DEMOCRATISING PROGRESS

STATUTORY REPORTS AND FINANCIAL STATEMENTS

PhonePe | KARTE JA BADHTE JA

PhonePe Private Limited

Board's Report

FY 2023-2024

CORPORATE INFORMATION

Board of Directors:

Mr. Rohit Bhagat [Director and Chairperson of the Board]

Mr. Binny Bansal [Director]

Ms. Donna Catherine Morris [Director]

Mr. John David Rainey JR [Director]

Mr. Leigh Douglas Hopkins [Director]

Mr. Rahul Chari [Whole-time Director]

Mr. Sameer Nigam [Whole-time Director and Chief Executive Officer]

Mr. Tarun Bajaj [Independent Director]

Company Secretary

Mr. Ankit G Popat

Statutory Auditor

S.R. Batliboi & Associates LLP

Registered Office

Office-2, Floor 5, Wing A, Block A, Salarpuria Softzone, Bellandur Village, Varthur Hobli, Outer Ring Road, Bellandur, Bangalore, Bangalore South, Karnataka, India, 560103

Website

https://www.phonepe.com/

Dear Members,

The Directors are pleased to present the 12th (Twelfth) Board's report pursuant to the provisions of the Companies Act, 2013 (the "**Act**") on behalf of the Board of Directors (the "**Board**") of **PhonePe Private Limited** (the "**Company**" or "**PhonePe**") along with the standalone and consolidated Balance Sheet, Profit and Loss account and Cash Flow statements, for the Financial Year ("**FY**") ended 31 March 2024 ("**FY 2023-24**").

OVERVIEW OF THE COMPANY

- The Company is a private limited company having its registered office situated at Office-2, Floor 5, Wing A, Block A, Salarpuria Softzone, Bellandur Village, Varthur Hobli, Outer Ring Road, Bellandur, Bangalore, Bangalore South, Karnataka, India, 560103. The Company was incorporated on 18 December 2012, under the provisions of the Companies Act, 1956, and holds the Corporate Identification Number ("**CIN**"): U67190KA2012PTC176031.

- PhonePe Group is India's leading fintech company. Its flagship product, the PhonePe digital payments app, was launched in August 2016. The Company has scaled rapidly to become India's leading consumer and merchant payments network. On the back of its leadership in digital payments, PhonePe Group has expanded into financial services (Insurance, Lending, Wealth) as well as new consumer tech businesses (Pincode - hyperlocal e-commerce and Indus App Store - India's first localized App Store). PhonePe has reached every nook and corner of India and has become a household brand across all demographic cohorts – location, affluence, gender, and age (visit pulse.phonepe.com for further data and insights).

Corporate actions undertaken during FY 2023-24:

- Raised an amount of INR 16,38,77,37,600 (Indian Rupees One Thousand Six Hundred Thirty-Eight Crores Seventy-Seven Lakhs Thirty-Seven Thousand and Six Hundred only) by way of preferential issue cum private placement;

- Received the required approvals for shifting the registered office from the State of Maharashtra to the State of Karnataka at Office-2, Floor 4,5,6,7, Wing A, Block A, Salarpuria Softzone, Service Road, Green Glen Layout, Bellandur, Bangalore South, Bangalore, Karnataka- 560103, India;

- Received the required approvals for shifting the registered office within the State of Karnataka at Office-2, Floor 5, Wing A, Block A, Salarpuria Softzone, Bellandur Village, Varthur Hobli, Outer Ring Road, Bellandur, Bangalore, Bangalore South, Karnataka, India, 560103;

- Ms. Judith Jane Mckenna (DIN: 09834492) ceased to be Director of the Company with effect from 31 January 2024; and

- Ms. Donna Catherine Morris (DIN: 07177193) and Mr. John David Rainey JR (DIN: 10464085) were appointed as Nominee Directors and Mr. Tarun Bajaj (DIN: 02026219) as an Independent Director of the Company with effect from 24 January 2024.

