

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of Axio Digital Private Limited (formerly known as Thumbworks Technologies Private Limited)**

**Report on the audit of the Financial Statements****Opinion**

We have audited the accompanying financial statements of Axio Digital Private Limited (formerly known as Thumbworks Technologies Private Limited) ("the Company"), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

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

**Other Information**

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and the Board of Directors for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design,

implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2023;
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31 to the financial statements;
    - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - (iv) A) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 43 to the financial statements, no funds have been advanced or loaned or invested, either from borrowed funds or share premium or any other sources or kind of funds by the Company 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, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
  
B) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 43 to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, 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 provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

C) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (A) and (B) contain any material misstatement.

(v) No dividend has been declared or paid during the year by the Company.

(vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

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Digitally signed by SHRAWAN  
BHAGWATI JALAN  
DN: cn=SHRAWAN BHAGWATI  
JALAN, c=IN, o=Personal, email=  
shrawan.jalan@srb.in  
Date: 2023.08.16 20:23:41 +05'30'

**per Shrawan Jalan**

Partner

Membership No: 102102

UDIN: 23102102BGXJJH7588

Mumbai

August 16, 2023



**Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date**

Re: Axio Digital Private Limited (formerly known as Thumbworks Technologies Private Limited) ("the Company")

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) All the property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There is no immovable property held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.
- (d) The Company has not revalued its property, plant and equipment or intangible assets during the year ended March 31, 2023.
- (e) According to the information and explanation given by the management, there are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) The Company has not been sanctioned working capital limits in excess of Rs.5 crore in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) (a) During the year the Company has provided advances in the nature of loans to companies, firms, limited liability partnerships or any other parties as follows:

Particular	Advance in the nature of loans* (Rs. in millions)
Aggregate amount granted/provided during the year	1.10
-Others	
Balance outstanding as at balance sheet date in respect of above cases	1.08
-Others	

\* Amounts disclosed are in respect of employee advances in nature of loans. Employee advances provided for meeting business purpose are not included above.

Further, during the year the Company has not made investments, stood guarantee or provided security to companies, firms, limited liability partnership or other parties.

- (b) During the year, the terms and conditions of the grant of all advances in the nature of loans to employees are not prejudicial to the Company's interest. Further, during the year the company has not granted any guarantee or made any investment in companies, firms, limited liability partnership or other parties.
- (c) The Company has granted advances in the nature of loans during the year to its employees where the schedule of repayment has been stipulated and the repayment are regular.
- (d) There are no amounts of loans or advances in the nature of loans granted to companies, firms, limited liability partnership or other parties which are overdue for more than ninety days.

- (e) There were no loans or advance in the nature of loan granted to companies, firms, limited liability partnership or other parties, which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, limited liability partnership or other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, there are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Act is applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the products/services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, income-tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) The dues of goods and services tax, provident fund, income-tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of statute	Nature of dues	Amount (Rs. in Million)	Period to which amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	Income Tax	102.84	AY 2017-18	Commissioner of Income Tax (Appeals)	The Company has paid an amount of Rs.7.86 million under protest.

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) Term loans were applied for the purpose for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

- (f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments). Hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares/fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Act has been filed by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 188 of Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company.
- (xiv) (a) The Company has implemented internal audit system on a voluntary basis which is commensurate with the size of the Company and nature of its business though it is not required to have an internal audit system under Section 138 of the Act.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group (comprising CapFloat Financial Services Private Limited and the Company). Hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has incurred cash losses amounting to Rs.211.20 million in the current year and Rs.464.26 million in the immediately preceding financial year.

- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 42 to the financial statements, the ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions and considering the letter of financial support obtained by the Company from its holding company (in view of the cash losses incurred in the current and immediately preceding financial year), nothing has come to our attention, which causes us to believe that Company is not capable of meeting its liabilities, existing at the date of balance sheet, as and when they fall due within a period of one year from the balance sheet date.
- We further state that this is not an assurance as to the future viability of the Company and our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The provisions of Section 135 to the Act in relation to Corporate Social Responsibility are not applicable to the Company. Accordingly, the requirement to report on clause 3(xx) of the Order is not applicable to the Company.

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

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BHAGWATI JALAN  
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JALAN, c=IN, o=Personal, email=  
shrawan.jalan@srb.in  
Date: 2023.08.16 20:23:59 +05'30'

**per Shrawan Jalan**

Partner

Membership No: 102102

UDIN: 23102102BGXJJH7588

Mumbai

August 16, 2023

**Annexure 2 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of Axio Digital Private Limited (formerly known as Thumbworks Technologies Private Limited) ("the Company") as of March 31, 2023, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

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

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

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

**Meaning of Internal Financial Controls with reference to these Financial Statements**

A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

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

## **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

## **For S.R. Batliboi & Co. LLP**

Chartered Accountants

**ICAI Firm Registration Number: 301003E/E300005**

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Digitally signed by SHRAWAN  
BHAGWATI JALAN  
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JALAN, c=IN, o=Personal, email=  
shrawan.jalan@srb.in  
Date: 2023.08.16 20:24:15 +05'30'

**per Shrawan Jalan**

Partner

Membership No: 102102

UDIN: 23102102BGXJJH7588

Mumbai

August 16, 2023



# **Axio Digital Private Limited**

**(Formerly Thumbworks Technologies Private Limited)**

Financial Statements  
for the year ended March 31, 2023

**Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)**  
**Balance Sheet as at March 31, 2023**  
(All amount in INR millions, unless otherwise stated)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	14.07	1.51
Right of Use Assets	5	7.65	-
Other Intangible Assets	6	46.16	52.71
Intangibles under development	7	301.48	81.67
Income Tax Assets (net)		50.23	16.92
Other non current assets	8	1.66	-
<b>Total non-current assets</b>		<b>421.25</b>	<b>152.81</b>
<b>Current assets</b>			
Financial assets			
(i) Trade receivables	9	77.97	30.61
(ii) Cash and cash equivalents	10	4.60	41.49
(iii) Bank Balances other than cash and cash equivalents above	11	26.61	91.79
(iv) Other financial assets	12	78.18	23.66
Other current assets	13	108.80	102.03
<b>Total current assets</b>		<b>296.16</b>	<b>289.58</b>
<b>Total assets</b>		<b>717.41</b>	<b>442.39</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	14	107.26	107.26
Other equity	15	(155.44)	106.33
<b>Total equity</b>		<b>(48.18)</b>	<b>213.59</b>
<b>Liabilities</b>			
<b>Non-current liabilities:</b>			
Financial Liabilities			
(i) Borrowing	16	429.75	-
(ii) Other financial liabilities	17	107.57	62.58
Provisions	18	39.39	40.88
<b>Total non-current liabilities</b>		<b>576.71</b>	<b>103.46</b>
<b>Current liabilities:</b>			
<b>Financial Liabilities</b>			
(i) Trade payables			
(a) total outstanding dues of Micro and Small Enterprises	19	2.93	6.36
(b) total outstanding dues of creditors other than Micro and Small Enterprises	19	103.13	48.25
(ii) Other financial liabilities	20	3.27	31.20
Provisions	21	68.83	30.51
Other current liabilities	22	10.72	9.02
<b>Total current liabilities</b>		<b>188.88</b>	<b>125.34</b>
<b>Total liabilities</b>		<b>765.59</b>	<b>228.80</b>
<b>Total liabilities and equity</b>		<b>717.41</b>	<b>442.39</b>
Summary of Significant Accounting Policies	1-3		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

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Date: 2023.08.16 20:24:31 +05'30'

per Shrawan Jalan

Partner

Membership No. 102102

Place: Mumbai

Date: August 16, 2023

**For and on behalf of the board of directors of**

**Axio Digital Private Limited**

**(Formerly Thumbworks Technologies Private Limited)**

GAURAV DINESH HINDUJA  
Digitally signed by GAURAV DINESH HINDUJA  
Date: 2023.08.16  
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**Gaurav Dinesh Hinduja**

Director

DIN: 01264801

Place: Bengaluru

Date: August 16, 2023

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Date: 2023.08.16  
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**Sashank R Rishyasinga**

Director

DIN: 06466985

Place: Bengaluru

Date: August 16, 2023

**Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)**  
**Statement of Profit and Loss for the year ended March 31, 2023**  
(All amount in INR millions, unless otherwise stated)

Particulars	Notes	March 31, 2023	March 31, 2022
<b>INCOME</b>			
Revenue from operations	23	525.44	126.03
Other income	24	74.86	62.12
<b>TOTAL INCOME</b>		<b>600.30</b>	<b>188.15</b>
<b>EXPENSES</b>			
Employee benefit expense	25	216.86	268.62
Finance Cost	26	34.11	91.83
Depreciation	27	25.84	16.09
Other expenses	28	589.71	291.20
<b>TOTAL EXPENSES</b>		<b>866.52</b>	<b>667.74</b>
<b>Profit / (loss) before tax</b>		<b>(266.22)</b>	<b>(479.59)</b>
Tax expense / (benefit) :			
Current tax		-	-
Deferred tax	29	-	-
<b>Profit / (loss) after tax</b>		<b>(266.22)</b>	<b>(479.59)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of defined benefit liability/ (asset)		4.45	(7.81)
Income tax effect on above		-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>4.45</b>	<b>(7.81)</b>
<b>Total Comprehensive Income for the year</b>		<b>(261.77)</b>	<b>(487.40)</b>
<b>Earnings per share</b>			
Equity share of face value of INR 10 each			
<b>Basic earnings per share (INR)</b>	30	(24.82)	(376.56)
<b>Diluted earnings per share (INR)</b>		(24.82)	(376.56)

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

**SHRAWAN  
BHAGWATI  
JALAN**

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JALAN, c=IN, o=Personal, email=  
shrawan.jalan@srb.in  
Date: 2023.08.16 20:24:59 +05'30'

**per Shrawan Jalan**

Partner

Membership No. 102102

Place: Mumbai

Date: August 16, 2023

**For and on behalf of the board of directors of  
Axio Digital Private Limited**

**(Formerly Thumbworks Technologies Private Limited)**

**GAURAV  
DINESH  
HINDUJA**

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Date: 2023.08.16  
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**Gaurav Dinesh Hinduja**

