.88
Current	
Unsecured, considered good unless otherwise stated	
Advance to vendors (Advertisers)	384.73
Advance to suppliers (Refer note 1 below)	288.44
Advance to employees	4.35
Balances with government authorities (GST)	33.64
Prepaid expenses	20.69
Current	
Unsecured, considered doubtful	
Advance to vendors (Advertisers)	2.05
Advance to supplier	2.76
Advances to employees	0.03
Balances with government authorities	7.51
Less: Loss allowance	(12.35)
Total	731.85

Notes:

1. It represents an advance made as a part of an advertising and media usage agreement with the suppliers. This will be adjusted against the value of services to be availed by the Holding Company from such suppliers in the future.

9 Trade receivables	As at 30 September 2023
Unsecured, considered good unless stated otherwise	
Trade receivables	679.95
Less: Loss allowance	(4.22)
Total	675.73

Notes:

a) Trade receivables are non-interest bearing and the average credit period is between 0 to 30 days.

b) The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix under simplified approach. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due. Based on internal assessment which is driven by the historical experience and current facts available in relation to default and delays in collection thereof, the credit risk for these trade receivables is considered low.

c) The Group writes off a trade receivable when there is information indicating that the customer is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the customer has been placed under liquidation or has entered into bankruptcy proceedings.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer segments.

Expected credit loss - Default Risk Rate (%)

Ageing	As at 30 September 2023
Within the credit period	0.00%
1-30 days past due	0.00%
31-60 days past due	0.00%
61-90 days past due	0.13%
91-180 days past due	1.63%
181-365 days past due	6.53%
1 - 2 years past due	33.91%
2 - 3 years past due	100.00%
Over 3 years	100.00%

Expected credit loss - Delay Risk Rates(%)

Ageing	As at 30 September 2023
Within the credit period	0.00%
1-30 days past due	0.12%
31-60 days past due	0.41%
61-90 days past due	0.76%
91-180 days past due	1.38%
181-365 days past due	2.97%
1 - 2 years past due	7.60%
2 - 3 years past due	0.00%
Over 3 years	0.00%

Expected credit loss

Ageing	As at 30 September 2023
Within the credit period	0.00
1-30 days past due	0.01
31-60 days past due	0.02
61-90 days past due	0.02
91-180 days past due	0.19
181-365 days past due	0.25
1 - 2 years past due	3.62
2 - 3 years past due	0.03
Over 3 years	0.07
Total	4.22



Movement in the expected credit loss allowance

	As at 30 September 2023
Balance at beginning of the period	5.70
Movement in expected credit loss allowance on trade receivables	(1.48)
Balance at end of the period	4.22

Trade receivables ageing schedule

As at 30 September 2023

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables - considered good	630.51	20.07	17.86	2.68	8.72	0.03	0.08	679.95
Total	630.51	20.07	17.86	2.68	8.72	0.03	0.08	679.95

10(a) Cash and cash equivalents

	As at 30 September 2023
Cash on hand*	0.00
Balance with bank	
- On current accounts	737.54
Total cash and cash equivalents	737.54
Notes	
Total cash and cash equivalents	737.54
Less: Bank overdraft (refer note 13)	(949.20)
Cash balance for the purposes of consolidated statement of cash flows	(211.66)

10(b) Bank balances other than cash and cash equivalents

Deposits with	
- maturity for less than twelve months**	930.24
- maturity for more than twelve months**	1.08
	931.32
Less: amount disclosed under non-current financial assets (refer note 7(c))	(1.08)
	930.24
Balances with banks:	
In Nodal account***	161.33
In Escrow account****	1,260.53
Total	2,352.10

* Includes cash on hand of INR 280, rounded off to "0" on conversion to INR million

** These deposits includes lien marked bank deposits of INR 871.14 million.

***The Group uses the Nodal account to receive money when wallet is used as payment gateway for settlement of the transactions with the merchants and also to receive money when payment gateway is used for payments for settlement of the transactions with the merchants.

****The Group is required to maintain certain outstanding balances (i.e. the money collected against wallet balance from users in a separate account with a scheduled commercial bank) in escrow accounts. The amount received in these accounts, which are payable to users for settlement are restrictive in nature and cannot be used for general purposes. The amount in escrow account includes a balance in account of INR 850 million bearing interest rate of 4% p.a.



11 Equity share capital

11(a) Equity share capital

Authorised equity share capital	Equity Shares (Face Value = INR 2/-)**	
	Number of shares	Amount
As at 1 April 2023	8,00,00,000	160.00
Increase/decrease during the period	-	-
As at 30 September 2023	8,00,00,000	160.00

Issued equity share capital (subscribed and fully paid up)	Number of shares		Amount	
	Number of shares	Amount	Number of shares	Amount
As at 1 April 2023	5,71,84,521	114.38		
Increase/decrease during the period				
As at 30 September 2023	5,71,84,521	114.38		

11(b) Instruments entirely equity in nature

Authorised preference share capital	Cumulative compulsory convertible preference shares (CCCPs) (Face value INR 100 per share)		Cumulative compulsory convertible preference shares (CCCPs) (Face value INR 10 per share)	
	Number of shares	Amount	Number of shares	Amount
As at 1 April 2023	18,16,592	181.66	1,56,899	1.57
Increase/decrease during the period	-	-	-	-
As at 30 September 2023	18,16,592	181.66	1,56,899	1.57

11(c) Terms/ rights attached to shares

(i) Terms/ rights attached to equity shares:

Voting

Each holder of equity share is entitled to one vote per share held.

Dividend

The Holding Company will declare and pay dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing Annual General Meeting, except in the case where interim dividend is distributed. The Holding Company has not declared or paid any dividend since its incorporation.

Liquidation

In the event of liquidation of the Holding Company, the holders of equity shares shall be entitled to receive all of the remaining assets of the Holding Company, after distribution of all preferential amounts. Such distribution amounts will be in proportion to the number of equity shares held by the shareholders.

(ii) Terms/ rights attached to equity shares- Class A

Voting

To the extent that, and at all times when, applicable laws do not permit the holders of the series A CCCPS to exercise voting rights on the series A CCCPS in the manner contemplated, the class A equity shares shall carry such number of votes as may be necessary to permit each holder of the Series A CCCPS to vote, on all matters submitted to the vote of the shareholders of Holding Company, in such manner and such proportion as each such holder of the Series A CCCPS would have been entitled to, had each such holder of the Series A CCCPS elected to convert its Series A CCCPS into Equity Shares based on the then applicable Series A Conversion Price Conversion Price. At all other times and in all other events, including the event that a holder of Class A Equity Shares does not hold any Series A CCCPS, then the Class A Equity Shares held by such Shareholder shall carry one(1) vote each.

Dividend

The Holding Company will declare and pay dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing Annual General Meeting, except in the case where interim dividend is distributed. The Holding Company has not declared or paid any dividend since its incorporation.

Liquidation

In the event of liquidation of the Holding Company, the holders of Class A equity shares will be entitled to receive remaining assets of the Holding Company after distribution of all preferential amounts. The distribution will be in proportion to the number of Class A equity shares held by the shareholders.

(iii) Terms/rights attached to Cumulative Compulsorily Convertible Preference Shares (CCCPs)

Terms/ rights attached to Cumulative Compulsory Convertible Preference Shares (CCCPs) towards Series A, A1, A2, A3, B1, B2, B3, B4, C1, C2, C3, C5, C6, C7, C9, D, E1, E2, E3, E4, E5, E6, E7, E8, General and General G CCCPS.

Voting

The Preference shareholders of series A, A1, A2, A3, B1, B2, B3, B4, C1, C2, C3, C5, C6, C7, C9, D, E1, E2, E3, E4, E5, E6, E7, E8, General and General G CCCPS are entitled to receive notice of and vote on all matters that are submitted to the vote of Shareholders of the Company. However preference shareholder of series B2 shall have only those voting rights as are provided to preference shareholders under the Act and the right to vote on the Affirmative Vote Matters. The holder is entitled to the number of votes equal to the number of whole or fractional shares into which they could be converted.

Dividend

The Preference share of series A and A1 carry cumulative dividend rights at 0.0001% and series A2, A3, B1, B2, B3, B4, C1, C2, C3, C5, C6, C7, C9, D, E1, E2, E3, E4, E5, E6, E7, E8, General and General G CCCPS carry cumulative dividend rights at 0.001%.