FINANCIAL HIGHLIGHTS

The key financial parameters depicting the performance of the Company for FY 2023-24 are provided hereunder:

(Amount in INR Crores except earnings per share)

Particulars	Standalone		Consolidated	
	2023-2024	2022-2023	2023-2024	2022-2023
Revenue from Operations	**4,910**	**2,859**	**5,064**	**2,914**
Finance and Other income	726	166	661	171
Total income	5,636	3,025	5,725	3,085
Less: Expenses	6,802	5,133	7,756	5,907
Share of profit of equity accounted investee	-	-	25	20
Profit /loss before taxes	**(1,166)**	**(2,108)**	**(2,006)**	**(2,802)**
Less: Current Taxes	-	-	-	-
Less: Deferred Tax	-	-	(10)	(7)
Profit/(Loss) after taxes	**(1,166)**	**(2,108)**	**(1,996)**	**(2,795)**
Other Comprehensive Income/(loss)	-	5	(1)	3
Profit/Loss carried to balance sheet	**(1,166)**	**(2,103)**	**(1,997)**	**(2,792)**
Basic Earnings per share of INR 10 each	(263.83)	(515.67)	(451.64)	(683.46)
Diluted Earnings per share of INR 10 each	(263.83)	(515.67)	(451.64)	(683.46)

On a consolidated basis, your Company's revenue increased to INR 5,064 Crores for FY 2023-24 as against INR 2,914 Crores in the previous FY recording an increase of ~74%. Further, your Company's net loss on a consolidated basis was INR 1,996 Crores as compared to INR 2,795 Crores in the previous FY.

On a standalone basis, your Company's revenue increased to INR 4,910 Crores for FY 2023-24 as against INR 2,859 Crores in the previous FY, an increase of ~72%. Further, your Company's net loss on a standalone basis was INR 1,166 Crores as compared to INR 2,107 Crores in the previous FY.

SUBSIDARIES, JOINT VENTURES & ASSOCIATES

Sr. No.	Name of the Company	Date of becoming subsidiary	Nature of relationship
1.	Indus Appstore (Singapore) Pte. Ltd. (Formerly Known as 'OSlabs Pte. Ltd.') (Registration No.: 201536408Z)	06 October 2022 (Date of approval for transfer of shares to the Company)	Wholly-owned Subsidiary
2.	Indus Appstore Private Limited (Formerly known as 'OSlabs Technology (India) Private Limited') (CIN: U74120-KA2015PTC174871)	06 October 2022 (Date of approval for transfer of shares to Indus Appstore (Singapore) Pte. Ltd.)	Step-down subsidiary
3.	PhonePe Finance Private Limited (CIN: U63119-KA2021PTC151118)	27 August 2021 (Date of incorporation)	Wholly-owned Subsidiary
4.	PhonePe Insurance Broking Services Private Limited (CIN: U66000-KA2020FTC132814)	02 September 2021 (Date of approval for transfer of shares to the Company)	Wholly-owned Subsidiary
5.	PhonePe Lending Services Private Limited (Formerly known as 'PhonePe Credit Services Private Limited' and 'Explorium Innovative Technologies Private Limited') (CIN: U63119KA2016PTC174869)	16 March 2022 (Date of approval for transfer of shares to the Company)	Wholly-owned Subsidiary
6.	PhonePe Technology Services Private Limited (CIN: U65999-KA2019PTC174321)	27 September 2019 (Date of incorporation)	Wholly-owned Subsidiary
7.	PhonePe Wealth Broking Private Limited (CIN: U65990-KA2021PTC146954)	27 April 2021 (Date of incorporation)	Wholly-owned Subsidiary
8.	Quantech Capital Investment Advisors Private Limited (CIN: U67190KA2018PTC175882)	28 September 2022 (Date of approval for transfer of shares to PhonePe Wealth Broking Private Limited)	Step-down subsidiary

9.	Wealth Technology & Services Private Limited (CIN: U74999-KA2016PTC173993)	04 August 2022 (Date of approval for transfer of shares to PhonePe Wealth Broking Private Limited)	Step-down subsidiary
10.	Pincode Shopping Solutions Private Limited (Formerly known as 'PhonePe Shop-ping Solutions Private Limited' and 'PhonePe Payment Technology Services Private Limited') (CIN: U72100-KA2021PTC147100)	03 May 2021 (Date of incorporation)	Wholly-owned Subsidiary

None of the companies ceased to be a subsidiary of the Company during the FY under review.