Director

DIN: 01264801

Place: Bengaluru

Date: August 16, 2023

**SASHANK  
R.RISHYA  
SRINGA**

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**Sashank R Rishyasringa**

Director

DIN: 06466985

Place: Bengaluru

Date: August 16, 2023

**Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)**

**Cash Flow statement for year ended March 31, 2023**

(All amount in INR millions, unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
<b>Operating activities</b>		
Profit / (Loss) before tax	(266.22)	(479.59)
<b>Adjustments to reconcile profit / (loss) before tax to net cash flows:</b>		
Depreciation	25.84	16.09
(Profit) / Loss on sale/write off of fixed assets	(0.30)	0.04
Clawback provisions	30.96	-
Interest on Lease liabilities	1.05	-
Interest on borrowings	33.06	91.83
Non cash adjustment on business combination	-	1.02
Interest on fixed deposits	(3.36)	(0.75)
<b>Operating loss before working capital changes</b>	<b>(178.97)</b>	<b>(371.36)</b>
<b>Working capital changes:</b>		
Increase in trade payables	51.45	29.09
Increase / (Decrease) in financial liabilities	20.20	(1,317.84)
Increase in other liabilities	1.70	4.67
Increase / (Decrease) in provisions	10.32	(0.43)
(Increase) in financial assets	(56.18)	(22.82)
Increase in other assets	(6.77)	(22.29)
Increase in trade receivables	(47.36)	(30.61)
<b>Cash flows used in operating activities</b>	<b>(205.61)</b>	<b>(1,731.59)</b>
Income tax (Deducted at source / paid)	(33.31)	(8.88)
<b>Net cash flows used in operating activities (A)</b>	<b>(238.92)</b>	<b>(1,740.47)</b>
<b>Investing activities</b>		
Purchase of property, plant & equipment ('PPE') including intangible assets	(259.31)	(101.63)
Proceeds from sale of Purchase of property, plant & equipment ('PPE')	0.30	-
Fixed Deposits withdrawn / (placed) with banks	65.18	(78.57)
Interest on fixed deposits	3.36	0.75
<b>Net cash flows used in investing activities (B)</b>	<b>(190.47)</b>	<b>(179.45)</b>
<b>Financing activities</b>		
Proceeds from issue of shares (Preference and Equity)	-	105.97
Proceeds from Securities Premium on issue of shares (Preference and Equity)	-	2,568.09
Repayment of lease liabilities	(3.14)	-
Interest on Lease liabilities	(1.05)	-
Proceeds from borrowings	400.00	521.96
Repayment of borrowings	(3.31)	(1,238.15)
<b>Net cash flows generated from financing activities (C)</b>	<b>392.50</b>	<b>1,957.87</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(36.89)</b>	<b>37.95</b>
Effect of exchange differences on cash and cash equivalents held in foreign currency	-	-
Cash and cash equivalents at the beginning of the year	41.49	3.54
<b>Cash and cash equivalents at the end</b>	<b>4.60</b>	<b>41.49</b>
<b>Components of Cash and Cash Equivalents</b>		
Balances with scheduled banks	4.60	41.49
Deposits with original maturity of less than 3 months	-	-
<b>Total Cash and cash equivalents (refer note 10)</b>	<b>4.60</b>	<b>41.49</b>

**Note:** The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian accounting standard (Ind AS) - 7 - 'Cash Flow Statements' notified under Section 133 of the Companies Act, 2013, read together with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016, as amended from time to time.

As per our report of even date

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

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Date: 2023.08.16 20:25:23 +05'30'

**per Shrawan Jalan**

Partner

Membership No. 102102

Place: Mumbai

Date: August 16, 2023

**For and on behalf of the board of directors of**

**Axio Digital Private Limited**

**(Formerly Thumbworks Technologies Private Limited)**

GAURAV DINESH HINDUJA  
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Date: 2023.08.16 19:09:35 +05'30'

**Gaurav Dinesh Hinduja**

Director

DIN: 01264801

Place: Bengaluru

Date: August 16, 2023

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Date: 2023.08.16 19:27:43 +05'30'

**Sashank R Rishyasringa**

Director

DIN: 06466985

Place: Bengaluru

Date: August 16, 2023

**Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)**  
**Statement of changes in equity for the year ended March 31, 2023**  
 (All amount in INR millions, unless otherwise stated)

**A. Equity Share capital (Refer note 14)**

**1. Current Reporting Period**

<b>Particulars</b>	<b>Balance as at the March 31, 2022</b>	<b>Changes during the year</b>	<b>Balance as at March 31, 2023</b>
Equity Share capital	107.26	-	107.26
Preference Share Capital	-	-	-
<b>Total</b>	<b>107.26</b>	<b>-</b>	<b>107.26</b>

**2. Previous Reporting Period**

<b>Particulars</b>	<b>Balance as at March 31, 2021</b>	<b>Changes during the year</b>	<b>Balance as at March 31, 2022</b>
Equity Share capital	0.10	107.16	107.26
Preference Share Capital	1.19	(1.19)	-
<b>Total</b>	<b>1.29</b>	<b>105.97</b>	<b>107.26</b>

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**Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)**  
**Statement of changes in equity for the year ended March 31, 2023**  
(All amount in INR millions, unless otherwise stated)

**B. Other Equity (Refer note 15)**

**1. Current reporting period**

Particulars	Reserves and Surplus				Other Comprehensive Income (Fair valuation of Employee benefit obligation)	Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings		
Balance as at March 31, 2022	(587.26)	3,166.22	68.80	(2,529.08)	(12.35)	106.33
Profit / (Loss) for the year /	-	-	-	(266.22)	4.45	(261.77)
Other Comprehensive Income for the year						
Issue of Shares	-	-	-	-	-	-
Conversion of CCPS	-	-	-	-	-	-
Security Issue Expense	-	-	-	-	-	-
Balance as at March 31, 2023	(587.26)	3,166.22	68.80	(2,795.30)	(7.90)	(155.44)

**2. Previous reporting period**

Particulars	Reserves and Surplus				Other Comprehensive Income (Fair valuation of Employee benefit obligation)	Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings		
Balance as at April 1, 2021	(587.26)	598.12	68.80	(2,049.49)	(5.56)	(1,975.39)
Profit / (Loss) for the year /	-	-	-	(479.59)	(7.81)	(487.40)
Other Comprehensive Income for the year						
Issue of Shares	-	2,568.97	-	-	-	2,568.97
Conversion of CCPS	-	1.08	-	-	-	1.08
Security Issue Expense	-	(1.94)	-	-	-	(1.94)
Impact of common control business combination (Refer note 45)	-	-	-	-	1.02	1.02
Balance as at March 31, 2022	(587.26)	3,166.22	68.80	(2,529.08)	(12.35)	106.33

As per our report of even date

For S.R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No. 301003E/E300005

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JALAN**

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JALAN, c=IN, o=Personal, email=  
shrawan.jalan@srb.in  
Date: 2023.08.16 20:25:44 +05'30'

per Shrawan Jalan  
Partner  
Membership No. 102102  
Place: Mumbai  
Date: August 16, 2023

For and on behalf of the board of directors of  
**Axio Digital Private Limited**  
(Formerly Thumbworks Technologies Private Limited)

**GAURAV  
DINESH  
HINDUJA**

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GAURAV DINESH  
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Date: 2023.08.16  
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Gaurav Dinesh Hinduja  
Director  
DIN: 01264801  
Place: Bengaluru  
Date: August 16, 2023

**SASHANK  
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SRINGA**

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SASHANK  
R.RISHYASRINGA  
Date: 2023.08.16  
19:28:08 +05'30'

Sashank R Rishyasringa  
Director  
DIN: 06466985  
Place: Bengaluru  
Date: August 16, 2023



## **Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)**

### **Notes to financial statements for the year ended 31 March 2023**

(All amount in INR millions, unless otherwise stated)

#### **Accounting Policies**

##### **1 Corporate Information**

Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited) ('the Company') was incorporated on November 10, 2014. The Company is engaged in the business of development, customization, implementation, maintenance, testing benchmarking of computer software and solutions for personal finance and transaction management services to customers through web and mobile-based platforms. The Company has received the Ministry of Corporate Affairs ("MCA") confirmation on name change from "Thumbworks Technologies Private Limited" to "Axio Digital Private Limited" with effect from August 11, 2022.

On September 6, 2018, a majority stake in the Company was acquired by CapFloat Financial Services Private Limited ("Holding Company"). Since then, the Company has become a subsidiary of CapFloat Financial Services Private Limited.

The financial statements for the year ended March 31, 2023 were authorised for issue in accordance with a resolution of the directors on August 16, 2023.

##### **2 Basis of preparation and presentation**

###### **a. Basis of preparation**

The financial statements for the year ended March 31, 2023 have been prepared by the Company in accordance with Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, in this regard.

###### **b. Basis of measurement**

The financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. 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.

###### **c. Functional and presentation currency**

The financial statements are presented in Indian Rupees (INR), which is the Company's functional and presentation currency. All amounts have been denominated in millions and rounded off to the nearest two decimals, except when otherwise indicated.

###### **d. Presentation of financial statements**

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III).

The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

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 in use.

###### **e. Current/ Non Current classification of assets and liabilities**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- ▶ Expected to be realised or intended to be sold or consumed in normal operating cycle
- ▶ Held primarily for the purpose of trading
- ▶ Expected to be realised within twelve months after the reporting period, or
- ▶ 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 current when:

- ▶ It is expected to be settled in normal operating cycle
- ▶ It is held primarily for the purpose of trading
- ▶ It is due to be settled within twelve months after the reporting period, or
- ▶ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

### **3 Significant accounting policies**

#### **3.1 Use of estimates, judgments and assumptions**

The preparation of financial statements in conformity with the Ind AS requires the management to make judgements, accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses 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. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 3.16 - Significant accounting judgements, estimates and assumptions.

#### **3.2 Revenue from operation**

##### **a) Revenue from contract with customers:**

The Company derives revenues primarily from origination fee received for referring potential borrower to customer. Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved in writing by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

Origination fee are recognised when the Company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

##### **Trade receivables**

A receivable is recognised if 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 3.3: Financial instruments.

##### **b) Other Income**

Other income primarily comprises interest income and gain / loss on investments. Interest income is recognized using the effective interest method.

#### **3.3 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. Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instruments.

##### **3.3.1 Initial recognition**

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

##### **3.3.2 Initial measurement**

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

### **3.3.3 Day 1 profit or loss**

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred. After initial recognition, the Company recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability, when the inputs become observable, or when the instrument is derecognised.

### **3.3.4 Classification and Subsequent measurement of financial instruments**

#### **3.3.4.1. Financial assets**

The Company classifies its financial assets into the following measurement categories:

- i. Financial assets to be measured at amortised cost
- ii. Financial assets to be measured at fair value through other comprehensive income
- iii. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets.

#### **Business Model assessment:**

The Company determines its business model at the level that best reflects how it manages Company's of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

#### **The Contractual Cash Flow Test (i.e. SPPI test)**

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the Solely for Payment of Principal and Interest (SPPI) test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

#### **i) Financial assets measured at amortised cost**

These financial assets comprise bank balances, loans, trade receivables, and other financial assets.

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

#### **ii) Financial assets measured at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income where they have:

- a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- b) Are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement.

### **iii) Financial assets measured at fair value through profit and loss**

Financial assets that do not meet the criteria for categorisation as at amortised cost or as FVOCI, are measured at FVTPL. Subsequent changes in fair value are recognised in the statement of profit and loss.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

#### **3.3.4.2. Financial Liabilities and Equity Instruments**

Financial instruments issued by the Company 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.

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

#### **Financial Liabilities (Debt securities and other borrowed funds)**

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the EIR.