Conversion

As per the terms of shareholders agreement dated 21 April 2016, 15 August 2016, Supplemental Deed dated 22 December 2016, Amendment Agreement dated 6 March 2017 and Share Cum Warrant Subscription Agreement dated 11 February 2017 the CCCPS may be converted into Equity Shares at any time at the option of the holder of the CCCPS. Subject to compliance with applicable Laws, each CCCPS shall automatically be converted into equity shares, at the applicable Conversion Price then in effect, upon the earlier of (i) one day prior to the expiry of 20 years from the closing date; or (ii) in connection with a IPO (or any subsequent IPO), prior to the filing of a prospectus (or equivalent document, by whatever name called) by the Company with the competent authority or such later date as may be permitted under applicable Laws.

These CCCPS shall be converted into Equity Shares at the conversion price to be determined based on the formulae specified in the said shareholders agreement dated dated 21 April 2016, 15 August 2016, Supplemental Deed dated 22 December 2016, Amendment Agreement dated 6 March 2017 and Share Cum Warrant Subscription Agreement dated 11 February 2017 respectively. During the year ended 31 March 2022, all of the CCCPS has been converted into equity.

Liquidation

In the event of liquidation, the preference shareholders are eligible for preference of payment over any class of equity shareholders and there shall be pari-passu charge by all series of preference shareholders.

(iv) Terms/rights attached to Share Warrants towards Series C7

Terms of issue and exercise of the Warrants

Each Warrant entitles Bennett Coleman & Company Limited ("BCCL") to subscribe to and be allotted such number of Shares and/or Series C7 CCCPS, at its sole discretion, calculated as specified in the said Share Cum Warrant Subscription Agreement dated 11 February 2017. BCCL, at its sole discretion, shall be entitled to (i) exercise all or some of the Warrants; and (ii) upon such exercise, subscribe to either the Shares or Series C7 CCCPS in accordance with the proviso to Article 2.3.1.(b) and as per the procedure laid down in the Agreement.

Conversion

BCCL may exercise its rights under all or some of the Series C7 CCCPS (in whole or in part) and convert the Series C7 CCCPS into Shares as per the procedure detailed in the agreement.

11(d) The Holding Company had not issued any bonus shares or bought back any shares during the five years immediately preceeding the reporting date, except that the Company has issued 15,617,540 equity shares of INR 2 each as bonus (3 bonus shares for each equity share), which was approved by the the Board of Directors and shareholders of the Company on 22 June 2021.



11(e) Details of shareholders holding

Details of shareholders holding more than 5% equity shares in the Company

	As at 30 September 2023	
	Number	% Holding
Equity shares of INR 2 each fully paid		
Bolin Preet Singh	1,14,30,478	19.99%
Umesh Kumar Taku	77,70,483	13.59%
Beta Finance Limited	79,79,440	13.95%
Sage Capital India Investments PVT	77,48,321	13.55%
Net 1 Applied Technologies Netherlands B.V.	62,15,620	10.87%

11(f) Other

a) Shares issued for consideration other than cash

The Holding Company has not issued any shares for consideration other than cash during the six months period ended 30 September 2023.

b) Share reserved for issue under contracts/ commitments for the sale of shares

(i) The Company has reserved the following number of equity shares for creating a pool of employee stock options for the benefit of eligible employees on such terms and conditions as determined by the investors and the Board of Directors (Refer note 26). For details of shares reserved for issue or conversion of CCCPS, please refer note 11(c)(iii) regarding terms of conversion/redemption of cumulative convertible preference shares.

Shares reserved for employee stock options

Particulars	As at 30 September 2023
Number of shares	45,64,260
Face value of shares	2
Percentage of capital	7.99%

(ii) Pursuant to the advertisement agreement and share cum warrant subscription agreement between the Holding Company and Bennett, Coleman and Company Limited (BCCL) the Holding company shall allot such number of series C7 CCCPS to BCCL against the exercise of warrants by BCCL and against the amounts payable to BCCL by the Holding Company under line of credit in accordance with the conversions basis agreed in the aforesaid agreements. During the year ended 31 March 2022, the warrant has been converted into 13,563 CCCPS for INR 100 each.

c) Shares reserved for issue under options

Information relating to the Group's employee option plans (ESOP), including details of options issued, exercised and lapsed during the year and options outstanding at the end of the reporting year, is set out in note 26.

11(g) Shareholding of promoters

Shares held by promoters at the end of the period

	As at 30 September 2023
Number of Shares	
Bolin Preet Singh	1,14,30,478
Umesh Kumar Taku	77,70,483
Narinder Singh Family Trust	2,10,762
Keshur Family Trust	1,49,265
% of total shares	
Bolin Preet Singh	19.99%
Umesh Kumar Taku	13.59%
Narinder Singh Family Trust	0.37%
Keshur Family Trust	0.26%
% Change during the period	
Bolin Preet Singh	0.00%
Umesh Kumar Taku	0.00%
Narinder Singh Family Trust	0.00%
Keshur Family Trust	0.00%



12 Other equity

12(a) Other equity

	As at 30 September 2023
Securities premium	11,543.40
Other comprehensive income	8.51
Share application money pending allotment*	0.00
Employee share options reserve	539.29
Retained earnings	(10,571.74)
Total other equity	1,419.46

12 (b) Movement in other equity

	As at 30 September 2023
Securities premium	
Balance as at the beginning of the period	11,543.40
Balance as at the end of the period	11,543.40
Other comprehensive income	
Balance as at the beginning of the period	8.51
Balance as at the end of the period	8.51
Share application money pending allotment	
Balance as at the beginning of the period †	0.00
Balance as at the end of the period	0.00
Employee share options reserve	
Balance as at the beginning of the period	528.00
Add: Employee stock options expense - equity settled (refer note 28)	11.29
Balance as at the end of the period	539.29
Retained earnings	
Balance as at the beginning of the period	(10,757.35)
Add: Profit for the period	94.79
Add: Remeasurement of net defined benefit liability	0.83
Balance as at the end of the period	(10,671.74)

- a) Securities premium:- Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.
- b) Other comprehensive income: This represents the gain on fair value of investment in NPCI which have been classified to be valued under OCI.
- c) Share application money pending allotment :- It represents the amount received for which the share allotment is yet to be made or any excess amount received over and above the allotment amount.
- d) Employee share options outstanding account:- Employee share option outstanding account is used to record the impact of employee stock option scheme. Refer note 28 for further detail of this plan.
- e) Retained earnings:- Retained earnings are the accumulated loss made by the Company till date.
- * Represents share application money pending for allotment of INR 3,039 , rounded off to '0' on conversion to INR million.



13 Borrowings

As at
30 September 2023

Non-current	
Secured	
Non-convertible debentures (refer note 1 below)	162.59
Less: Current maturity of non-convertible debentures	(289.65)
Total Non-current	72.94
Current	
Secured	
From banks:	
Bank overdraft (refer note 2 below)	949.20
Term loan (refer note 2 below)	200.00
Current maturity of non-convertible debentures	289.65
Total Current	1,438.85

Notes:
 1. The Holding Company had raised INR 550 million through issue of debentures (Non-convertible) during the year ended 31 March 2023. These debentures are secured by first pari passu charge created on present and future fixed and current & non current assets uncalled share capital and current and future cash flows of the Holding Company.

Fund Name	Face Value INR million	No. of Debentures	Year of Maturity	Rate of Interest	Effective Interest Rate	Carrying Amount As at 30 September 2023
Blacksoil Capital Private Limited	0.50	700	2024-25	14.00%	14.90%	223.38
Blacksoil India Credit Fund	0.50	200	2024-25	14.00%	14.90%	63.63
Kamatoni Fund I	1.00	100	2024-25	16.00%	17.91%	75.38

2. Terms and repayment schedule related to bank overdraft and term loans.

Bank Name	Sanction Amount (INR million)	Year of maturity	Repayment terms	Security details	Effective Interest Rate charged per annum As at 30 September 2023
Axis Bank - Bank overdraft	1,000.00	2023-24	Repayable on demand	Secured by way of first pari passu charge on all the present and future current assets (excluding the escrow balances), property plant and equipments	11.32%
Axis Bank - Term Loan	200.00	2023-24		12.32%	
SBI Bank - Bank overdraft	285.00	2023-24		Secured by way of first pari passu charge on fixed deposit	7.35%
ICICI Bank - Bank overdraft	150.00	2023-24		Secured by way of first pari passu charge on all the present and future current assets (excluding the escrow balances)	11.97%

The unutilized sanction limits for bank overdrafts -

Bank Name	Nature of Facility	Amount 30 September 2023
AXIS Bank	Bank overdrafts	196.23
ICICI Bank	Bank overdrafts	4.57

14 Trade payables

As at
30 September 2023

- Total outstanding dues of micro enterprises and small enterprises (Refer note 40)	53.18
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1,819.07
Total	1,872.25