As on date of this report, C.E. Info Systems Limited (CIN: L74899DL1995PLC065551) is an Associate Company.

A statement containing the performance and salient features of the Financial Statements of the subsidiary companies evidencing their contribution to the overall performance of the Company along with the information related to the Associate Company, as of 31 March 2024 in Form AOC-1 is provided as **Annexure - I**.

The Company has received the necessary certificate from the Statutory Auditor of the Company towards compliance under the provisions of the Foreign Exchange Management Act, 1999 ("**FEMA**"), in relation to the Downstream Investments made during FY 2023-24.

DETAILS RELATING TO CAPITAL STRUCTURE

Authorized share capital of the Company:

The Authorized share capital of the Company as of 31 March 2024 was INR 100,00,00,000 (Indian Rupees One Hundred Crores only) divided into 10,00,00,000 (Ten Crores) equity shares of INR 10 (Indian Rupees Ten only).

During FY 2023-24, there was no change in the Authorized share capital of the Company.

Issued, subscribed and paid-up share capital of the Company:

<u>As of 01 April 2023:</u> The issued, subscribed, and paid-up share capital of the Company was INR 43,45,36,610 (Indian Rupees Forty-Three Crores Forty-Five Lakhs Thirty-Six Thousand Six Hundred and Ten only) divided into 4,34,53,661 (Four Crore Thirty-Four Lakhs Fifty-Three Thousand Six Hundred and Sixty One) equity shares of INR 10 (Indian Rupees Ten only).

<u>As of 31 March 2024:</u> The issued, subscribed, and paid-up share capital of the Company was INR 44,27,43,610 (Indian Rupees Forty-Four Crores Twenty-Seven Lakhs Forty-Three Thousand Six Hundred and Ten only) divided into 4,42,74,361 (Four Crore Forty-Two Lakhs Seventy-Four Thousand Three Hundred and Sixty One) equity shares of INR 10 (Indian Rupees Ten only).

The disclosure pertaining to the changes in issued, subscribed, and paid-up share capital made during FY 2023-24, are provided as under:

A. Preferential Issue cum Private Placement

The details of the issue and allotment of shares by way of preferential issue cum private placement basis during FY 2023-24 are as provided below:

Sr. No.	Date of allotment of shares	Class of shares	Name of the shareholder	Method of Allotment	No. of shares allotted	Premium (INR)	Face Value (INR)
1.	12 April 2023	Equity	General Atlantic Singapore PPIL Pte. Ltd.	Preferential basis through Private Placement	4,10,000	19,958	10
2.	31 May 2023	Equity	General Atlantic Singapore PPIL Pte. Ltd.	Preferential basis through Private Placement	4,10,700	19,958	10

B. Rights Issue

The Company has not issued any shares via right issue during FY 2023-24.

C. Buyback of Securities

The Company has not bought back any of its securities during FY 2023-24.

D. Details of issue of Sweat Equity Shares

The Company has not issued any sweat equity shares during FY 2023-24.

E. Disclosure in respect of voting rights not exercised directly by the employees in respect of shares to which the scheme relates

No such cases during FY 2023-24.

F. Details of Issue of Equity Shares with Differential Rights

The Company has not issued any equity shares with differential rights during FY 2023-24.

G. Bonus Shares

No bonus shares were issued during FY 2023-24.

H. Employees Stock Option Plan (ESOP)

The Company grants stock options to eligible employees with a view to attracting and retaining talent, encouraging employees to align individual performance with the Company objectives and to promote their increased participation in the growth of the Company basis the PhonePe Stock Option Scheme 2022 (“PSOP 2022”) under the Act.

The details of options granted, vested, and exercised are provided in the notes to the standalone Financial Statements of the Company. Further, the information pertaining to rule 12 (9) of Companies (Share Capital and Debentures) Rules, 2014, is available for inspection at the registered office of the Company during business hours.