The Company has issued financial instruments with equity conversion rights. When establishing the accounting treatment for these non-derivative instruments, the Company first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities or equity instruments in accordance with Ind AS 32. Disclosures for the Company's issued debt are set out in Note 16: Borrowing - Non Current.

#### **Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

#### **Financial guarantee contracts**

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

#### **3.3.5 Reclassification of financial assets and liabilities**

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

#### **3.3.6 Derecognition of financial assets and financial liabilities**

##### **i. Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- i) The Company has transferred its contractual rights to receive cash flows from the financial asset, or
- ii) It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- i) The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- ii) The Company cannot sell or pledge the original asset other than as security to the eventual recipients
- iii) The Company has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- i) The Company has transferred substantially all the risks and rewards of the asset, or
- ii) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

#### **ii. Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

### **3.3.7 Impairment of financial assets**

#### **Overview of ECL principles:**

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss together with trade receivables and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of lifetime ECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

#### **Trade Receivables:**

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### **Financial Guarantee Contracts:**

The Company's liability under each guarantee is measured based on expected credit loss of provision on contracts less cumulative amount recognised till date for the same. For this purpose, the Company estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs and compares it with Financial guarantee on these contracts. The ECL for the same are recognised within "Provisions".

### **3.3.8 Write-offs**

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs, any subsequent recoveries against such loans are credited to the statement of profit and loss.

### **3.3.9 Presentation of allowance for ECL in the balance sheet**

Loss allowances for ECL are presented in the balance sheet as follows:

- a) Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- b) Financial guarantee contracts: generally, as a provision;

### **3.3.10 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## **3.4 Determination of Fair Value**

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments (as explained in note 38: fair value measurement at fair value on each balance sheet date).

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability, or
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

**Level 1 financial instruments** - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

**Level 2 financial instruments** - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

**Level 3 financial instruments** - Those that include one or more unobservable input that is significant to the measurement as whole. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

### 3.5 Expenses

#### 3.5.1 Retirement and other employee benefits

##### Short term employee benefit

All employee benefits including short term compensated absences and performance bonus payable wholly within twelve months of rendering the service are classified as short-term employee benefits and are charged to the Statement of Profit and Loss of the year.

##### Post-employment employee benefits

###### a) Defined contribution schemes

Retirement/ Employee benefits in the form of Provident Fund is considered as defined contribution plan. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Company's contributions to the above Plan are charged to the Statement of Profit and Loss.

###### b) Defined Benefit schemes

##### Gratuity

Re-measurement, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurement are not reclassified to profit or loss in subsequent periods.

##### Leave encashment

The employees of the Company are entitled to compensated absence and deferred compensation as per the policy of the Company, the liability in respect of which is provided, based on an actuarial valuation carried out by an independent actuary as at the year end. The actuarial valuation has been carried out using the Projected Accrued Benefit Method which is same as the Projected Unit Credit Method in respect of past service.

Actuarial gains and losses comprise experience adjustments and the effects of changes in the actuarial assumptions are recognized immediately in the Statement of Profit and Loss in the year in which they arise.

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. Unutilised leave balance that accrues to employees as at the year end is charged to the Statement of Profit and Loss on an undiscounted basis.

#### 3.5.2 Share-based payments

Employees of the Company receive remuneration in the form of share-based payments in consideration of the services rendered. The company shall measure the goods or services received as an equity-settled share-based payment transaction when:

- a) the awards granted are its own equity instruments, or
- b) the entity has no obligation to settle the share-based payment transaction.



The Holding Company has an ESOP program for the employees of its Company as well as employees of its Subsidiary i.e. Axio Digital Private Limited as a part of the group HR strategy to provide fair compensation and talent retention. Under the program, the ESOP cost to the extent it pertains to the employees of the Subsidiary is part of expenses to be charged to the Subsidiary and the net liability will be settled with the Holding Company either in cash or equity as the case may be. A MOU is entered between the Holding Company and the Subsidiary for the same.

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments liability account.

### **3.5.3 Other income and expenses**

All Other income and expense are recognized in the period they occur.

### **3.5.4 Taxes**

Income tax expense comprises of current and deferred income tax. Current / Deferred tax is recognized in the Statement of Profit and Loss except to an item which is recognized directly in equity or in other comprehensive income in which case the related income tax is also recognised accordingly. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority. The Company only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Company's intention to settle on a net basis.

#### **i) Current Taxes**

Current tax is the amount of income taxes payable/ receivable in respect of taxable profit/ loss for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws. Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Interest income / expenses and penalties, if any, related to income tax are included in current tax expense. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date in India where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **ii) Deferred Taxes**

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

b) In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

a) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred taxes are recognised as income tax benefits or expenses in the Statement of profit and loss except for tax related to the fair value re-measurement of financial assets classified through other comprehensive income, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to Other Comprehensive Income (OCI). These exceptions are subsequently reclassified from OCI to the statement of profit and loss together with the respective deferred loss or gain. The Company also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

### 3.6 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 3.7 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### 3.8 Property, plant and equipment

#### Tangible Assets

An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. PPE are initially recognised at cost. The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of property, plant and equipment are required to be replaced in regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the balance sheet and cost of the new item of PPE is recognised. The expenditures that are incurred after the item of PPE has been put to use, such as repairs and maintenance, are normally charged to the statement of profit and loss in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably, and is probable that future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

Depreciation is calculated on a straight line basis using the rates arrived at based on the useful lives estimated by the management.

The estimated useful lives are, as follows:

Particulars	Useful lives estimated by the Management (Same as specified in Schedule II of the Companies Act, 2013)
Computers & Printers	3 years
Office Equipment	5 years
Intangible assets	5 years
Furniture and fixtures	10 years
Electronic Equipment	5 years
Leasehold Improvements	Lower of 3 years or lease term

Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other operating income in the Statement of profit and loss in the year in which the asset is derecognised.

#### Intangible Assets

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development". Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life. Internally generated intangible asset is amortised over a period of five years. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortises the intangible asset over the best estimate of its useful life. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

#### **Derecognition**

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

#### **3.9 Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, an estimate of the recoverable amount of the asset / cash generating unit (CGU) is made. Recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit (CGU).

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

An asset or CGU whose carrying value exceeds its recoverable amount is considered impaired and is written down to its recoverable amount. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting years may no longer exist or may have decreased.

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

#### **3.10 Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### **Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### **i) Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The right-of-use assets are also subject to impairment. (Refer to the accounting policies on Impairment of non-financial assets.)

##### **ii) Lease liabilities**

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are disclosed in other current and non-current financial liabilities (Refer Note 17 and 20).

##### **iii) Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### 3.11 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

A contract is considered as onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract.

A contingent liability is a 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 Company 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 Company does not recognise a contingent liability but discloses its existence in the financial statements.

### 3.12 Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax / value added taxes paid, except:

- a) When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- b) When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### 3.13 Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

### 3.14 Contingencies and events occurring after the Balance Sheet date

Events occurring after the date of the Balance Sheet, which provide further evidence of conditions that existed at the Balance Sheet date or that arose subsequently, are considered up to the date of approval of accounts by the Board of Directors, where material.

### 3.15 Foreign currency transaction

Foreign currency transactions are accounted for at the rates prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at the closing exchange rates. Resultant exchange differences, if any, are recognised in the Statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency at the Balance Sheet date are reported using exchange rates at the date of the transaction.

### 3.16 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. 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.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

#### Key source of estimation uncertainty :

#### 3.16.1 Fair value of financial instruments:

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### **3.16.2 Provision and contingent liabilities:**

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of its business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgment is required to conclude on these estimates.

### **3.16.3 Impairment on financial guarantee contract:**

The Company estimates impairment provision on financial guarantee contract based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs.

### **3.16.4 Leases- Estimating the Incremental Borrowing Rate:**

The Company 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 Company 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 Company '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 Company estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

### **3.16.5 Defined employee benefit assets and liabilities**

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.

### **3.16.6 Impairment of non financial assets:**

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the company estimates the asset's recoverable amount. An asset's recoverable amount is higher of an asset's fair value less cost of disposal and its value in use. Where the carrying amount exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

## **3.17 Business combinations**

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is recorded as a gain in Other Comprehensive Income and accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

### Common control transactions

Common control business combinations include transactions, such as transfer of subsidiaries or business, between entities within a group. Business combinations involving entities or businesses under common control are accounted for using the pooling of interests method. Under pooling of interest method, the assets and liabilities of the combining entities are reflected at their carrying amounts, the only adjustments that are made are to harmonise accounting policies.

Financial information in the financial statements in respect of prior years is restated as if the business combination had occurred from the beginning of the preceding year in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information is restated only from that date.

The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and presented separately from other General reserves with disclosure of its nature and purpose in the notes.

## **3.18 New and amended standards and interpretations**

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after April 01, 2022.

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022, to amend the following Ind-AS which are effective from April 01, 2022.

**i) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37**

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Company cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Company applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period. Prior to the application of the amendments, the Company had not identified any contracts as being onerous as the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised only incremental costs directly related to the contracts. As a result of the amendments, the Company assessed whether certain other directly related costs are required to be included by the Company in determining the costs of fulfilling the contracts. No provision was required to be created in respect of the aforementioned amendment.

In accordance with the transitional provisions, the Company applies the amendments to contracts for which it has not yet fulfilled all of its obligations, at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

There is no material impact on other comprehensive income or the basic and diluted earnings per share.

**ii) Reference to the Conceptual Framework – Amendments to Ind AS 103**

The amendments replaced the reference to the ICAI's "Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards" with the reference to the "Conceptual Framework for Financial Reporting under Indian Accounting Standard" without significantly changing its requirements.

The amendments also added an exception to the recognition principle of Ind AS 103 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets or Appendix C, Levies, of Ind AS 37, if incurred separately. The exception requires entities to apply the criteria in Ind AS 37 or Appendix C, Levies, of Ind AS 37, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the Ind-AS Financial Statements of the Company.

**iii) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16**

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

These amendments had no impact on the Ind-AS Financial Statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

**iv) Ind AS 101 First-time Adoption of Indian Accounting Standards – Subsidiary as a first-time adopter**

The amendment permits a subsidiary that elects to apply the exemption in paragraph D16(a) of Ind AS 101 to measure cumulative translation differences for all foreign operations in its financial statements using the amounts reported by the parent, based on the parent's date of transition to Ind AS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also available to an associate or joint venture that uses exemption in paragraph D16(a) of Ind AS 101.

**v) Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application).

These amendments had no impact on the Ind-AS Financial Statements of the Company as there were no modifications of the financial instruments during the period.

**vi) Ind AS 41 Agriculture – Taxation in fair value measurements**

The amendment removes the requirement in paragraph 22 of Ind AS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of Ind AS 41.

The amendments had no impact on the Ind-AS Financial Statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date.



### 3.19 Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated March 31, 2023 to amend the following Ind AS which are effective from April 01, 2023.

#### (i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after April 01, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments are not expected to have a material impact on the Company financial statements.