Trade payables aging schedule

As at 30 September 2023

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues - MSME	39.64	13.07	0.07	-	0.40	53.18
Undisputed dues - Others	1,724.89	27.50	39.98	18.09	8.61	1,819.07
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-



	As at 30 September 2023
15 Other financial liabilities	
Non-current	
Security deposits	0.35
	<u>0.35</u>
Current	
Security deposits	0.22
Advances from wallet users (user's balance)*	945.69
Financial guarantee obligation**	384.67
Payable to merchants	237.06
Payable to operators and aggregators	12.06
Others ***	104.43
	<u>1,684.13</u>
Total	<u>1,684.48</u>
*The user wallet balance is net off of INR 9.02, which pertains to the transaction executed but have not been processed in the system due to payment cycle cut off.	
** For disclosure on inputs, assumptions and estimation techniques used in measurement of impairment loss on financial guarantee obligation, refer note 31.	
*** This includes INR 0.04 million for partly paid CCCPS issued during the year ended 31 March 2023. (Refer note 44)	
16 Provisions	As at 30 September 2023
Non-current	
Provision for employee benefits	
Provision for gratuity*	24.83
Total	<u>24.83</u>
Current	
Provision for employee benefits	
Provision for gratuity*	6.42
Provision for leave encashment	15.19
Total	<u>21.61</u>
*For details of movement in provision for gratuity, refer note 27.	
17 Other liabilities	As at 30 September 2023
Current	
Statutory remittances	70.54
Deferred revenue	8.35
Customer incentives	17.44
Advance from customers	4.74
Total	<u>101.07</u>
18 Other tax asset (net)	As at 30 September 2023
Advance tax and tax deducted at source	199.05
Income tax payable	(0.30)
Total	<u>198.75</u>



	For the six months period ended 30 September 2023
19 Revenue from operations	
Financial Services	2,439.53
Payment Services	1,371.35
Total revenue from operations	<u>3,810.88</u>
The Group derives its revenue from contracts with customers for the transfer of services over time and at a point in time on the Group's available services product.	
A. Financial services include MobiKwik Zip (which is flagship {upto 30-day} product), Zip EMI (which is a longer tenure credit product) and other credit products. It also includes revenue from wealthtech and fintech products, platform services specifically designed to drive credit business and amounts received from online promotions on such platforms.	
B. Payment services include revenue from merchant fee collected from a merchant and convenience fees collected from users under certain categories of services.	
19.1 Disaggregation of revenue based on timing of recognition of revenue:	
a Services transferred at point in time	3,804.71
b Services transferred over time	6.17
Total revenue from contract with customers	<u>3,810.88</u>
19.2 Reconciliation of revenue recognised in statement of profit and loss with contracted price:	
Revenue as per contracted price	3,829.29
Less: Variable consideration (including consideration payable to customer)	(18.41)
	<u>3,810.88</u>
19.3 For segment revenue from customers - Entity wide disclosure, refer note 32	
19.4 Transaction price allocated to the remaining performance obligations:	
The following table includes revenue expected to be recognised in the future related to performance obligation that are unsatisfied (or partially unsatisfied) at the reporting date:	
Sale of services	8.35
Sale and supply of goods and services	<u>8.35</u>
Note: All the remaining performance obligation are expected to be recognised within one year	
19.5 Contract balances	
The following table provides information about contract liabilities and trade receivables from contract with customers	
	For the six months period ended 30 September 2023
Deferred revenue (refer note 17)	8.35
Customer incentive (refer note 17)	17.44
Advances from customers (refer note 17)	4.74
Trade receivables (refer note 9)	675.73
Significant changes in the contract liabilities balances during the period are as follows:	
	For the six months period ended 30 September 2023
Deferred revenue	
Opening balance at the beginning of the period	14.52
Less: Revenue recognised during the period	(6.17)
Closing balance at the end of the period	<u>8.35</u>
	For the six months period ended 30 September 2023
Customer incentive	
Opening balance at the beginning of the period	6.98
Add: Created during the period	17.44
Less: Utilised during the period	(6.98)
Closing balance at the end of the period	<u>17.44</u>
	For the six months period ended 30 September 2023
Advance from customer	
Opening balance at the beginning of the period	2.26
Add: Received during the period	2.48
Less: Revenue recognised during the period	-
Closing balance at the end of the period	<u>4.74</u>



ONE MOBIKWIK SYSTEMS LIMITED (formerly known as ONE MOBIKWIK SYSTEMS PRIVATE LIMITED)
Notes to the Special Purpose Interim consolidated financial statements for the six months period ended 30 September 2023
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20 Other income

Interest income from financial assets measured at amortised cost	
- on bank deposits	
- on security deposits	
- on others	
Liabilities / provisions no longer required written back*	
Reversal of impairment loss on trade receivables	
Miscellaneous income	
Total	

**For the six months
period ended
30 September 2023**

58.67
0.39
0.30
1.43
1.48
0.58

62.85

* Includes amount for recoveries which have already been settled with lending partners.

21 Employee benefits expense

Salaries, allowance and bonus	
Gratuity expense (refer note 27)	
Leave encashment expense	
Contribution to provident and other funds	
Employee stock options expense - Equity settled (refer note 28)	
Staff welfare expenses	
Total	

**For the six months
period ended
30 September 2023**

483.93
4.27
2.85
12.73
11.29
1.56

516.63

22 Finance costs

Interest expense on financial liabilities measured at amortised cost	
- on overdraft	
- on non convertible debentures	
- on other borrowings	
- on lease liability (refer note 39)	
Interest expense on delayed payment of statutory dues	
Others	
Total	

**For the six months
period ended
30 September 2023**

40.42
34.01
3.24
6.38
0.03
6.30

90.38

23 Depreciation and amortisation expense

Depreciation of property, plant and equipment (refer note 4)	
Depreciation on right-of-use assets (refer note 39)	
Total	

**For the six months
period ended
30 September 2023**

6.74
12.94

19.68

24 Other expenses

Business promotion*	
Franchisee cost	
Advertisement	
B2B commission expense	
Lease rent (refer note 39)	
Rates and taxes	
Communication costs	
Outsource service cost	
Foreign exchange loss (net)	
Power and fuel	
Merchant related costs	
Repair and maintenance:	
-Plant and machinery	
-Others	
Server and related cost	
Travelling and conveyance	
Legal and professional fees	
Auditor's remuneration**	
Insurance expenses	
Software expenses	
IMPS Expenses	
Miscellaneous expenses	
Total	

**For the six months
period ended
30 September 2023**

459.07
3.47
7.16
17.44
12.44
1.39
49.36
138.39
0.92
0.96
45.00
0.20
8.28
84.15
12.51
82.98
4.20
3.02
13.01
13.09
18.29

975.33

*Includes user incentive expenses amounting to INR 238.50 million.



**Includes payments to statutory auditors (exclusive of Goods and Service Tax)

For audit	4.00
For reimbursement of expenses	0.20
	4.20

25 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of equity shares and CCPS outstanding during the period.

Diluted EPS are calculated by dividing the profit for the period attributable to the equity holders of the Company by weighted average number of equity shares and CCPS outstanding during the period plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. The following reflects the income and share data used in the basic and diluted EPS computations:

	For the six months period ended 30 September 2023
Basic	
Profit for the period (A)	94.78
Weighted average number of equity shares and CCPS in calculating basic EPS (B) (refer note below)	5,71,84,521
Basic profit per equity share (A/B) (INR)	1.66
Diluted	
Profit for the period (A)	94.78
Weighted average number of equity shares and CCPS in calculating basic and diluted EPS (B) (refer note below)	5,72,24,263
Dilutive effect of share options	18,19,508
Weighted average number of equity shares and CCPS in calculating diluted EPS (refer note below)	5,90,43,771
Diluted profit per equity share (A/B) (INR)	1.61

Note :

The earnings per share reflects the impact of sub-division of 1 equity share having face value of INR 10 each into 5 equity shares having face value of INR 2 each and the bonus shares issuance in the ratio of 3:1.