I. International Securities Identification Number ("ISIN")

PhonePe adheres to rule 9B of Companies (Prospectus and Allotment of Securities) Rules, 2014 as notified by the Ministry of Corporate Affairs and effective from 01 October 2024 which require that every private limited company issue its securities only in dematerialized form and facilitate dematerialization of all its securities. The Company has proactively taken steps and obtained ISIN from NSDL to provide its shareholders with the facility to convert their shareholding into dematerialized mode.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The composition of the Board as on 31 March 2024 is as below:

Sr. No.	Name of the Director	DIN	Designation
1.	Mr. Rohit Bhagat	02968574	Director
2.	Mr. Binny Bansal	02356492	Director
3.	Ms. Donna Catherine Morris	07177193	Director
4.	Mr. John David Rainey JR	10464085	Director
5.	Mr. Leigh Douglas Hopkins	09002888	Director
6.	Mr. Rahul Chari	03052804	Whole-time Director
7.	Mr. Sameer Nigam	02292840	Whole-time Director
8.	Mr. Tarun Bajaj	02026219	Independent Director

Changes in the composition of the Board during FY 2023-24:

Resignation:

• Ms. Judith Jane Mckenna (DIN: 09834492) ceased to be Director of the Company with effect from 31 January 2024. The Board places on record its appreciation for her invaluable contribution and guidance.

Appointments:

• Ms. Donna Catherine Morris (DIN: 07177193) was appointed as an Additional Director (Nominee Director), with effect from 24 January 2024, and was later regularized as Nominee Director in the Extraordinary General Meeting held on 28 March 2024;

• Mr. John David Rainey JR (DIN: 10464085) was appointed as an Additional Director (Nominee Director), with effect from 24 January 2024, and was later regularized as Nominee Director in the Extraordinary General Meeting held on 28 March 2024;

• Mr. Tarun Bajaj (DIN: 02026219) was appointed as an Additional Director (in the capacity of an Independent Director), with effect from 24 January 2024, and was later regularized as an Independent Director in the Extraordinary General Meeting held on 28 March 2024;

- Mr. Sameer Nigam (DIN: 02292840) was designated as Chief Executive Officer for the purposes of the Act, with effect from 06 March 2024; and

- Mr. Sameer Nigam (DIN: 02292840) and Mr. Rahul Chari (DIN: 03052804) were re-appointed as Whole-time Directors with effect from 01 April 2024.

Company Secretary:

As on 31 March 2024 and as on date of this report, Mr. Ankit G Popat (ICSI Membership Number: A20774) is the Company Secretary of the Company.

NUMBER OF MEETINGS OF THE BOARD

During FY 2023-24, the Board met 7 (Seven) times. The dates of the Meetings are as follows:

Sr. No.	Quarter in which the Meetings were held	Dates on which the Meetings were held
1.	Quarter – April to June 2023	13 June 2023
2.	Quarter – July to September 2023	26 July 2023
3.		12 September 2023
4.	Quarter – October to December 2023	04 December 2023
5.		05 December 2023
6.	Quarter – January to March 2024	06 March 2024
7.		07 March 2024

The Board Meetings of the Company were duly convened and conducted in accordance with the relevant provisions of the Act and applicable Secretarial Standard on Meetings of the Board of Directors ("**SS-1**") issued by the Institute of Company Secretaries of India.

The details of the attendance of the Directors at the Board Meetings are as follows:

Sr. No.	Name of Director	No. of Board Meetings entitled to attend	No. of Board Meetings attended
1.	Mr. Binny Bansal	07	05
2.	Ms. Donna Catherine Morris^	02	02
3.	Mr. John David Rainey JR^	02	02
4.	Ms. Judith Jane Mckenna*	05	05
5.	Mr. Leigh Douglas Hopkins	07	07
6.	Mr. Rahul Chari	07	05
7.	Mr. Rohit Bhagat	07	07
8.	Mr. Sameer Nigam	07	07
9.	Mr. Tarun Bajaj^	02	02

**Ms. Judith Jane Mckenna (DIN: 09834492) ceased to be Director of the Company with effect from 31 January 2024.*
^Ms. Donna Catherine Morris (DIN: 07177193), Mr. John David Rainey JR (DIN: 10464085) and Mr. Tarun Bajaj (DIN: 02026219) were appointed as Directors on the Board of the Company w.e.f. 24 January 2024.