#### (ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to Ind AS 1 are applicable for annual periods beginning on or after April 01, 2023. Consequential amendments have been made in Ind AS 107.

The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

#### (iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101. The amendments to Ind AS 12 are applicable for annual periods beginning on or after April 01, 2023.

The Company is currently assessing the impact of the amendments.

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**Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)**  
**Notes to financial statements for the year ended March 31, 2023**  
(All amount in INR millions, unless otherwise stated)

**4 Property, plant and equipment**

Particulars	Computers & Printers	Office Equipment	Furniture & Fixtures	Electronic Equipment	Leasehold Improvements	Total
<b>Gross carrying amount</b>						
<b>As at April 1, 2022</b>	7.94	0.02	-	-	-	<b>7.96</b>
Additions	9.78	0.40	1.07	3.04	2.22	16.51
Disposals	2.90	-	-	-	-	2.90
<b>At March 31, 2023</b>	<b>14.82</b>	<b>0.42</b>	<b>1.07</b>	<b>3.04</b>	<b>2.22</b>	<b>21.57</b>
<b>Depreciation and impairment:</b>						
<b>At April 1, 2022</b>	6.44	0.01	-	-	-	6.45
Disposals	2.90	-	-	-	-	2.90
Depreciation charge for the year	3.03	0.05	0.07	0.32	0.48	3.95
<b>At March 31, 2023</b>	<b>6.57</b>	<b>0.06</b>	<b>0.07</b>	<b>0.32</b>	<b>0.48</b>	<b>7.50</b>
<b>Net book value:</b>						
At March 31, 2022	<b>1.50</b>	<b>0.01</b>	-	-	-	<b>1.51</b>
At March 31, 2023	<b>8.25</b>	<b>0.36</b>	<b>1.00</b>	<b>2.72</b>	<b>1.74</b>	<b>14.07</b>

The company has not pledged any item of property, plant and equipment as security.

**5 Right-of-use assets**

Particulars	Right-of-use Building
<b>Gross carrying amount</b>	
<b>At April 1, 2022</b>	-
Additions	10.61
Disposals	-
<b>At March 31, 2023</b>	<b>10.61</b>
<b>Depreciation and impairment:</b>	
<b>At April 1, 2022</b>	-
Disposals	-
Depreciation charge for the year	2.96
<b>At March 31, 2023</b>	<b>2.96</b>
<b>Net book value:</b>	
At March 31, 2022	-
At March 31, 2023	<b>7.65</b>

**6 Other Intangible Assets**

Particulars	Internally Generated assets
<b>Gross carrying amount</b>	
<b>At April 1, 2022</b>	80.88
Additions	12.38
Disposals	-
<b>At March 31, 2023</b>	<b>93.26</b>
<b>Depreciation and impairment:</b>	
<b>At April 1, 2022</b>	28.17
Disposals	-
Depreciation charge for the year	18.93
<b>At March 31, 2023</b>	<b>47.10</b>
<b>Net book value:</b>	
At March 31, 2022	<b>52.71</b>
At March 31, 2023	<b>46.16</b>

**Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)****Notes to financial statements for the year ended March 31, 2023**

(All amount in INR millions, unless otherwise stated)

**7: Intangible assets under development**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Balance at the beginning of the year</b>	<b>81.67</b>	-
Additions	233.26	81.67
Capitalised	(12.38)	-
Written off	(1.07)	-
<b>Balance at the end of the year</b>	<b>301.48</b>	<b>81.67</b>

**7.1: Intangible assets under development ageing**

Particulars	Amount in WIP for a period of				As at March 31, 2023
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	219.81	81.67	-	-	301.48
Projects temporarily suspended	-	-	-	-	-

Particulars	Amount in WIP for a period of				As at March 31, 2022
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	81.67	-	-	-	81.67
Projects temporarily suspended	-	-	-	-	-

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**Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)**  
**Notes to financial statements for the year ended March 31, 2023**  
(All amount in INR millions, unless otherwise stated)

**8 Other non current assets**

Particular	As at March 31, 2023	As at March 31, 2022
Security Deposits for Premises	1.66	-
<b>Total</b>	<b>1.66</b>	<b>-</b>

**9 Trade Receivables**

Particular	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good	78.28	30.73
<b>Gross Total</b>	<b>78.28</b>	<b>30.73</b>
Less : Impairment loss allowance	0.31	0.12
<b>Total</b>	<b>77.97</b>	<b>30.61</b>

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months to 1 year	1 -2 years	2 -3 years	More than 3 years	
<b>31 March 2023</b>							
Undisputed Trade receivables – considered good	-	78.28	-	-	-	-	78.28
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
	-	78.28	-	-	-	-	78.28
Less: Impairment allowance	-	0.31	-	-	-	-	0.31
	-	77.97	-	-	-	-	77.97

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months to 1 year	1 -2 years	2 -3 years	More than 3 years	
<b>31 March 2022</b>							
Undisputed Trade receivables – considered good	-	30.73	-	-	-	-	30.73
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
	-	30.73	-	-	-	-	30.73
Less: Impairment allowance	-	0.12	-	-	-	-	0.12
	-	30.61	-	-	-	-	30.61

**10 Cash and Cash Equivalents**

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks		
- In current accounts	4.60	41.49
	<b>4.60</b>	<b>41.49</b>

**11 Bank Balances other than cash and cash equivalents above**

Particulars	As at March 31, 2023	As at March 31, 2022
Deposits with remaining maturity for less than 12 months**	26.61	91.79
	<b>26.61</b>	<b>91.79</b>

\*\* Includes INR 1.57 Million (March 31, 2022 INR 1.57 Million) Fixed Deposit lien marked to Banks.

**12 Other Financial Assets - Current**

Particulars	As at March 31, 2023	As at March 31, 2022
Other Receivables	78.18	23.57
Security Deposits for Premises	-	0.09
	<b>78.18</b>	<b>23.66</b>

**13 Other Current Assets**

Particulars	As at March 31, 2023	As at March 31, 2022
GST Input Credit	108.44	103.20
Less: Provision for unclaimed credit	(1.51)	(1.51)
Prepaid Expenses	0.79	0.34
Advances to employees	1.08	-
	<b>108.80</b>	<b>102.03</b>

**Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)**  
**Notes to financial statements for the year ended March 31, 2023**  
(All amount in INR millions, unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>14 Share Capital</b>		
<b>I) Equity Share Capital</b>		
<b>Authorized:</b>		
1,78,79,950 (March 31, 2022: 1,78,79,950) Equity shares of INR 10/- each	178.80	178.80
	<b>178.80</b>	<b>178.80</b>
<b>Issued, subscribed and fully paid up:</b>		
1,07,26,206 (March 31, 2022: 1,07,26,206) Equity shares of INR10/- each	107.26	107.26
	<b>107.26</b>	<b>107.26</b>

a. Reconciliation of number of equity shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	Opening Balance As at April 01, 2022	Fresh issue	Buy back	Conversion of CCPS	Closing Balance As at March 31, 2023
		Number	Rs in Million	Number	Rs in Million
- Number of shares	1,07,26,206		-		1,07,26,206
- Amount (INR in Million)	107.26	-	-	-	107.26

b. Particulars of shareholders holding more than 5% of respective share capital:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	%	Number	%
CapFloat Financial Services Private Limited	1,07,26,205	99.99%	1,07,26,205	99.99%

c. **Terms / Rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend, if any, is proposed by the Board of Directors and is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder

Particulars	As at March 31, 2023	As at March 31, 2022
<b>II) Instrument entirely Equity in nature</b>		
<b>Authorized:</b>		
3,323 (March 31, 2022: 3,323) Seed Compulsorily Convertible Cumulative Participant Preference shares of INR 100/- each having coupon rate of 0.001%	0.33	0.33
8,232 (March 31, 2022: 8,232) Series A Compulsorily Convertible Cumulative Participant Preference shares of INR 100/- each having coupon rate of 0.001%	0.82	0.82
450 (March 31, 2022: 450) Series B Compulsorily Convertible Cumulative Participant Preference shares of INR 100/- each having coupon rate of 0.001%	0.05	0.05
	<b>1.20</b>	<b>1.20</b>

a. Shares held by holding / ultimate holding Company and / or their subsidiaries / associates

Holding Company- CapFloat Financial Services Private Limited	As at March 31, 2023		As at March 31, 2022	
	Number	%	Number	%
Equity shares	1,07,26,205	99.99%	1,07,26,205	99.99%
Seed CCCPPS	-	0.00%	-	0.00%
Series A CCCPPS	-	0.00%	-	0.00%
Series B CCCPPS	-	0.00%	-	0.00%

**15 Other equity**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>15.1</b> Securities Premium	3,166.22	3,166.22
<b>15.2</b> Capital Reserve	(587.26)	(587.26)
<b>15.3</b> General Reserve	68.80	68.80
<b>15.4</b> Retained Earnings	(2,794.28)	(2,528.06)
<b>15.5</b> Other Comprehensive Income	(8.92)	(13.37)
	<b>(155.44)</b>	<b>106.33</b>

Particulars	As at March 31, 2023	As at March 31, 2022
<b>15.1 Securities Premium</b>		
Balance as per last Balance Sheet	3,166.22	598.12
Add : Received during the year for issue of Rights Shares	-	2,568.96
Add : Conversion of CCPS	-	1.08
Less : Securities issue expenses	-	(1.94)
	<b>3,166.22</b>	<b>3,166.22</b>
<b>15.2 Capital Reserve</b>		
Balance as per last Balance Sheet	(587.26)	(587.26)
Less: Effect of common control business combination (Refer note 45)		
	<b>(587.26)</b>	<b>(587.26)</b>
<b>15.3 General Reserve</b>		
Balance as per last Balance Sheet	68.80	68.80
Add: Transferred from ESOP outstanding	-	-
	<b>68.80</b>	<b>68.80</b>
<b>15.4 Retained Earnings</b>		
Balance as per last Balance Sheet	(2,528.06)	(2,049.49)
Less: Effect of common control business combination (Refer note 45)	-	1.02
Add: Loss for the year	(266.22)	(479.59)
	<b>(2,794.28)</b>	<b>(2,528.06)</b>
<b>15.5 Other Comprehensive Income</b>		
Balance as per last Balance Sheet	(13.37)	(5.56)
Add: Remeasurement gain/(loss) on defined benefit plan	4.45	(7.81)
	<b>(8.92)</b>	<b>(13.37)</b>
	<b>(155.44)</b>	<b>106.33</b>

**Nature and purpose of Reserves:**

**Securities Premium:**

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

**General Reserve:**

This Reserve relates to gains out of cancelled stock options granted by the Company to employees under erstwhile ESOP Schemes 2014. The balance of ESOP reserve on the date of cancellation of ESOP scheme was transferred to general reserve.

**Retained Earning:**

Retained earnings represents surplus / accumulated earnings of the Company and are available for distribution to shareholders.

**Capital Reserve:**

Capital reserve has been created on account of transfer of business of entities under common control.