26 Income tax

a) Income tax expense/(credit) recognised in consolidated statement of Profit and Loss:

Particulars	For the six months period ended 30 September 2023
Current tax	
Current income tax for the period	0.55
	<u>0.55</u>
Deferred tax	
Relating to origination and reversal of temporary differences	-
	<u>-</u>
Total income tax expense	<u>0.55</u>

b) The income tax expense for the period can be reconciled to the profit before tax as follows:

Particulars	For the six months period ended 30 September 2023
Profit before tax	95.33
Accounting loss before income tax	95.33
Tax expense using the Company's tax rate of 26.00%	24.79
Utilisation of previously unrecognised tax losses	(133.09)
Effect of tax rates in other subsidiaries	(0.10)
Other non-deductible expenses	(0.26)
Temporary differences and tax losses on which no deferred tax was recognised	109.23
	<u>109.23</u>
Tax expense at the effective income tax rate of (0.58%).	0.56

c) Breakup of deferred tax recognised in the Special Purpose Interim Consolidated Balance sheet

Particulars	As at 30 September 2023
Deferred tax asset	
Tax business losses and unabsorbed business losses	1,705.20
Property, plant and equipment and other intangible assets	3.41
Lease liabilities	3.20
Trade receivable	1.10
Impairment loss on Digital Financial Services	100.01
Provision for employee benefits	11.96
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	230.56
Total	2,055.44
	<u>2,055.44</u>
Total deferred tax assets recognised (A) (refer note below)	0.37
	<u>0.37</u>
Deferred tax liabilities	
Non-convertible debentures	0.37
Total deferred tax liabilities (B)	0.37
	<u>0.37</u>
Net deferred tax assets/(liabilities) (A-B)	-
	<u>-</u>

Note: The amount of deferred tax assets recognised (except pertaining to subsidiary entity "ZAAK EPAYMENT SERVICES PRIVATE LIMITED") has been restricted to the amount of deferred tax liability recognised due to lack of reasonable certainty in those years because a trend of future profitability is not yet clearly discernible.

d) The major components of deferred tax assets/(liabilities) arising on account of temporary differences

	As at 30 September 2023
Balance at the beginning of the period/year	-
Recognised in Consolidated Statement of Profit and Loss :-	
Tax business losses and unabsorbed business losses	-
Recognised in Consolidated Statement of Profit and Loss	-
Recognised in other comprehensive income :-	
Tax business losses and unabsorbed business losses	-
Recognised in other comprehensive income	-
Balance at the end of the period/year	-
	<u>-</u>

e) Detail of deductible temporary differences and unused tax losses for which no deferred tax asset is recognised in the Special Purpose Interim Consolidated Balance Sheet:

Particulars	As at 30 September 2023
Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognised are attributable to the following:	
- tax business losses	6,487.69
- unabsorbed depreciation	72.71
- other deductible temporary differences	1,345.68
	<u>7,906.08</u>

Utilization of tax business losses is subject to expiry of 8 years. Unabsorbed depreciation can be carried forward for an indefinite period. Other deductible temporary differences do not have any expiry date.

Expiry period of tax business losses 2024-32

The group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.



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27 Employee benefits

A Defined contribution plans

The Group makes contributions towards Provident Fund to a defined contribution retirement benefit plan for qualifying employees. The Group's contribution to the Employee Provident Fund is deposited with the Provident Fund Commissioner which is recognised by Income Tax authorities.

The Group has recognised INR 12.73 million during the period ended 30 September 2023 for provident fund and other funds in the Statement of Profit and Loss. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

B Defined benefit plans

Gratuity - defined benefit plan

The Group's gratuity scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days' basic salary payable for each completed year of service or part thereof in excess of 6 months, subject to a maximum limit of INR 2.00 million in terms of the provisions of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each reporting date.

The amount included in the consolidated financial statement arising from the Group's obligation in respect of its gratuity plan is as follows:

Gratuity - defined benefit plan

	As at 30 September 2023
Present value of un-funded defined benefit obligation	31.25

a) Reconciliation of the net defined benefit liability.

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

Reconciliation of present value of defined benefit obligation for Gratuity

	As at 30 September 2023
Balance at the beginning of the period	28.75
Benefits paid	(0.94)
Current service cost	3.23
Interest cost	1.04
Actuarial (gains) losses	
- changes in demographic assumptions	0.76
- changes in financial assumptions	0.01
- experience adjustments	(1.60)
Balance at the end of the period	31.25

b) Amount recognised in Special Purpose Interim Consolidated Statement of Profit and Loss :

	For the six months period ended 30 September 2023
Current service cost	3.23
Net interest expense	1.04
Recognised in profit or loss	4.27

Remeasurement of the net defined benefit liability	
Actuarial (gain) loss on defined benefit obligation	(0.83)
Recognised in other comprehensive income	(0.83)

The most recent actuarial valuations of the present value of the defined benefit liability were carried out at 30 September 2023. The present value of the defined benefit liability, and the related current service cost and past service cost, were measured using the projected unit credit method.

c) Amount recognised in Special Purpose Interim Consolidated Balance Sheet :

	As at 30 September 2023
Current benefit obligation	6.42
Non - Current benefit obligation	24.83
Liability recognised in provisions	31.25

d) The principal assumption used for the purpose of actuarial valuation are as follows:

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at 30 September 2023
Discount rate	7.25% - 7.26%
Expected rate of salary increase	12.00%
Retirement age	58 years
Attrition rate	15% - 17%
Mortality Table	India Assured Life Mortality (2012-14)

The Group regularly assesses these assumptions with the projected long-term plans and prevalent industry standards.

e) The plan typically exposes the Group to actuarial risks such as: interest rate, longevity risk and salary risk.

Interest rate risk

A decrease in the bond interest rate will increase the plan liability.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.



f) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

For the period ended 30 September 2023

	Increase	Decrease
Impact of change in discount rate by 1%	(1.00)	1.07
Impact of change in salary by 1%	0.74	(0.70)
Impact of change in employee turnover rate by 1%	(0.26)	0.26

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

g) The table below summarises the maturity profile and duration of the gratuity liability based on undiscounted expected future cashflows:

Particulars	As at 30 September 2023
1st following year	6.65
2nd following year	5.85
3rd following year	4.96
4th following year	5.29
5th following year	4.65
Sums of years 6 to 10	10.92
Total	38.32



28 Employee Stock Option Plan – 2014 (“The 2014 Plan”)

(a) The Holding Company established the Employees Stock Option Scheme 2014 (“ESOP 2014”) which was approved by the shareholders vide their special resolution dated on 5 August 2014. Under the plan, the Holding Company is authorised to Issue up to 4,564,260 equity shares of INR 2 each to eligible employees. Employees covered by the plan are granted an option to purchase shares of the Holding Company subject to the requirements of vesting.

The ESOP 2014 scheme was amended and approved by the Board of Directors of the Holding Company at their meeting held on 07 July 2021. Further Amended ESOP 2014 scheme was aligned in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 which was approved in the board meeting held on 07 December, 2021.

ZAAK EPAYMENTS SERVICES PRIVATE LIMITED (hereinafter referred as “subsidiary company”) established the ESOP Scheme 2020 (“Zaakpay ESOP Scheme 2020”) which was approved by the shareholders vide their special resolution dated on 31 December 2020. Employees covered by the plan are granted an option to purchase shares of the subsidiary company subject to the requirements of vesting.

Vesting condition:

In case of Holding Company, the vesting condition of options is subject to continued employment and in case of subsidiary Company, the vesting condition is subject to continued employment and satisfaction of specified performance criteria.

Vesting period:

The Holding Company has issued above options with graded vesting with vesting period ranging from 1 to 4 years. The Subsidiary Company has issued options with graded vesting with vesting period ranging from 3 to 4 years.

Exercise period:

Exercise period would expire at the end of 3 - 10 years from the date of vesting of options.

(b) Movements during the period

The following table represents the number and weighted average exercise prices (WAEP) of, and movements in, share options during the period for Holding Company:

ESOP 2014 Scheme :

	As at 30 September 2023	
	Number of Options	WAEP
Outstanding at the beginning of the period	1,08,081	2,565.85
Options granted during the period	-	-
Options exercised during the period	-	-
Options forfeited during the period	(245)	8,495.25
Options outstanding at the end of the period	1,07,836	2,552.38
Vested options outstanding at the end of the period (Exercisable)	1,04,077	2,382.90

The share options outstanding at the end of the period had a weighted average exercise price of INR 2552.38, and a weighted average remaining contractual life of 3.56 years.

Amended ESOP 2014 Scheme :

	As at 30 September 2023	
	Number of Options	WAEP
Outstanding at the beginning of the period/year	3,18,769	2.00
Options granted during the period/year	1,23,655	2.00
Options forfeited during the period/year	(1,37,233)	2.00
Options Outstanding at the end of the period/year	3,05,191	2.00
Vested Options Outstanding at the end of the period/year (Exercisable)	82,444	2.00

The share options outstanding at the end of the period had a weighted average exercise price of INR 2.00, and a weighted average remaining contractual life of 8.28 years.