The intervening gap between the two consecutive Board Meetings was not more than 120 days as prescribed under the provisions of section 173(1) of the Act.

GENERAL MEETINGS OF THE COMPANY

During FY 2023-24, the following General Meetings of the Members of the Company were held:

Type of the Meeting	Date of the Meeting	Time (IST)	Location
Annual General Meeting	21 August 2023	05:00 P.M.	Through Video Conference
Extraordinary General Meeting	28 March 2024	09:30 A.M.	Through Video Conference

The General Meetings of the Company were duly convened and conducted in accordance with the relevant provisions of the Act and applicable Secretarial Standard on General Meetings ("**SS-2**") issued by the Institute of Company Secretaries of India.

GENERAL SHAREHOLDER INFORMATION

Date, Time, and Venue of the 12th (Twelfth) Annual General Meeting	Monday, 12 August 2024 at 09:30 A.M. (IST) through Video Conferencing/Other Audio Visual Means facility
CIN	U67190KA2012PTC176031
ISIN	INE0KM101019
Registered Office Address	Office-2, Floor 5, Wing A, Block A, Salarpuria Softzone, Bellandur Village, Varthur Hobli, Outer Ring Road, Bellandur, Bangalore, Bangalore South, Karnataka, India, 560103
FY followed by the Company	01 April to 31 March
Date of incorporation	18 December 2012
E-mail address of the Company	corp.sec@phonepe.com
Registrar & Share Transfer Agent	KFin Technologies Limited

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 134 (5) OF THE ACT

Pursuant to the provisions of section 134(3)(c) and section 134(5) of the Act, the Board of the Company to the best of their knowledge and belief, confirms that:

a. in the preparation of the annual accounts, the applicable Indian Accounting Standards ("**Ind-AS**") has been followed along with proper explanation relating to material departures;

b. we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the FY and of the loss of the Company for the financial period;

c. we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. we have prepared the annual accounts on a going concern basis; and

e. we have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR

With regard to the integrity, expertise, and experience (including proficiency) of the Independent Director appointed during FY 2023-24, the Board has taken on record the declarations and confirmations submitted by the Independent Director and is of the opinion that Mr. Tarun Bajaj (DIN: 02026219), Independent Director of the Company, is a person of integrity, possess the relevant expertise and experience and his association as Director will be of immense benefit and in the best interest of the Company.

With regard to the proficiency of the Independent Director, Mr. Tarun Bajaj (DIN: 02026219) in view of his past experience is exempt from the online proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs under the jurisdiction of the Ministry of Corporate Affairs, Government of India, as notified under sub-section (1) of section 150 of the Act.

FAMILIARIZATION OF DIRECTORS

The Company has voluntarily taken steps to familiarize its newly inducted directors including the Independent Director via an orientation session, about the Company, its values, ethics, code of conduct, business overview and governance, and their duties, roles, and responsibilities as a director prescribed under the Act. Further, at the time of the appointment of Mr. Tarun Bajaj (DIN: 02026219), Independent Director, the Company issued a formal letter of appointment outlining his role, function, duties, and responsibilities.

STATEMENT ON DECLARATION BY INDEPENDENT DIRECTOR

The Company received the requisite declarations from Mr. Tarun Bajaj (DIN: 02026219), Independent Director of the Company confirming that he has met the criteria of Independence as prescribed under section 149(6) of the Act. Further, Mr. Tarun Bajaj (DIN: 02026219), Independent Director of the Company, has furnished a declaration stating compliance with the Code for Independent Directors prescribed in Schedule IV of the Act.

ANNUAL RETURN

Pursuant to section 92(3) and section 134(3)(a) of the Act, the annual return will be placed on the website of the Company i.e. https://www.phonepe.com/.

LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF THE ACT

The details of loans, guarantees and investments covered under the provisions of section 186 of the Act are given in Note 6 of the notes to accounts to the standalone Financial Statements.

The Company has duly complied with the provisions of section 186 of the Act and FEMA, wherever applicable.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The transactions with related parties as per the applicable Ind-AS form part of the Note 19 of the notes to accounts to the standalone Financial Statements for FY 2023-24 and are provided as part of Form AOC-2 of this Report. The transactions entered into by the Company with its holding Company including intermediate/ultimate holding Company and fellow subsidiaries are not considered as related party transactions under section 188 of the Act pursuant to the exemption notification issued to private limited companies by the Ministry of Corporate Affairs dated 05 June 2015.

The Form AOC-2 as prescribed under section 188 of the Act is attached as **Annexure - II**.

STATUTORY AUDITOR

The Statutory Auditor of the Company, M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (ICAI Firm Registration Number: 101049W/E300004), holds office upto the conclusion of the upcoming Annual General Meeting of the Company. It is proposed to re-appoint M/s. S.R. Batliboi & Associates LLP as the Statutory Auditor of the Company in the upcoming 12th (Twelfth) Annual General Meeting of the Company scheduled to be held on Monday, 12th August 2024 for the tenure of five years i.e., up to the 17th (Seventeenth) Annual General Meeting of the Company to be held for the FY 2028-29 on the basis of the consent and eligibility certificate as issued by the Statutory Auditor per section 139(1) of the Act.

STATUTORY AUDITORS' REPORT FOR FY 2023-24

The report given by the Statutory Auditor on the standalone and consolidated Financial Statements of the Company pertaining to FY 2023-24 forms part of the standalone and consolidated Financial Statements of the Company for FY 2023-24, respectively.

EXPLANATION REGARDING QUALIFICATION, RESERVATION, ADVERSE REMARK OR DISCLAIMER IN STATUTORY AUDITORS' REPORT

The Boards' explanation on the qualification on the standalone Financial Statements pertaining to undisputed dues in respect of Provident Fund ("PF") which were outstanding at the year-end for a period of more than 6 months from the date they became payable is as follows:

The undisputed dues in respect of PF were outstanding primarily due to employees not being identified as "International Workers". This led to lower remittances of PF to the government, resulting in interest and penalties. The Company has paid the statutory dues as of the date of the Board's report and also put in place the necessary processes to avoid non-compliance in the future.

SECRETARIAL STANDARDS AND ITS COMPLIANCE

The Company has complied with the mandatorily applicable SS-1 and SS-2, as issued by the Institute of Company Secretaries of India, to the best of its knowledge and belief.

DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

PhonePe has in place a robust vigil/whistle-blower mechanism which is embedded in the Company's code of conduct. The vigil mechanism provides adequate safeguards against victimization of persons who use such a mechanism and the existence of the mechanism has been appropriately communicated within the organization. It outlines the procedures for reporting, handling and deciding on the course of action to be taken in case inappropriate conduct is noticed or suspected.

RISK MANAGEMENT

PhonePe is committed to fostering a culture of risk awareness, continuous improvement, and innovation across all levels of the organization. The Company strives to enhance its ability to anticipate, adapt to, and capitalize on emerging risks and opportunities, thereby driving sustainable value creation for all stakeholders.

The Risk management framework of the Company seeks to create transparency, minimize adverse impact on the business objectives, and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels. The framework has different risk models that help in identifying risk trends, exposure, and potential impact analysis at a Company level as also separately for business segments. The Company has identified various risks and has mitigation plans for each risk identified. The summary of identified risks and actions taken against them along with mitigation steps are being placed before the Risk Management Committee of the Company in its quarterly meetings.

As on date of this report, the Company has also adopted PhonePe Group's Enterprise Risk Management Policy.

STATEMENT IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has adequate internal financial controls with reference to the standalone and consolidated Financial Statements and the internal financial controls are commensurate with the nature, scale, and complexity of its operations. Internal audits are regularly conducted across various processes in the organization by external firms who periodically report on the state of financial controls and adherence to prescribed policies and documentation protocols of the Company.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PER SECTION 134(3)(M) OF THE ACT

A. CONSERVATION OF ENERGY:

The Company is in the service industry and has adopted various practices wherein its operations and activities are not energy intensive. Further, the Company is taking conscious steps to move to alternate sources of energy and is proactively taking steps to conserve energy in its office premises.