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**Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)**  
**Notes to financial statements for the year ended March 31, 2023**  
(All amount in INR millions, unless otherwise stated)

**16 Borrowing - Non Current**

Particulars	As at March 31, 2023	As at March 31, 2022		
<b>Unsecured</b>				
Term Loans				
- from Related party (Refer Note 35)	429.75	-		
	<b>429.75</b>	<b>-</b>		
<b>Particulars of Unsecured borrowings</b>				
Lender Name	Tenure (months)	Sanction Amount	As at March 31, 2023*	As at March 31, 2022
<b>Unsecured short term borrowings</b>				
CapFloat Financial Services Pvt Ltd	36 Months	400.00	429.75	-
*Amount includes accrued interest of INR 29.75 millions, net of TDS (March 31, 2022: NIL)				

**17 Other Financial Liabilities**

Particular	As at March 31, 2023	As at March 31, 2022
Lease Liabilities*	4.65	-
Stock Compensation payable	102.92	62.58
	<b>107.57</b>	<b>62.58</b>

\*Please refer Note 41 for detailed disclosure on lease arrangement

**18 Provisions - Non Current**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Provisions for Employee Benefits</b>		
- Gratuity	22.38	22.36
- Leave encashment	17.01	18.52
	<b>39.39</b>	<b>40.88</b>

Please refer Note 33 for detailed disclosure on employee benefits

**19 Trade Payables**

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Trade payables		
(a) total outstanding dues of Micro and Small Enterprises	2.93	6.36
(b) total outstanding dues of creditors other than Micro and Small Enterprises	103.13	48.25
	<b>106.06</b>	<b>54.61</b>

Particulars	Outstanding for the following periods from the date of the transactions						Total
	Accrued	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>March 31, 2023</b>							
(i) MSME	-	-	2.93	-	-	-	2.93
(ii) Others	69.07	-	34.06	-	-	-	103.13
(iii) Disputed dues-Others	-	-	-	-	-	-	-
<b>Total</b>	<b>69.07</b>	<b>-</b>	<b>36.99</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106.06</b>

Particulars	Outstanding for the following periods from the date of the transactions						Total
	Accrued	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>31 March 2022</b>							
(i) MSME	-	-	6.36	-	-	-	6.36
(ii) Others	24.91	-	23.34	-	-	-	48.25
(iii) Disputed dues-Others	-	-	-	-	-	-	-
<b>Total</b>	<b>24.91</b>	<b>-</b>	<b>29.70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54.61</b>

**20 Other Financial Liabilities - Current**

Particulars	As at March 31, 2023	As at March 31, 2022
Purchase Consideration payable	-	31.20
Lease Liabilities*	3.27	-
	<b>3.27</b>	<b>31.20</b>

\* Please refer Note 41 for detailed disclosure on lease arrangement

**21 Provisions - Current**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Provisions for Employee Benefits</b>		
- Gratuity	2.46	2.19
- Leave encashment	5.17	4.63
- Sick Leave	2.14	1.74
- Salary Payable	0.03	-
- Performance Bonus	16.32	10.20
Other Provisions (Including FLDG / Revenue Claw back)*	42.71	11.75
	<b>68.83</b>	<b>30.51</b>

\*The company does not have internal credit grading system for financial guarantee contracts. However, based on historical losses in past years and also future projections, company has assessed all its financial guarantee contract at stage 3. Based on management expectations, the company has provided expected credit loss of 100% on its credit exposure in financial guarantee contracts.

During the year ended 31 March 2019, the Company discontinued lending partnerships with Visu Leasing and Finance Private Limited with effect from 14 September 2018. While the Company will not offer loans financed by these partners, it continues to be liable for first loss default guarantee ('FLDG') for the loans disbursed through these partners in the past and outstanding as on Balance Sheet date. Accordingly, a provision has been carried in the books to cover any FLDG demand against non-performing loans on Balance Sheet date for Visu Leasing and Finance Private Limited.

The company provides collection services to the Co-Lender i.e., Karur Vysya Bank ("KVB") during the year and charges collection fees to KVB. In the event of non-collection of dues the company is liable to compensate the lending partner through clawback on revenue earned on off book disbursements of loan through KVB. Based on management expectations, the company has provided 0.5% revenue clawback provision of off-book disbursements of loans through KVB to factor any potential deficiency in collection efficiency. The above amount includes the clawback provision of INR 30.96 millions for the current year.

**Reconciliation of gross carrying amount**

Particulars	Revenue Clawback		FLDG	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Opening gross exposure as at 1 April	-	-	11.75	24.24
New exposures originated during the year	30.96	-	-	-
Exposure derecognised or matured	-	-	-	12.49
<b>Closing gross exposure as at 31 March</b>	<b>30.96</b>	<b>-</b>	<b>11.75</b>	<b>11.75</b>

**Impairment allowance for financial guarantee contracts**

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Impairment allowance for financial guarantee contracts as at 1 April	11.75	24.24
Assets derecognised or repaid	-	12.49
New assets originated	-	-
<b>Closing Impairment allowance for financial guarantee contracts as at 31 March</b>	<b>11.75</b>	<b>11.75</b>

**Provision for revenue clawback**

Particulars	As at March 31, 2023	As at March 31, 2022
Opening provision for revenue clawback as at 1 April	-	-
Clawback provision settled	-	-
Provided for the current year	30.96	-
<b>Closing provision for revenue clawback as at 31 March</b>	<b>30.96</b>	<b>-</b>

**22 Other Current Liabilities**

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory liabilities	10.72	8.88
Income received in advance	-	0.14
	<b>10.72</b>	<b>9.02</b>



**Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)****Notes to financial statements for the year ended March 31, 2023**

(All amount in INR millions, unless otherwise stated)

**23 Revenue from operations**

<b>Particulars</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Referral Fees income	289.88	39.31
Interest Service Fees Income	220.11	84.34
Partner Fees	15.45	2.38
<b>Total</b>	<b>525.44</b>	<b>126.03</b>
India	525.44	126.03
Outside India	-	-
<b>Total revenue from contracts with customers</b>	<b>525.44</b>	<b>126.03</b>
<b>Timing of revenue recognition</b>		
Services transferred at a point in time	525.44	126.03
Services transferred over time	-	-
<b>Total revenue from contracts with customers</b>	<b>525.44</b>	<b>126.03</b>

The company is engaged in the business of referral of loans to financing partners. The key performance obligations are sourcing and credit appraisal of loans sanctioned by financing partner, which are satisfied at the initiation of contract i.e. at a point in time. Due to transfer of the Co-Lending platform via the slump sale transaction that happened during the previous year. Thereafter, the company also earns a portion of the interest service fee. The same is also referred to as services transferred at a point in time.

**24 Other income**

<b>Particulars</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Interest income on financial assets at amortised cost		
-Deposits with banks	3.36	0.75
-Security deposits	0.14	-
Business support service income	71.06	61.36
Other non operating income	0.30	0.01
<b>Total</b>	<b>74.86</b>	<b>62.12</b>

**25 Employee benefits expenses**

<b>Particulars</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Salaries and wages	186.83	281.68
Contribution to provident and other funds	4.13	2.54
Staff welfare expenses	2.98	-
ESOP compensation expense*	14.44	(21.02)
Gratuity expenses	8.48	5.42
<b>Total</b>	<b>216.86</b>	<b>268.62</b>

\* The above contains amounts pertaining to prior period totalling to NIL (March 31, 2022: 4.73 million)

**26 Finance costs**

<b>Particulars</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>On financial liabilities measured at amortised cost</b>		
Interest on borrowings	33.06	91.83
Interest on Lease liabilities	1.05	-
<b>Total</b>	<b>34.11</b>	<b>91.83</b>

**27 Depreciation**

<b>Particulars</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Depreciation on Property, plant and equipment	3.95	0.89
Depreciation Other Intangible Assets	18.93	15.20
Depreciation of Right of Use Assets	2.96	-
<b>Total</b>	<b>25.84</b>	<b>16.09</b>

**28 Other expenses**

<b>Particulars</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Rent	0.72	0.22
Auditors Remuneration		
- as auditor	3.00	2.20
- for reimbursement of expenses	0.07	-
Marketing expenses	72.12	62.61
Provision for Clawback	30.96	-
Travelling expenses	7.24	0.35
Customer onboarding charges	6.44	0.67
Legal and professional charges	13.64	9.25
Interest Service Fees	168.75	51.52
Business support service	8.56	17.18
Collection Cost	109.74	25.22
Other technology expenses	166.33	120.50
Loss on sale/write off of Property, Plant and Equipment	-	0.04
Miscellaneous expenses	2.14	1.44
<b>Total</b>	<b>589.71</b>	<b>291.20</b>

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**Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)****Notes to financial statements for the year ended March 31, 2023**

(All amount in INR millions, unless otherwise stated)

**29 Taxation**

As per Ind AS 12, a deferred tax asset shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

After due evaluation of the above requirement, the management has decided to not create any deferred tax asset.

Hence, deferred tax assets have been recognized only to the extent of deferred tax liabilities in the books.

**30 Earnings per share (EPS)**

The following reflects the profit / (loss) and share data used in basic and diluted EPS computations

<b>Particulars</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Basic</b>		
Weighted average number of equity shares for computation of Basic EPS (in million)	10.73	1.27
Net profit for calculation of basic EPS (In million)	(266.22)	(479.59)
<b>Basic earning per share (In INR)</b>	<b>(24.82)</b>	<b>(376.56)</b>
<b>Diluted</b>		
Weighted average number of equity shares for computation of Diluted EPS (in million)	10.73	1.27
Net profit for calculation of Diluted EPS (in million)	(266.22)	(479.59)
<b>Diluted earning per share (In INR) *</b>	<b>(24.82)</b>	<b>(376.56)</b>
* Since diluted EPS are anti-dilutive hence, diluted EPS is restricted to basic EPS		
<b>Reconciliation of Weighted average number of shares outstanding (in million)</b>		
Weighted average number of equity shares for computation of Basic EPS	10.73	1.27
(Add) Convertible Shares/Debt Securities	-	-
Weighted average number of equity shares for computation of Diluted EPS	10.73	1.27
Nominal value of each share (in INR)	10	10

**31 Contingent liabilities**

a. Contingent Liabilities not provided for in respect of:

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The Company believes that the outcome of these proceedings will not have a materially adverse effect on the Company's financial position and results of operations.

<b>Particulars</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
a. Claims against the company not acknowledged as debt;		
Income tax matters - appeals by company*	102.84	102.84
	<b>102.84</b>	<b>102.84</b>

\*The stay of demand has been raised against preferring CIT(A) for assessment year 2017-18. The company has paid an amount of INR 7.86 million under protest for the matter under dispute.