The following table represents the number and weighted average exercise prices (WAEP) of, and movements in, share options during the period for Subsidiary Company:

Zaakpay Employee Share Options Scheme

	As at 30 September 2023	
	Number of Options	WAEP
Outstanding at the beginning of the period	169	1.00
Options granted during the period	-	-
Options forfeited during the period	(27)	-
Options outstanding at the end of the period	142	1.00
Vested options outstanding at the end of the period (Exercisable)	50	1.00

The share options outstanding at the end of the period had a weighted average exercise price of INR 1, and a weighted average remaining contractual life of 10.78 years.

c) Range of exercise price for share options outstanding at the end of the period:

ESOP 2014 Scheme :

Exercise price (Amount in INR)	As at 30 September 2023
10	21,045
40	15,220
695	32,483
2,884	82
4,475	9,404
5,708	2,374
6,587	6,088
7,307	19,427
8,024	1,629
9,960	86

Amended ESOP 2014 Scheme :

Exercise price (Amount in INR)	As at 30 September 2023
2	3,05,191

Zaakpay Employee Share Options Scheme

Exercise price (Amount in INR)	As at 30 September 2023
1	142

d) The weighted average fair value of options granted under the ESOP 2014 scheme during the period was INR Nil per option and in case of subsidiary company under Zaakpay Employee Share Option Scheme was also INR Nil per option as no new grants were issued during the period under the aforesaid mentioned schemes. The weighted average fair value of options granted under the Amended ESOP 2014 scheme during the period was INR 637.22 per option.

**For the six months period
ended
30 September 2023**

e) Expense arising from equity-settled share-based payment transactions 11.29

f) The estimation of fair value on date of grant was made using the Black-Scholes model in Holding Company with the following assumption :

Inputs for measurement of grant date fair values of ESOPs

ESOP 2014 Scheme :

Particulars	For the six months period ended 30 September 2023
Exercise price- (in INR)	-
Fair value at grant date- (in INR)	-
Expected Volatility (Standard Deviation - Annual)	-
Risk free rate	-
Dividend yield	-

Amended ESOP 2014 Scheme :

Particulars	For the six months period ended 30 September 2023
Exercise price- (in INR)	2
Fair value at grant date- (in INR)	637
Expected Volatility (Standard Deviation - Annual)	56.3% - 59.7%
Risk free rate	7.1% - 7.2%
Dividend yield	0.00%



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ONE MOBIKWIK SYSTEMS LIMITED (formerly known as ONE MOBIKWIK SYSTEMS PRIVATE LIMITED)

Notes to the Special Purpose Interim consolidated financial statements for the six months period ended 30 September 2023

(Amounts in INR million, unless otherwise stated)

The estimation of fair value on date of grant was made using the Black-Scholes model and the Monte Carlo Simulations (MCS) Method in the Subsidiary Company with the following assumption :

Zaakpay Employee Share Options Scheme

Inputs for measurement of grant date fair values of ESOPs

Particulars

**For the six months period
ended
30 September 2023**

Exercise price- (In INR)	-
Fair value at grant date- (In INR)	-
Expected Volatility (Standard Deviation - Annual)	-
Risk free rate	-
Dividend yield	-



29 Fair value measurements

a) Category wise details as to carrying value, fair value and the level of fair value measurement hierarchy of the Group's financial instruments are as follows:

	Level	As at 30 September 2023
Financial assets		
a) Measured at fair value through other comprehensive Income (FVTOCI)		
- Investment in NPCI (refer note 7(a))	Level 3	16.21
		<u>16.21</u>
b) Measured at amortised cost		
- Trade receivable (refer note 9)	Level 3	675.73
- Cash and cash equivalents (refer note 10(a))	Level 3	737.54
- Other bank balances (refer note 10(b))	Level 3	2,352.10
- Others financial assets (refer note 7(c))	Level 3	909.46
		<u>4,674.83</u>
Total financial assets		4,691.04
Financial liabilities		
a) Not measured at fair value (Other financial liabilities)		
- Borrowings (refer note 13)	Level 3	1,511.79
- Lease liabilities (refer note 39)	Level 3	123.60
- Trade payables (refer note 14)	Level 3	1,872.25
- Security deposits (refer note 15)	Level 3	0.57
- Other financial liabilities (refer note 15)	Level 3	1,683.91
		<u>5,192.12</u>

b) The following methods / assumptions were used to estimate the fair values:

i) The carrying value of bank deposits, trade receivables, cash and cash equivalents, trade payables, security deposits, loans, borrowings and other current financial assets and other current financial liabilities measured at amortised cost approximate their fair value due to the short-term maturities of these instruments.

ii) The fair value of non-current financial assets and financial liabilities measured are determined by discounting future cash flows using current rates of instruments with similar terms and credit risk. The current rates used does not reflect significant changes from the discount rates used initially. Therefore, the carrying value of these instruments measured at amortised cost approximate their fair value.

iii) Fair value of investment in NPCI is based on net asset value.

c) There were no transfers between any levels for fair value measurements.

d) Following table describes the valuation techniques used and key inputs thereto for the level 3 financial assets:

Financial assets	Valuation techniques	Significant unobservable inputs	Sensitivity	Inter-relationship between significant observable inputs and fair value measurement
Investment in equity instruments of other entities National Payment Corporation of India ("NPCI")	Refer note below**	Net asset value	Refer note below**	Not applicable

* The fair values of financial assets included in level 3 have been determined in accordance with generally accepted valuation models (read with note 29(b)).

** Sensitivity to changes in unobservable inputs: The fair value of the financial assets is directly proportional to the estimated book value of the company. Change in significant unobservable input of discount rate by 100 bps and growth rate by 100 bps in the valuation does not have a significant impact on the carrying value of the assets in the consolidated financial information.

Reconciliation of level 3 fair value measurements

	For the six months period ended 30 September 2023
Opening balance	16.21
Additions	-
Gains recognised in OCI	-
Closing balance	16.21

e) The following is the basis of categorising the financial instruments measured at fair value into Level 1 to Level 3:

Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.



30 Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of net debt (refer note 13) offset by cash and bank balance (refer note 10) and total equity of the Group. The Group is not subject to any externally imposed capital requirements.

The Holding Company's board of directors reviews the capital structure of the Group on a periodic basis. As part of this review, the Board of directors considers the cost of capital, risks associated with each class of capital requirements and maintenance of adequate liquidity.

The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

Gearing ratio

The Group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents)
 divided by

Total equity (as shown in the statement of assets and liabilities).

The gearing ratio at end of the reporting period was as follows.

	As at 30 September 2023
Borrowings	1,511.79
Cash and cash equivalents	(737.54)
Adjusted Net Debt (A)	774.25
Total equity (B)	1,533.84
Net debt to equity ratio	50%

Debt is defined as long-term and short-term borrowings.

31 Financial risk management objectives and policies

The Group management monitors and manages key financial risk relating to the operations of the Group by analysing exposures by degree & magnitude of risk. The risks include market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk.

The Holding Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

1) Credit risk management

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and financial guarantee provided by the Group) and from its financing activities, including deposits with banks and financial institutions, mutual funds and other financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The carrying amounts of financial assets and the maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised, represents the maximum credit risk exposure.

Credit risk management considers available reasonable and supportive forward-looking information including indicators like external credit rating (as far as available), macro-economic information (such as regulatory changes, government directives, market interest rate).

Trade receivables

The Group is exposed to credit risk in the event of non-payment by trade partners. Receivable credit risk is managed subject to the Group's established policy, procedures and control relating to trade partners risk management. The Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables through a lifetime expected credit loss. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

Ageing of receivables is as follows :

	As at 30 September 2023
Unbilled	630.51
Not Due	20.07
Less than 6 months	17.86
6 months - 1 year	2.68
1-2 years	8.72
2-3 years	0.03
More than 3 years	0.08
Total	679.95

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security.

Digital Financial Services

The Group exposure to credit risk is from the Digital financial services business in which the Group facilitates credit to its users through financing partners. The Group provides financial guarantees on the Digital financial services business to its financing partners to cover the loss on the credit extended to its users. Financial guarantees are capped to the extent agreed with the respective partner. Further, with effect from 01 December 2022 in line with the recent RBI guidelines in relation to routing of flow of funds between users and financing partners, there have been a change in the arrangement of the Group with the financing partner and as per the revised arrangements, the Group does not have any exposure to credit risk for the new credits given to its users through financing partners. Therefore, the exposure for credit risk still exists at the year end on the credits which were given prior to the new guidelines till the date they are being settled and paid off as per the agreed terms.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual users and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

Credit risk is monitored by the credit risk department of the Group's independent Risk Management Unit (RMU). It is their responsibility to review and manage credit risk, including environmental and social risk for all types of users. The RMU consist of experts and credit risk managers that have deep expertise in the domain of financial and credit risk of Digital Financial Services and are responsible for managing the risk of Digital Financial Services portfolio including credit risk systems, policies, models and reporting.



The Group has established a credit quality review process to provide early warning signals to identify the changes in the creditworthiness of its Digital Financial Services users. User limits are established by the use of a credit risk classification system, which assigns each Digital Financial Services user a risk rating. Risk ratings are subject to regular revision. The credit quality review process enables the periodic assessment of the potential loss to which the Group is exposed thereby allowing it to take corrective actions.

The Group has, based on current available information and based on the policy approved by the Board of Directors, determined the provision for impairment of financial assets.

Concentration of credit risk

Concentrations arise when a number of users are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on spreading its Digital Financial Services portfolio across various products/states/customer base with a cap on maximum limit of exposure for an individual/Group.

While Mobikwik has diversified partners to support platform for financial services products, one of the products that scaled rapidly during the six months period ended 30 September 2023, combined with the updated regulations over the past one year, led to two of Holding Company's lending partners contributing significantly to overall revenue. The Company is in process to substantially reduce this concentration risk over the next 12 months.

Expected credit loss on financial guarantee contract

The Group has, based on current available information and based on the policy approved by the Board of Directors, calculated impairment loss allowance in the Digital Financial Services business using the Expected Credit Loss (ECL) model to cover the guarantees provided to its financing partners.

Expected credit loss (ECL) methodology

The Group has assessed the credit risk associated with its financial guarantee contracts for provision of Expected Credit Loss (ECL) as at the reporting dates. The Group makes use of various reasonable supportive forward-looking parameters which are both qualitative as well as quantitative while determining the change in credit risk and the probability of default. The underlying ECL parameters have been detailed out in the note on "Summary of material accounting policies".

Since, the Group offers digital financial services and other offerings to a large retail customer base on its digital platform via marketplace model, there is no significant credit risk of any individual customer that may impact the Group adversely, and hence the Group has calculated its ECL allowances on a collective basis.

The Group has developed an ECL Model that takes into consideration the stage of delinquency, Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

- I. Probability of Default (PD): represents the likelihood of default over a defined time horizon. The definition of PD is taken as 90 days past due for all loans.
- II. Exposure at Default (EAD): represents what is the user's likely borrowing at the time of default.
- III. Loss Given Default (LGD): represents expected losses on EAD given the event of default.

Each financial guarantee contract is classified into (a) Stage 1, (b) Stage 2 and (c) Stage 3 (Default or Credit Impaired). Delinquency buckets have been considered as the basis for the staging of all credit exposure under the guarantee contract in the following manner:

- a) Stage 1: 0-30 days past due loans
- b) Stage 2: More than 30 and up to 90 days past due loans
- c) Stage 3: Above 90 days past due loans

Inputs, assumptions and estimation techniques used to determine expected credit loss

The Group's ECL provision are made on the basis of the Group's historical loss experience and future expected credit loss, after factoring in various macro-economic parameter. In calculating the ECL, given the uncertainty over the potential macro-economic impact, the Group's management has considered internal and external information including credit reports and economic forecasts up to the date of approval of these financial results. The selection of variables was made purely based on business sense.

The selected macro- economic variables were used to forecast the forward-looking PD's with macro economic overlay incorporated. Best, base and worst scenarios were created for all the variables and default rates were estimated for all the scenarios. These default rates were then used with the same LGD and EAD to arrive at the expected credit loss for all three cases. The three cases were then assigned weights and a final probability-weighted expected credit loss estimate was computed.

The Group has also assessed the possible impact of COVID-19 pandemic on each borrower and significant increase in credit risk based on delayed payments metrics observed along with an estimation of potential stress on probability of defaults and loss given default. As a result of uncertainties resulting from COVID-19, the impact of this pandemic may be different from those estimated as on the date of approval of these financial results and the Group will continue to monitor any changes to the future economic conditions.

Analysis of portfolio

Gross exposure at default (EAD) and expected credit loss on financial guarantee contract as at the end of the reporting year:

Particulars	(A) Gross exposure at default (EAD)*	(B) Expected credit loss allowance (ECL)*	(C) Net carrying amount (financial guarantee obligation)*	(D) Impact on profit or loss**
As at 30 September 2023				
Where credit risk has not significantly increased from initial recognition (Stage 1)	178.09	2.79	2.79	313.46
Where credit risk has increased significantly but are not credit impaired (Stage 2)	25.91	12.44	12.44	
Where credit risk has increased significantly and are credit impaired (Stage 3)	376.06	369.44	369.44	
Total	580.06	384.67	384.67	313.46



⁴Gross exposure at default, expected credit loss allowance (ECL) and net carrying amount does not include the obligation from financial guarantee contracts, as at 30 September 2023 INR 106.91 Million, on account of the matter disclosed in note 38.

Notes:

1. **Gross exposure at default (A)** represents the maximum amount the Group has guaranteed under the respective financial guarantee contracts including amount outstanding, accrued interest, future interest due and any expected drawdowns in future from the sanctioned loan limits as on the reporting date.
2. **The Expected Credit Loss (B)** allowance is computed as a product of PD, LGD and EAD adjusted for time value of money using a rate which is a reasonable approximation of EIR.
3. **Net Carrying Amount (C)** represents the Expected Credit Loss (ECL) recognized on financial guarantee contracts.
4. **Impact on Statement of profit or loss (D)** is the loss allowance recognized during the financial year.

Reconciliation of expected credit Loss (ECL) allowance on financial guarantee contracts

Particulars	Financial guarantee obligation where credit risk has not significantly increased from initial recognition (Stage 1)	Financial guarantee obligation where credit risk has increased significantly but are not credit impaired (Stage 2)	Financial guarantee obligation where credit risk has increased significantly and are credit impaired (Stage 3)	Total
ECL allowance as at 1 April 2023	19.63	79.20	749.33	848.16
- New credit exposures during the period, net of repayments	-	-	-	-
- Contracts settled during the year	(14.27)	(77.41)	(405.91)	(497.59)
- Transfer between stages during the year	(2.32)	10.76	26.23	34.67
- Movement due to opening EAD and credit risk	(0.25)	(0.11)	(0.21)	(0.57)
ECL allowance as at 30 September 2023	2.79	12.44	369.44	384.67

Note - During the six months period ended 30 September 2023, financial obligation amounting to INR 646.93 million respectively were paid.

Cash and cash equivalents, bank deposits and investments in mutual funds

The Group maintains its cash and cash equivalents, bank deposits and investment in mutual funds with reputed banks and financial institutions. The credit risk on these instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Security deposits

The Group monitors the credit rating of the counterparties on regular basis. These instruments carry very minimal credit risk based on the financial position of parties and Group's historical experience of dealing with the parties.

ii) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the board of directors, who has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group has access to financing facilities as described below. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.



As at
30 September 2023

Bank overdraft and term loan facility:

- Amount utilised	1,149.20
- Amount unutilised	200.80

Maturities of financial liabilities

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments: The contractual maturity is based on the earliest date on which the Group may be required to pay.

Contractual maturities of financial liabilities

As at 30 September 2023	Carrying amount	Within 1 year	Between 1 and 5 years	Total
Trade payables	1,872.25	1,872.25	-	1,872.25
Lease liabilities	123.60	31.50	122.43	153.93
Other financial liabilities	1,299.81	1,299.46	0.35	1,299.81
Financial guarantee obligation	384.67	384.67	-	384.67
Borrowings	1,511.79	1,441.70	72.00	1,513.20
	5,192.12	5,029.08	194.78	5,223.86

iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: Interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include foreign currency receivables, deposits, investments in mutual funds. The Group has in place appropriate risk management policies to limit the impact of these risks on its financial performance. The Group ensures optimization of cash through fund planning and robust cash management practices.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The sensitivity disclosed in the below is attributable to bank overdraft facility availed by the group. Other borrowings of the Group have fixed interest rate.

Sensitivity

Impact on profit/loss before tax
30 September 2023

Fixed - rate instruments

Financial liabilities	362.59
Financial assets	931.32

Variable - rate instruments

Financial liabilities	1,149.20
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Impact on equity before tax

+ 0.5% change in interest rate (Bank overdraft & term loan)	(5.75)
- 0.5% change in interest rate (Bank overdraft & term loan)	5.75

Impact on equity after tax

+ 0.5% change in interest rate (Bank overdraft & term loan)	(4.25)
- 0.5% change in interest rate (Bank overdraft & term loan)	4.25

(b) Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchase of services are denominated (i.e. USD) and the respective functional currencies of Group companies (i.e. INR). The sensitivity related to currency risk is disclosed below.