**32 Expenditure in foreign currency**

<b>Particulars</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Other technology expenses	3.16	2.95
<b>Total</b>	<b>3.16</b>	<b>2.95</b>

**Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)****Notes to financial statements for the year ended March 31, 2023**

(All amount in INR millions, unless otherwise stated)

**33 Employee benefit obligations****i) Defined contribution plan**

During the year, the Company has recognised the following amounts in the Statement of profit and loss:

Particulars	March 31, 2023	March 31, 2022
Employers' Contribution to Employee's Provident Fund*	4.13	2.53
	<b>4.13</b>	<b>2.53</b>

\*Provident fund is a defined contribution plan. The contribution towards provident fund has been deposited with Regional Provident Fund Commissioner and is charged to Statement of Profit and Loss.

**ii) Defined benefit plan**

The company provides for gratuity for its employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is an unfunded plan

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

**a) Change in bond yields -**

A decrease in government bond yields will increase plan liabilities.

**b) Inflation risk -**

The present value of some of the defined benefit plan obligations are calculated with 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.

**c) Life expectancy -**

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

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

**Table showing change in the present value of projected benefit obligation**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Change in benefit obligations</b>		
Present value of benefit obligation at the beginning of the year	24.55	16.29
Liability Transferred In/(Out) Slump Sale	-	-
Interest on defined benefit obligation	1.43	1.22
Current Service cost	7.04	4.19
Liability Transferred In/Acquisition		
Benefit Paid From the Fund	(3.73)	(4.96)
Actuarial (Gains) on Obligations - Due to Change in Financial Assumptions	(7.31)	5.66
Actuarial (Gains) on Obligations - Due to Change in Demographic Assumptions	0.34	(0.42)
Actuarial Losses on Obligations - Due to Experience	2.52	2.57
<b>Liability at the end of the year</b>	<b>24.84</b>	<b>24.55</b>

**Amount recognized in the Balance Sheet**

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of unfunded defined benefit obligation	24.84	24.55
Amount not recognized due to asset limit	-	-
<b>Net defined benefit liability / (asset) recognized in balance sheet</b>	<b>24.84</b>	<b>24.55</b>
Current	2.46	2.19
Non-current	22.38	22.36

**Expenses recognized in the Statement of Profit and Loss**

Particulars	March 31, 2023	March 31, 2022
Current service cost	7.04	4.19
Interest on net defined benefit liability / (asset)	1.44	1.23
<b>Total expense charged to profit and loss account</b>	<b>8.48</b>	<b>5.42</b>

**Expenses recognized in the Other comprehensive income (OCI)**

Particulars	March 31, 2023	March 31, 2022
Opening amount recognized in OCI outside profit and loss account	14.69	6.88
<b>Remeasurements during the period due to</b>		
Changes in financial assumptions	(7.31)	5.66
Changes in demographic assumptions	0.34	(0.42)
Experience adjustments	2.52	2.57
<b>Closing amount recognized in OCI outside profit and loss account</b>	<b>10.24</b>	<b>14.69</b>

The actuarial assumptions used to determine benefit obligations as at March 31, 2023 and March 31, 2022 are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Discount Rate	7.15%	6.35%
Salary escalation rate	13.66%	20%
Rate of Employee Turnover	16%	17%

**Balance sheet reconciliation**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Opening net liability</b>	<b>24.55</b>	<b>16.29</b>
Expenses recognized in Statement of Profit and Loss	8.48	5.41
Expenses / (Income) recognized in Other comprehensive income	(4.46)	7.81
Benefits Paid	(3.73)	(4.96)
Employer's Contribution	-	-
<b>Closing net liability recognized in the Balance Sheet</b>	<b>24.84</b>	<b>24.55</b>

**Cash Flow Projection**

**Expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date**

Particulars	As at March 31, 2023	As at March 31, 2022
Expected benefits for year 1	2.46	2.19
Expected benefits for year 2	2.76	2.54
Expected benefits for year 3	2.90	2.85
Expected benefits for year 4	2.80	2.95
Expected benefits for year 5	2.97	2.88
Expected benefits for year 6	3.61	2.85
Expected benefits for year 7	2.58	3.15
Expected benefits for year 8	2.37	2.34
Expected benefits for year 9	2.17	2.11
Expected benefits for year 10 and above	17.94	15.11

**Sensitivity analysis**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Projected benefit obligation on current assumptions</b>		
Delta effect of +0.5% change in rate of discounting	24.10	23.81
Delta effect of -0.5% change in rate of discounting	25.63	25.33
Delta effect of +0.5% change in rate of salary increase	25.63	25.29
Delta effect of -0.5% change in rate of salary increase	24.09	23.84

**Compensated absences :**

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of unfunded obligation	22.18	23.15
Expenses recognised in the Statement of Profit and Loss	1.90	13.25
Discount Rate	7.15%	6.35%
Salary escalation rate	13.66%	20%

**Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)**

**Notes to financial statements for the year ended March 31, 2023**

(All amount in INR millions, unless otherwise stated)

**34 Change in liabilities arising from financing activities**

Particulars	As at March 31, 2022	Cash Flows	Other	As at March 31, 2023
Borrowing from related party	-	429.75	-	429.75
<b>Total</b>	-	<b>429.75</b>	-	<b>429.75</b>

**35 Related party disclosures**

**Relationship**

Holding Company

**Name of the party**

CapFloat Financial Services Private Limited

Axio Capital Private Limited

Associates / Enterprises owned or significantly influenced by key management personnel or their relatives

Gaurav Sashank Business Software Ventures Private Limited

Gaurav Sashank Bangalore Financial Ventures Pvt Ltd

Digital Lenders association of India

**Key Management Personnel**

**Name**

**Designation**

Gaurav Hinduja

Executive Director

Sashank Rishyasringa

Executive Director

Ayushi Bhargava

Company Secretary (W.e.f. July 01, 2022)

**Related Party transactions during the year:**

**Transactions:**

Particulars	Holding Company		Key Management Personnel	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Remuneration to Directors / Key managerial personnel*	-	-	0.46	-
Referral Fees income	289.88	39.31	-	-
Interest service fees	2.38	17.78	-	-
Interest service fees Expense	168.75	51.52	-	-
Collection service expense	0.02	0.02	-	-
Interest Expense	33.06	91.83	-	-
ESOP Expense	14.44	(21.02)	-	-
Business Support Fees - Expense	8.56	17.18	-	-
Business Support Fees - Income	71.06	61.36	-	-

**Balance outstanding as at the year end:**

Particulars	Holding Company		Key Management Personnel	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Stock Compensation payable	102.92	62.58	-	-
Receivable from Holding Company	78.11	30.73	-	-
Purchase consideration payable for slump sale	-	31.20	-	-
Borrowings	429.75	-	-	-

\* Salaries include bonus but does not include stock compensation expense and reimbursement

**Compensation of key management personnel**

Particulars	March 31, 2023	March 31, 2022
Short-term employee benefits	0.46	-
Post-employment benefits (note b)	-	-
Other long term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
<b>Total</b>	<b>0.46</b>	<b>-</b>

**Note:**

a) Related parties have been identified on the basis of the declaration received by the management and other records available.

b) Provisions for gratuity and compensated absences are made for the Company as a whole and the amounts pertaining to the key managerial personnel are not specifically identified and hence are not included above.

c) The Company enters into transactions, arrangements and agreements involving related parties in the ordinary course of business under the same commercial and market terms, interest and commission rates that apply to non-related parties.

**Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)**

**Statement of changes in equity for the year ended 31 March 2023**

(All amount in INR millions, unless otherwise stated)

**36 Employee Stock Option Scheme (ESOS)**

**CapFloat ESOP scheme**

CapFloat Financial Services Private Limited, the holding company of Axio Digital Private Limited (Formerly known as Thumbworks Technologies Private Limited), has an ESOP program for its employees and to its subsidiary employees as a part of the group HR strategy to provide fair compensation and talent retention. Under the program, the ESOP cost is part of subsidiary expenses as to the extent it pertains to the employees of the subsidiary and the net liability will be settled with the company either in cash or equity as the case may be. A MOU is entered between the holding and the subsidiary for the same.

On 1 Feb 2014, the board of directors approved the Equity Settled ESOP Scheme 2014 (Scheme 2014) for issue of stock options. Apart from this, 6,96,840 shares are owned by Capital Float Employee Welfare Trust and 115,692 shares are held by employees of the company and its subsidiary pursuant to exercise of grants as at 31st March 2023.

The company provides share-based payment schemes to its employees. For the year ended 31 March 2023 following Employee Stock Option Plans (ESOPs) were in existence. The relevant details of the schemes and the grants are as below:

**(i) Details of all grants in operation during the year ended 31 March 2023 are as given below:**

Particulars	Date/Date range of grant	No. of options approved	No. of options granted	Exercise price per option (in INR)	Method of settlement	Vesting period	Fair Value per Option on grant date (INR)
Grant I	Apr'17 to Mar'18	1015	1015	10	Equity	4 years	2,123.00
Grant II	Apr'18 to Aug'18	325	325	250	Equity	4 years	1,965.00
Grant III*	Sep'18 to Mar'19	199149	199149	10	Equity	4 years	3,785.71
Grant IV	Sep'18 to Mar'19	30719	30719	250	Equity	4 years	3,545.71
Grant V	May'19 to Nov'19	8554	8554	800	Equity	4 years	3,199.34
Grant VI	Apr'20	1911	1911	800	Equity	1 year	3,299.45
Grant VI	Apr'20	4575	4575	800	Equity	4 years	3,351.35
Grant VII	Apr'21	611	611	800	Equity	1 year	3,299.45
Grant VII	Apr'21	751	751	800	Equity	4 year	3,351.35
Grant VII	Jul'21	250	250	800	Equity	4 years	3,351.35
Grant VII	Dec'21	83064	83064	200	Equity	4 years	1,175.16
Grant VII	Mar'22	308	308	200	Equity	4 years	1,175.16
Grant VIII	Apr'22 to Feb'23	11856	11856	200	Equity	4 years	1,182.58

# Grant letters for this issuance have infinite exercise period.

**Vesting conditions:**

The Options would vest only if the Option Grantee continues to be in employment of the Company on the date that they are due to vest. No options would vest in case employment is severed and in such case the date of resignation / termination shall be considered for reckoning the period of vesting.

**(ii) The expense recognised for employee services received during the year is shown in the following table:**

Particulars	For the year ended	
	31 March 2023	31 March 2022
Expense arising from equity-settled share-based payment transactions	14.44	(21.02)
	<b>14.44</b>	<b>(21.02)</b>

**Method used for accounting for shared based payment plan.**

The Company uses fair value to account for the compensation cost of stock options to employees of the Company.