The Group's exposure to foreign currency risk was based on the following amounts as at the reporting dates :

Exposure in USD

As at
30 September 2023

Trade receivable	3,998.00
Trade Payable	(13,421.00)

Exposure in INR

As at
30 September 2023

Trade receivable	0.33
Payable	(1.11)
Net exposure	(0.78)

Sensitivity

Impact on profit/(loss) before tax

Receivable

30 September 2023

+ 5% change in currency exchange rate	0.02
- 5% change in currency exchange rate	(0.02)

Impact on equity after tax

+ 5% change in currency exchange rate	0.01
- 5% change in currency exchange rate	(0.01)

Payable

30 September 2023

+ 5% change in currency exchange rate	(0.06)
- 5% change in currency exchange rate	0.06

Impact on equity after tax

+ 5% change in currency exchange rate	(0.04)
- 5% change in currency exchange rate	0.04

(c) Price risk

Investment of funds of the Company in National Payment Corporation of India (NPCI) is categorized as 'low risk' product from liquidity risk perspectives.

Sensitivity

Impact on loss before tax

30 September 2023

+ 5% change in fair value	0.81
- 5% change in fair value	(0.81)



32 Operating Segments

Till the year ended 31 March 2022, the information reported to the Group Chief Executive Officer (CEO) (the Chief Operating Decision Maker (CODM)) for the purposes of resource allocation and assessment of segment performance was focused on the degree of homogeneity of products, services and material processes. Segment's performance was evaluated based on segment revenues, segment results and adjusted earnings before interest, taxes, depreciation and amortisation (segment EBITDA). Accordingly, the Group reportable segments under Ind AS 108 were as follows:

Segment A - Consumer Payments

Segment B - Digital Financial Services (entirely known as DFP)

Segment C - Payment Gateway

During the year ended 30 March 2023, the Group has reassessed the basis of segment reporting. This reassessment was required due to change in the business strategy over the period, increased interdependence between various services, increase in shareability of resources and common costs, change in the way Group's Chief Executive Officer (CEO) / Chief Operating Decision Maker (CODM) review Group performance etc. Accordingly, to align with the above shift in business strategy and the consequent change in the way the CODM reviews the performance, the management of the Group has modified the segment disclosure and concluded that though there are distinct business units of the Group, including Financial Services and Payment services but CODM reviews the information at the overall level and the Group does not allocate revenue from operations, operating costs and expenses, assets and liabilities across the units. Allocation of resources and assessment of financial performance is done at the consolidated level. Accordingly, it has been assessed that Group operates in a single operating segment only.

The Group has revenues primarily from customers in India.

Segment revenue from customers - Entity wide disclosure:

Particulars	For the six months period ended 30 September 2023
Total Revenue	5,810.88

Total current liabilities from customers by geographic area based on location of the customers is as follows:

Particulars	For the six months period ended 30 September 2023
Total Liabilities	5,138.09

Major Customers:

Revenue of INR 1,046.50 million is derived from sales to a single customer exceeding 10% or more of the company's revenue during the period.

33 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the Entity	Net Assets i.e. Total Asset minus Total Liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of Consolidated Net Assets	Amount INR million	As a % of consolidated profit or loss	Amount INR million	As a % of consolidated OCI	Amount INR million	As a % of consolidated Total OCI	Amount INR million
Parent								
ONE MOBIKWIK SYSTEMS LIMITED Balance as at 30 September 2023 For the period ended 30 September 2023	113%	1,731.76	88%	81.48	100%	0.65	88%	85.27
Subsidiaries - Indian								
ZAAK EPAYMENT SERVICES PRIVATE LIMITED Balance as at 30 September 2023 For the period ended 30 September 2023	22%	342.32	-21%	(23.75)	-8%	(0.26)	-21%	(23.85)
MOBIKWIK INVESTMENT ADVISER PRIVATE LIMITED (formerly known as HARVEST FINTECH PRIVATE LIMITED) Balance as at 30 September 2023 For the period ended 30 September 2023	0%	7.17	-7%	(2.17)	0%	-	-7%	(2.13)
MOBIKWIK CREDIT PRIVATE LIMITED Balance as at 30 September 2023 For the period ended 30 September 2023	2%	31.87	1%	0.06	0%	-	1%	0.58
MOBIKWIK FINANCE PRIVATE LIMITED Balance as at 30 September 2023 For the period ended 30 September 2023	2%	32.61	1%	0.91	0%	-	1%	0.91
Adjustment arising out of consolidation Balance as at 30 September 2023 For the period ended 30 September 2023	-19%	(634.89)	26%	24.25	0%	-	26%	14.75
Total Balance as at 30 September 2023 For the period ended 30 September 2023		1,513.06		94.78		0.33		95.61



34 Related party transactions

i) Names of related parties and related party relationship with whom transactions have taken place:

a) Individuals owning directly or indirectly, an interest in the voting power of the Company that gives them Significant Influence over the Company and Key Management Personnel (KMP)

Name	Designation
Mr. Bipin Preet Singh	Managing Director & Chief Executive Officer
Ms. Upasana Rupkrisnan Taku	Chairperson, Whole-time Director, Chief Operating Officer and Chief Financial Officer (w.e.f. 15 June 2023)
Mr. Chandan Joshi	Whole-time Director (w.e.f. 23 June 2021 till 6 June 2023)
Mr. Rajat Kayathwal	Company Secretary (w.e.f. 12 September 2023 till 04 December 2023)
Ms. Ankita Sharma	Company Secretary (w.e.f. 05 December 2023)
Ms. Punita Kumar Sinha	Independent Director (w.e.f. 7 July 2021)
Ms. Sayali Karanjkar	Independent Director (w.e.f. 7 July 2021)
Mr. Navdeep Singh Suri	Independent Director (w.e.f. 7 July 2021)
Mr. Raghuram Hiremagalur Venkatesh	Independent Director (w.e.f. 7 July 2021)

b) Others

Ms. Uma Taku Relative of a person having Significant Influence over the Company and Key Management Personnel (KMP)

For the six months
period ended
30 September 2023

ii) Transactions with related parties

(a) Remuneration to Key Management Personnel (KMP)

Short-term employee benefits	49.31
Post-employment gratuity	0.87
Other long-term employee benefits	(0.69)
Share based payments	0.01
Director's sitting fees and remuneration	6.70

For the six months
period ended
30 September 2023

iii) Outstanding balances with related parties

(a) Salary Payable

- Mr. Bipin Preet Singh	7.08
- Ms. Upasana Rupkrisnan Taku	7.08
- Mr. Chandan Joshi	4.85
- Mr. Rajat Kayathwal	0.12

(b) Loans and Advances (Forex cards)

- Mr. Bipin Preet Singh	0.04
- Ms. Upasana Taku	1.79

(c) Payable to Independent directors

Ms. Punita Kumar Sinha	0.57
Ms. Sayali Karanjkar	1.10
Mr. Navdeep Singh Suri	1.01
Mr. Raghuram Hiremagalur Venkatesh	0.50

(d) Payable for expenses

- Uma Taku	1.64
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(iv) Terms and Conditions

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.



35 Contingent liabilities and commitments (to the extent not provided for)

Particulars	For the six months period ended 30 September 2023
(a) Claims against the Group not acknowledged as debts:	
Other income tax matters	4.14
Amount paid under protest relating to the above matter	1.83
(b) The Group does not have any long term commitments/contracts including derivative contracts for which there will be any material foreseeable losses.	
(c) The Group does not have any amounts which were required to be transferred to the Investor Education and Protection Fund.	
36 During the year ended 31 March 2023, the Holding Company noted that due to some technical glitch on the Mobikwik platform some of the users were able to execute fraudulent transactions for the purchase of G.F. cards. Based on the management assessment, the total amount of transactions executed was INR 69.49 million. The Holding Company was able to block the transactions worth INR 14.88 million. Accordingly, the loss on account of the above-mentioned matter was INR 54.53 million. No employees or officer of the Holding Company was involved in this fraud.	
The Holding Company has filed a criminal complaint against the accused persons before the Cyber Cell, Gurugram and the matter is under the police investigation. Further, the Holding Company has also been able to recover INR 6.88 million till date.	
37 In February 2019, the Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees' Provident Fund Act, 1952. The Company noted that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on the available facts and information, the Company has complied with the Supreme Court ruling for Provident Fund contribution from the date of Supreme Court Order. Effective April 2019, the Company made certain changes in compensation structure of employees to avoid any possible ambiguity in respect of definition of basic wages for the purpose of the EPF Act. Further, the Company has paid the recorded liability for the month of March 2019 during the year ended 31 March 2021.	
38 The Holding Company is authorized to function as a Bharat Bill Payment System Operating Unit ("BSPOU") vide license dated 24 January 2019 to allow bill payments of various kinds including but not limited to FASTag recharge. During the year ended 31 March 2022, the Holding Company noted suspicious transactions with respect to the recharge of various FASTags through Mobikwik ZIP. A total of 617 FASTags issued by a certain Payments Bank ("PB") in the State of Assam, India were recharged for a total of INR 137.3 Million.	
On investigation, the Holding Company found that the FASTag account in case of the PB was NOT a sub-wallet to the main wallet which thereby enabled fraudsters to transfer the FASTag recharge amount into the main wallet/bank account/other linked bank accounts which is in violation of the RBI Master Directions on Prepaid Payment Instruments ("PPI"), 2021 ("Master Directions").	
On 08 December 2023, the Holding Company filed an FIR before the Officer in charge - BPO (Bureau of Investigation of Economic Offences) Gurugram, Assam against masterminds/outputs who orchestrated the FASTag misuse under Section (205, 406, 420) of the Indian Penal Code, 1860. Pending litigation and recovery proceedings, the Holding Company had expensed off INR 106.91 million in the statement of profit and loss for the year ended 31 March 2022.	

39 Right-of-use assets - Leases

The Group's leased assets primarily consist of lease of office space.

Group as a lessee

Below are the carrying amounts of right of use assets recognised and the movements during the period:

Particulars	Office space	Total
As at 1 April 2023 (A)	152.21	152.21
Addition	-	-
As at 30 September 2023 (A)	152.21	152.21
Accumulated depreciation		
Particulars	Office space	Total
As at 1 April 2023 (A)	28.00	28.00
Change for the period	12.94	12.94
As at 30 September 2023 (B)	40.94	40.94
Net carrying amount (A) - (B)		
As at 30 September 2023	111.27	111.27

Amounts recognised in Consolidated Statement of Profit and Loss

Particulars	For the six months period ended 30 September 2023
Depreciation expense on right-of-use assets	12.94
Interest expense on lease liability	6.38
Expense relating to short-term leases	12.44

As at
30 September 2023

The following is the movement in lease liabilities during the period:

Opening balance	132.97
Amounts recognised in statement of profit and loss as interest expense	6.38
Payment of lease liabilities	(15.75)
Closing balance	123.60

As at
30 September 2023

The following is the break-up of current and non-current lease liabilities:

Current	20.18
Non-current	103.42

Amounts recognised in Consolidated Statement of Cash Flows

Particulars	For the six months period ended 30 September 2023
Total cash outflow for leases	15.75

Notes:

- When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 30 September 2023. The weighted average pre-tax rate applied is 10% p.a.
- The maturity analysis of lease liabilities is presented in Note 31.

40 Disclosures as per the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

The dues to micro and small enterprises as required under MSMED Act, 2006, based on the information available with the Group, is given below:

Particulars	As at 30 September 2023
1. Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period:	
- Principal amount due to micro and small enterprises	21.18
- Interest due on above	51.72
2. Amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period:	1.46
3. Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under MSMED Act, 2006	
4. Amount of interest accrued and remaining unpaid at the end of each accounting period.	
5. Amount of further interest remaining due and payable even in the succeeding period/year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	



(Handwritten signature)

41 Till financial year 2022-23, the Group had incurred losses, whereas during the six months period ended 30 September 2023, there has been improvement in the financial performance of the Group and the group has generated a profit after tax of INR 54.76 million. The Group has net worth of INR 1,533.84 million and a positive working capital position (i.e. its current assets exceed its current liabilities) as at 30 September 2023 of INR 244.44 million, including cash and cash equivalents of INR 737.54 million. Further, based on the current business plan and projections prepared by the management, the group expects to achieve growth in its operations in the coming years with continuous improvement in operational efficiency. Management has made an assessment of the Group's ability to continue as a going concern and believes that the Group will continue to be a going concern considering, amongst other things, expected growth in operations, existing cash and cash equivalents and other available bank balances.

In view of the above, management has concluded that the going concern assumption is appropriate. Accordingly, the restated consolidated financial statements do not include any adjustments regarding the recoverability and classification of the carrying amount of assets and classification of liabilities that might result, should the Group be unable to continue as a going concern.

42 During 2014 to 2017, there were some delays in RBI related filings for allotments made to 10 non-resident shareholders due to mismatches in KYC documents and FIRC's. Resubmissions were done with the RBI and approval have been received on all such submissions. In this regard, the Company has filed a compounding application dated 01 December 2023 and subsequent clarification sought by RBI was replied to on 11 December 2023 with the RBI for compounding of the same. The application is currently pending before the RBI.

43 Other notes -

- a. No proceeding has been initiated or pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- b. There are no transactions to report on Crypto Currency or Virtual Currency.
- c. The Group has not been declared as wilful defaulter by any bank or financial institution or other lender.
- d. The Group has not entered into transactions with Companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956, except in certain cases for which the details have been mentioned below:

Company Name	Nature of transaction	Balance as at 30 September 2023
Payloud Technology Private Limited	Payables - Marketing Services	0.01
Bluelark Retail Private Limited*	Payables - Payment Services	0.00
Travelur Solutions Private Limited*	Payables - Payment Services	0.00
Scala Infotech Private Limited*	Payables - Payment Services	0.00
Ramp Retail Private Limited*	Payables - Payment Services	0.00
Intelligence Global Private Limited	Payables - Payment Services	0.01
Global Software Private Limited	Payables - Payment Services	-

* Represents balances, rounded off to "0" on conversion to INR million.

The Subsidiary Company "ZAAK PAYMENT SERVICES PRIVATE LIMITED" has entered into the transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 as per details in the table below.

- a. There are no transaction which has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- b. There are no charges or satisfaction yet to be registered with ROC beyond the statutory period.
- c. There are no funds which have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by Group to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - i. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Group or
 - ii. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:

- i. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- ii. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

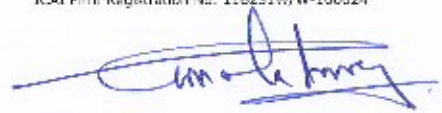
- h. The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of layers) Rules 2017.
- i. The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- j. The Group has not revealed its Property, Plant and Equipment (including Right-of-Use Assets) or intangible assets or both during the current or previous year.
- k. The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken.
- l. The Group does not have any immovable properties other than properties where the Group is a lessee and the lease agreements are duly executed in favour of the lessee.

44 During the financial year ended 31 March 2023, the Company has issued 39,742 (Thirty Nine Thousand Seven Hundred Forty Two) compulsorily convertible cumulative preference shares of a face value of INR 100 (Indian Rupees One Hundred only) at the Subscription Price of INR 1,132.30 (Indian Rupees One Thousand One Hundred Thirty Two point Thirty paise) per Series H CCCPS. Further, the Subscriber has subscribed to the partly paid-up Series H CCCPS of INR 1 (Indian Rupee One only) per share as on date and shall pay the remaining amounts on calls as per the mechanism mentioned in Securities subscription agreement ("the agreement"). The paid-up amount of INR 0.04 million has been categorized as liability and grouped under other financial liabilities.

Subsequent to the period ended 30 September 2023, the Company has sent notice vide dated 5 December 2023 to the partly paid-up series H CCCPS Holder to call the unpaid money on 39,742 Series H CCCPS. Series H CCCPS holders relinquished their rights subject to the terms of the agreement.

45 ZAAK PAYMENT SERVICES PRIVATE LIMITED ("Zaak") had initially submitted the Payment Aggregator ("PA") application on 8 May 2021. The said application was returned by the RBI on 11 March 2022, stating reasons for non fulfillment of the prescribed net worth criteria of INR 150 million as on 31 March 2021. Subsequently on 28 July 2022, a window to re-apply for PA's was opened for the entities which existed as on 17 March 2020 with the net worth of INR 150 million (as on 31 March 2022). Zaak, has re-submitted the PA application on 7 September 2022 and got the In-Principle authorisation from the RBI to operate as a Payment Aggregator under the Payment and Settlement Systems Act, 2007 dated 13 October 2023.

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



Girish Arora
Partner
Membership No.: 098652
UDIN: 24098652BKAGHJ1310

Place: Gurugram
Date: 01 January 2024

For and on behalf of the Board of Directors of
ONE MOBIKWIK SYSTEMS LIMITED (formerly known as ONE MOBIKWIK SYSTEMS PRIVATE LIMITED)



Bipin Preet Singh
Managing Director
& Chief Executive Officer
DIN: 02019594

Upasana Rupkrishan Taku
Chairperson,
Whole-time Director
& Chief Financial Officer
DIN: 02979337



Anikta Sharma
Company Secretary

Place: Gurugram
Date: 01 January 2024