(iii) Movement in the options outstanding under the Employees Stock Option Plan for the year ended 31 March 2023

Particulars	Options outstanding at 1 April 2022	Adjustments to opening balance	Granted during the year	Forfeited during the year	Exercised during the year	Expired / lapsed during the year	Outstanding at 31 March 2023	Exercisable at 31 March 2023	Weighted average remaining contractual life (in years)	Weighted average share price at the time of exercise
Grant I	1,015	-	-	-	-	-	1,015	1,015	-	-
Grant II	325	-	-	-	-	-	325	325	-	-
Grant III	1,70,606	-	-	-	-	-	1,70,606	1,70,606	-	-
Grant IV	19,653	-	-	1,281	-	-	18,372	18,372	-	-
Grant V	7,294	-	-	648	-	-	6,646	5,761	0.34	-
Grant VI	1,905	-	-	-	-	-	1,905	1,905	-	-
Grant VI	2,456	-	-	71	-	-	2,385	1,720	0.51	-
Grant VI	564	-	-	63	-	-	501	293	0.93	-
Grant VII	611	-	-	-	-	-	611	611	-	-
Grant VII	751	-	-	564	-	-	187	187	-	-
Grant VII	250	-	-	-	-	-	250	93	1.18	-
Grant VII	77,524	(154)	-	17,828	-	-	59,542	18,725	1.50	-
Grant VII	-	308	-	-	-	-	308	77	1.55	-
Grant VIII	-	-	11,856	-	-	-	11,856	76	1.50	-

(iv) Fair Value methodology

The value of the underlying shares has been determined by an independent valuer. The following assumptions were used for calculation of fair value of grants in accordance with Black Scholes model, for options granted during the financial year:

Grant	Grant Period	Fair Valuation	Exercise price (Rs) per share	Risk free interest rate	Expected life (years)	Expected volatility	Dividend yield	Price of the underlying share in the market at the time of the option grant (Rs.) - adjusted for bonus/stock splits
Grant I	Apr'17 to Mar'18	09-Nov-17	250	6.84%	5.5 - 7.01	NIL	NIL	2,133.00
Grant II	Apr'18 to Aug'18	01-Apr-18	250	7.42%	5.5 - 7.01	NIL	NIL	2,215.00
Grant III	Sep'18 to Mar'19	11-Sep-18	10	8.23%	5.5 - 7.01	NIL	NIL	3,795.71
Grant IV	Sep'18 to Mar'19	11-Sep-18	250	8.23%	5.5 - 7.01	NIL	NIL	3,795.71
Grant V	May'19 to Nov'19	01-Nov-19	800	6.37%	5.5 - 7.01	NIL	NIL	3,999.34
Grant VI	Apr'20 to Feb'21	01-Apr-20	800	5.85%	4.5	NIL	NIL	3,914.30
Grant VI	Apr'20 to Feb'21	01-Apr-20	800	6.21%	4.5 - 6.00	NIL	NIL	3,914.30
Grant VI	Apr'20 to Feb'21	17-Nov-20	800	6.42%	5.13 - 6.63	NIL	NIL	3,914.30
Grant VII	Apr'21 to Jul'21	17-Nov-20	800	6.42%	5.13 - 6.63	NIL	NIL	3,914.30
Grant VII	Dec'21	31-Dec-21	200	6.41%	6.00 - 9.00	NIL	NIL	1,299.00
Grant VII	Mar'22	31-Dec-21	200	6.41%	6.00 - 9.00	NIL	NIL	1,299.00
Grant VIII	Apr'22 to Feb'23	Apr'22 to Feb'23	200	7.24%	5	NIL	NIL	1,299.00



**Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)****Notes to financial statements for the year ended March 31, 2023**

(All amount in INR millions, unless otherwise stated)

**37 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

**Fair value hierarchy****Quoted price in active markets (Level 1):**

Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual fund units that have a quoted price. The mutual fund units are valued using the closing net assets value.

**Observable inputs (Level 2):**

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. The company does not have any financial instruments which are level 2.

**Unobservable inputs (Level 3):**

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following methods and assumptions were used to estimate the fair value:

- The fair value of the quoted mutual funds are at Level 1 of Fair value hierarchy and are measured based on Net Asset Value (NAV) in active markets at the reporting date.

- The fair value of the financial assets (other than mutual funds) and financial liabilities were based on amortised cost at the reporting date.

The following table provides the fair value measurement hierarchy of financial assets and liabilities of the Company:

**Financial instruments by category**

Particulars	Measurement category	Fair value hierarchy	As at March 31, 2023	As at March 31, 2022
<b>Financial assets</b>				
Cash and cash equivalents	Amortised Cost	Level 1	4.60	41.49
Bank balance other than above	Amortised Cost	Level 1	26.61	91.79
Trade receivables	Amortised Cost	Level 3	77.97	30.61
Other financial assets	Amortised Cost	Level 3	78.18	23.66
<b>Total Financial assets</b>			<b>187.36</b>	<b>187.55</b>

Particulars	Measurement category	Fair value hierarchy	As at March 31, 2023	As at March 31, 2022
<b>Financial liabilities</b>				
Trade payables	Amortised Cost	Level 3	106.06	54.61
Non current borrowing	Amortised Cost	Level 3	429.75	-
Other financial liabilities (Current & Non-current)	Amortised Cost	Level 3	110.84	93.78
			<b>646.65</b>	<b>148.39</b>

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments other than those with carrying amounts that are approximates of fair value. This table does not include the fair values of non-financial assets and non-financial liabilities.

Particulars	As at March 31, 2023		As at March 31, 2022	
	Carrying value	Fair Value	Carrying value	Fair Value
<b>Financial liabilities</b>				
Non current borrowing	429.75	429.75	-	-
<b>Total</b>	<b>434.40</b>	<b>434.40</b>	<b>-</b>	<b>-</b>

There have been no transfers between Level 1, Level 2 and Level 3 for the year ended March 31, 2023 and March 31, 2022

The management assessed that cash and cash equivalents, bank balances other than cash and cash equivalent, other current financial assets, trade payables, share based payment obligation and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

**Valuation techniques****Non Current borrowing**

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

**Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)**

**Notes to financial statements for the year ended March 31, 2023**

(All amount in INR millions, unless otherwise stated)

**38 Financial risk management**

The Company's principal financial liabilities, comprise loans and borrowings, including lease liabilities and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, investments, trade and other receivables and cash and cash equivalents and other bank balances that are derived directly from its operations.

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial services company, it is exposed to risks that are particular to the environment within which it operates and primarily includes credit, liquidity and market risks. The Board of Directors of the Company are responsible for the overall risk management approach and for approving the risk management strategies and principles.

**I. Credit risk**

Credit risk is the risk that the Company will incur a loss because its counterparties fail to discharge their contractual obligations. The Company is exposed to credit risk arising from its operating activities which include providing guarantee for first-loss given default. Apart from this, the company is also exposed to credit risk on trade receivables, deposits with banks and other financial assets.

Major classes of financial instruments on which the company is exposed to credit risk are discussed below:

**(a) Financial guarantee (FLDG):**

The company does not have internal credit grading system for financial guarantee contracts. However, based on historical losses in past years and also future projections, the company has provided expected credit loss of 100% on its credit exposure in financial guarantee contracts.

Particulars	As at March 31, 2023	As at March 31, 2022
Total exposure to financial guarantee contracts	11.75	11.75

**(b) Provision for revenue clawback:**

The company provides collection services to the Co-Lender i.e., Karur Vysya Bank ("KVB") during the year and charges collection fees to KVB. In the event of non-collection of dues the company is liable to compensate the lending partner through clawback on revenue earned on off book disbursements of loan through KVB. Based on management expectations, the company has provided 0.5% revenue clawback provision of off-book disbursements of loans through KVB to factor any potential deficiency in collection efficiency. The above amount includes the clawback provision of INR 30.96 millions for the current year.

Particulars	As at March 31, 2023	As at March 31, 2022
Total exposure to revenue clawback provision	30.96	-

**(c) Other assets:**

The Company maintains exposure in cash and bank balances and other financial assets. Investments of surplus funds are made only with approved banks. Further, individual risk limits are set for each counterparty based on financial position, credit rating and past experience. Concentration of exposures are actively monitored by the Company to manage credit risk.

**II. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

The principal sources of liquidity of the Company are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Company believes that current cash and cash equivalents, tied up borrowing lines and cash flow that is generated from operations is sufficient to meet requirements. Accordingly, liquidity risk is perceived to below.

The following table shows the maturity analysis of financial assets and liabilities of the Company based on contractually agreed undiscounted cash flows as at the Balance Sheet date:

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 3 years	> 3 years	Total
<b>As at March 31, 2023</b>						
<b>Financial assets</b>						
Cash and cash equivalents	4.60	-	-	-	-	4.60
Bank balance other than above	-	25.04	1.57	-	-	26.61
Receivables	77.97	-	-	-	-	77.97
Other financial asset	78.18	-	-	-	-	78.18
<b>Total undiscounted financial assets</b>	<b>160.75</b>	<b>25.04</b>	<b>1.57</b>	<b>-</b>	<b>-</b>	<b>187.36</b>
<b>Financial liabilities</b>						
Trade payables	106.06	-	-	-	-	106.06
Lease Liabilities	-	1.01	3.07	5.01	-	9.09
Non current borrowing	-	-	-	429.75	-	429.75
Other financial liabilities	-	-	-	102.92	-	102.92
<b>Total undiscounted financial liabilities</b>	<b>106.06</b>	<b>1.01</b>	<b>3.07</b>	<b>537.68</b>	<b>-</b>	<b>647.82</b>
<b>As at March 31, 2022</b>						
<b>Financial assets</b>						
Cash and cash equivalents	41.49	-	-	-	-	41.49
Bank balance other than above	-	90.01	1.78	-	-	91.79
Receivables	30.61	-	-	-	-	30.61
Other financial asset	23.66	-	-	-	-	23.66
<b>Total undiscounted financial assets</b>	<b>95.76</b>	<b>90.01</b>	<b>1.78</b>	<b>-</b>	<b>-</b>	<b>187.55</b>
<b>Financial liabilities</b>						
Trade payables	54.61	-	-	-	-	54.61
Other financial liabilities	-	31.20	-	62.58	-	93.78
<b>Total undiscounted financial liabilities</b>	<b>54.61</b>	<b>31.20</b>	<b>-</b>	<b>62.58</b>	<b>-</b>	<b>148.39</b>

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 3 years	> 3 years	Total
<b>As at March 31, 2023</b>						
Financial guarantee contracts	11.75	-	-	-	-	11.75
<b>Total</b>	<b>11.75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11.75</b>
<b>As at March 31, 2022</b>						
Financial guarantee contracts	11.75	-	-	-	-	11.75
<b>Total</b>	<b>11.75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11.75</b>

### (III) Market risk

The Company is mainly exposed to the price risk due to its investments in Mutual funds. The price risk arises due to uncertainties about the future market values of these investments. Price risk is related to the change in NAV of the investments.

In order to manage its price risk arising from investments in mutual funds, the Company maintains its portfolio in accordance with the framework set by the Risk Management policies.

### Capital management

The company's objective when managing capital are to

- Safeguard their ability to continue as going concern, so that they can continue to provide returns for the share holders and benefits for the other stake holders, and
- Maintain an optimal capital structure to reduce the cost of capital

The company manages its capital structure and makes adjustment in light of changes in economic conditions and the requirement of financial covenants. To maintain or adjust the capital structure, the company may obtain the loan from Holding Company or issue new shares.

**Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)****Notes to financial statements for the year ended March 31, 2023**

(All amount in INR millions, unless otherwise stated)

**40 Events after reporting date**

There have been no events after the reporting date that require disclosure in these financial statements.

**41 Leases**

The company had entered into a lease arrangement for office premises on May 19, 2022 for a tenure of 36 months. The Company is restricted from assigning or subleasing the leased asset under the terms of lease. There are no other significant short term or long term lease arrangements.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

<b>Particulars</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Opening net carrying balance	-	-
Additions	10.61	-
Depreciation	(2.96)	-
Disposals	-	-
<b>Closing net carrying balance</b>	<b>7.65</b>	<b>-</b>

Set out below are the carrying amounts of lease liabilities (included under Other financial liability) and the movements during the year:

<b>Particulars</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Opening Balance	-	-
Additions	10.01	-
Accretion of interest	1.05	-
Payments	(3.14)	-
Deletions	-	-
<b>Closing Balance</b>	<b>7.92</b>	<b>-</b>

The effective interest rate for lease liabilities is 13%

**Maturity analysis of undiscounted lease liability**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2023 on an undiscounted basis:

<b>Particulars</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Less than 3 months	1.01	-
3 to 12 months	3.07	-
1 to 3 years	5.01	-
<b>Total undiscounted lease liabilities</b>	<b>9.09</b>	<b>-</b>

<b>Amounts recognized in the Statement of Profit and Loss</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Depreciation on right of use assets	2.96	-
Interest expense on lease liability	1.05	-
Rental expense relating to short term leases.	0.72	-
	<b>4.73</b>	<b>-</b>

The Company had total cash outflows for leases of INR 3.86 (in million) for the year ended March 31, 2023 and NIL in March 31, 2022.

**Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)**  
**Notes to financial statements for the year ended March 31, 2023**  
**(All amount in INR millions, unless otherwise stated)**

**42 Accounting ratios**

**i) Current ratio**

The current ratio is used to assess a company's short term liquidity. It is calculated by dividing the current assets by current liabilities.

**ii) Debt-equity ratio**

"Net Debt" is defined as aggregate of non-current borrowings and current maturities of long term-borrowings less cash and cash equivalents and total equity includes issued capital and all other equity reserves.

**iii) Debt service coverage ratio**

The Debt Service Coverage Ratio (DSCR) measures the ability of a company to use its operating income to repay all its debt obligations, including repayment of principal and interest on both short-term and long-term debt. It is calculated by dividing net operating income by the total debt service (Interest and principal).

**iv) Return on equity ratio**

Equal to profit for the year divided by the equity during that period, and is expressed as a percentage.

**v) Trade receivables turnover ratio**

Accounts receivable turnover ratio is calculated by dividing your net credit sales by your average accounts receivable. The ratio is used to measure how effective a company is at extending credits and collecting debts.

**vi) Trade payables turnover ratio**

This ratio is used to measure the number of times the business is paying off its creditors or suppliers in an accounting period. It is computed by dividing the net credit purchases by average accounts payable.

**vii) Net capital turnover ratio**

It is calculated by dividing annual sales by average stockholder equity (net worth). The ratio indicates how much a company could grow its current capital investment level.

**viii) Net profit ratio**

The net profit percentage is the ratio of after-tax profits to net sales. It reveals the remaining profit after administration, and financing have been deducted from Net interest, and income taxes recognized

**ix) Return on capital employed**

Return on Capital Employed is calculated by dividing our EBIT during a given period by Capital Employed (total assets less current liabilities, cash and cash equivalents, bank balances other than cash and cash equivalents and investments) during that period.

**x) Return on investment**

Return on investment (ROI) is a performance measure used to evaluate the efficiency or profitability of an investment or compare the efficiency of a number of different investments. To calculate ROI, the benefit (or return) of an investment is divided by the cost of the investment.

Ratio	Numerator	Denominator	As at 31 March 2023	As at 31 March 2022	% change	Reason for variance
i) Current ratio	Current assets	Current liabilities	1.57	2.31	-32%	Decrease due to increase in the current liabilities compared to the previous FY.
ii) Debt-equity ratio	Net debt = Total borrowings- Cash & Cash equivalents- Bank balances other than Cash & Cash equivalents- short term investments	Total Equity	(8.27)	(0.62)	1225.63%	During the year, the company obtained loan from the holding company and hence there is an variance compared to previous FY
iii) Debt service coverage ratio	Earnings available for debt service= Net Profit after tax+ Non cash operating expenses+ Interest + Other adjustments like loss on sale of fixed assets, etc	Debt service= Interest & lease payments + Principal Repayments	(6.05)	(4.05)	49.41%	Overall the company has earned higher revenue as compared to previous year.

Ratio	Numerator	Denominator	As at 31 March 2023	As at 31 March 2022	% change	Reason for variance
iv) Return on equity ratio	Net Profit after tax	Average Shareholders equity	-321.89%	54.48%	-690.81%	CY ratio is not comparable with PY due to the negative networth as at current year-end.
v) Net profit ratio	Net Profit after tax	Net Sales	-50.67%	-380.54%	-86.69%	Change in ratio is due to substantial increase in CY revenues.
vi) Return on capital employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	(0.70)	(1.97)	-64.47%	Improvement in the CY ratio is due to reduced losses (attributable to increased revenues)
vii) Net Capital turnover ratio	Net sales shall be calculated as total sales minus sales returns	Working capital shall be calculated as current assets minus current Liabilities	5.60	1.15	388.45%	Change in ratio is due to substantial increase in CY revenues.

During the year, the Company has incurred a loss of Rs. 261.77 millions (March 31, 2022: Rs. 487.40 millions) and the accumulated losses of as at March 31, 2023 stand at Rs. 2,803.20 millions (March 31, 2022 : Rs.2,541.43 millions). The Company is a technology start-up and losses in the initial years of incorporation are primarily attributable to the nature of its business.

Considering the Letter of Support provided by the Holding Company, pursuant to which, the Holding Company has undertaken to provide necessary financial support to the Company to fulfil its obligations for the foreseeable future and in consideration of the business scenario explained above, these financial statements have been prepared assuming that the Company will continue as a going concern.

#### 43 Other Statutory Information

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not have any transactions with struck-off companies.
- (iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iv) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Company have 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:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vii) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- (viii) The company is not declared as wilful defaulter by any bank or financial institution or other lender.
- (ix) The company maintains proper books of accounts in electronic mode on servers physically present in India. Daily restoreable backups of the accounting records are also kept in the system.
- (x) Proper books of account as required by law have been kept by the company. Backup of books of accounts and other books and papers are maintained in electronic mode on servers physically located in India. In respect of such applications, the backups are taken on daily basis.

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**Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)****Notes to financial statements for the year ended March 31, 2023**

(All amount in INR millions, unless otherwise stated)

**44 Segment information**

Since the Company has only one reportable business segment "business of financing" as the primary segment and it operates in a single geographical segment within India, no disclosure is required to be given as per Ind AS108 "Operating segment" as notified under Section 133 of the Companies Act, 2013 ('the Act') read together with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016, as amended from time to time.

**Information about geographical area**

<b>Particulars</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
<b>In India</b>		
Property, plant and equipment	14.07	1.51
Other Intangible Assets	46.16	52.71
Intangibles under development	301.48	81.67
Other non current assets	1.66	-
Income Tax Assets (net)	50.23	16.92
<b>Outside India</b>	-	-
<b>Total</b>	<b>413.60</b>	<b>152.81</b>

**Revenue from major customer:**

Revenue from all the customers are located in India and major customers was CcpFloat Financial Services Private Limited which is 61.18% and others 38.82% (31 March 2022: 41.88% and 58.12%) respectively.

**45 Common control business combination**

The Board of Directors at its meeting held on September 29, 2021, had approved the acquisition of technology business (including intellectual property rights) from CapFloat Financial Services Private Limited, ("CapFloat") ("Transferor Company") effective from September 29, 2021. The acquisition being under common control, has been accounted in accordance with Appendix C of Ind AS 103 Business Combinations.

Applying Common control guidance the acquisition is accounted in accordance with the 'pooling of interest' method based on the carrying value of the assets and liabilities of the transferor Company as included in the Balance Sheet of the Company as at the beginning of April 1, 2020.

**i) Details of acquisition**

<b>Particulars</b>	<b>Acquisition type</b>
Acquisition of unit from CapFloat Financial Services Private Limited	Common control

**ii) Consideration transferred**

<b>Particulars</b>	<b>Amount</b>
Cash	632.00

**iii) Details of assets acquired and liabilities recognised at the date of acquisition**

<b>Particulars</b>	<b>April 1, 2020</b>
<b>Non- current assets</b>	
Property, plant and equipment	1.07
Intangible assets	50.25
<b>Current liabilities</b>	
Other Current Financial Liabilities	3.95
Provisions	2.64
<b>Net assets acquired</b>	<b>44.74</b>

**(iv) Capital reserve arising on acquisition**

<b>Particulars</b>	<b>Amount</b>
Consideration transferred	632.00
Less: Carrying amount of net assets acquired	44.74
<b>Deficit debited to capital reserve</b>	<b>(587.26)</b>

Pursuant to the above, the Company has restated the financial information of financial year 2021-22, having an impact of (for the period April 01, 2021 to September 29, 2021) Rs.15.16 million on income and Rs.35.64 million on expenses. The net asset arising out of the above has been adjusted with retained earnings during the year 2021-22 in a net debit of Rs.1.02 million.

**46 Reclassification and Regrouping**

During the year the company reclassified the Stock Compensation payable from Current liabilities to Non-Current liabilities. Further, the incomes i.e., Interest Service Fees, Partner Fees and Business Support Income which were shown on net of expenses basis during the previous year, the same has been disclosed on gross basis along with comparative numbers under Income & Expenses separately.

As per our report of even date

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

SHRAWAN  
BHAGWATI  
JALAN

Digitally signed by SHRAWAN  
BHAGWATI JALAN  
DN: cn=SHRAWAN BHAGWATI  
JALAN, o=IN, ou=Personal, email=  
shrawan.jalan@srb.in  
Date: 2023.08.16 20:26:43 +05'30'

**per Shrawan Jalan**

Partner

Membership No. 102102

Place: Mumbai

Date: August 16, 2023

**For and on behalf of the Board of Directors of  
Axio Digital Private Limited**

**(Formerly Thumbworks Technologies Private Limited)**

GAURAV  
DINESH  
HINDUJA

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by GAURAV  
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HINDUJA  
Date: 2023.08.16  
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**Gaurav Dinesh Hinduja**

Director

DIN: 01264801

Place: Bengaluru

Date: August 16, 2023

SASHANK  
R.RISHYA  
SRINGA

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SASHANK  
R.RISHYASRING  
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Date: 2023.08.16  
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**Sashank R Rishyasringa**

Director

DIN: 06466985

Place: Bengaluru

Date: August 16, 2023