B. TECHNOLOGY ABSORPTION:

The Company is keeping itself abreast with the latest technology and is working with the latest technological tools available, where possible. The Company is putting continuous efforts in acquisition, development, assimilation, and utilization of technological knowledge.

During FY 2023-24, the Foreign Exchange earned in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows is mentioned below:

Foreign exchange earnings and outgo

Particulars	Amount (INR in Crores)
Foreign exchange earned in actuals during FY 2023-24	20
Foreign exchange outgo/ expenditure in actuals during FY 2023-24	127

DISCLOSURES RELATING TO SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has implemented the Policy for Prevention of Sexual Harassment at Workplace which operates under the umbrella of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("**POSH Act**").

The responsibility for administering the Prevention of Sexual Harassment ("**POSH**") at Workplace Policy rests with the POSH Committee which comprises, amongst others, of external representatives. The POSH Committee has been designated as the Internal Committee ("**IC**") as required under the POSH Act. Further, a detailed report on actions taken by IC is presented to the Risk Management Committee in its quarterly Meetings.

The key details relating to the aforesaid Policy and POSH Act are as follows:

1.	No. of complaints of sexual harassment pending as on 01 April 2023	01 (Case of FY 2022-23)
2.	No. of complaints of sexual harassment received during FY 2023-24	06
3.	No. of complaints investigated of sexual harassment during FY 2023-24	07
4.	No. of complaints disposed of sexual harassment during FY 2023-24	06 *1 case of FY 2022-23 (Reported on 31 January 2023) was disposed-off in FY 2023-24 (06 April 2023) within the 90-days timeline. **1 case of FY 2023-24 (Reported on 21 March 2024) was disposed-off in FY 2024-25 (12 June 2024) within the 90-days timeline.
5.	Total no. of cases pending for more than 90 days	00

The Company has conducted numerous workshops and awareness programs that were carried out during FY 2023-24 and are provided below:

- Online POSH training & certification for all employees - This is a mandatory online training and certification for all employees;
- All new hires are sensitized on POSH as part of mandatory New Hire Orientation;
- Instructor led training is conducted for the leadership on POSH, to maintain the tone at the top. Additionally, an update is also shared with the leadership on POSH Trends;
- All IC members were trained during annual IC capacity building session conducted on 15 December 2023;
- Awareness communications sent through various communication platforms;
- Integrity campaign during FY 2023-24 was launched to create awareness and sensitization among the employees through gamification, that had extensive employee engagement and booth activities, overarching the scenarios/quiz on POSH aspects;
- Interactive POSH computer based learning module is launched, to create awareness and disseminate the Company's stand on zero tolerance towards Sexual Harassment at workplace;
- Quarterly validation of display of POSH posters and IC notification is carried out for all regional facilities;
- POSH targeted trainings are delivered to HR business partners on ad-hoc basis, to edify them on key trends, to proactively identify and report matters on POSH to IC; and
- POSH ad-hoc training are conducted for certain targeted teams, based on recent trends and high-risk locations/teams identified on POSH violations.

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY AND INITIATIVES TAKEN DURING FY 2023-24

The Company is an eligible entity for making expenditures towards Corporate Social Responsibility ("**CSR**") activities. The Company is required to spend at least 2% of the average net profits made by the Company during the three immediately preceding FY under the provisions of section 135 of the Act. However, considering the continuing losses from the three preceding FYs, the Company is not an eligible entity for CSR spending.

As per sub-section (9) of section 135 of the Act, where the amount to be spent by a company under sub-section (5) of section 135 (i.e. towards CSR) does not exceed INR 50,00,000 (Indian Rupees Fifty Lakhs only), the requirement for constitution of the CSR Committee shall not be applicable and the functions of such Committee, in such cases, can be discharged by the Board of the Company.

The Company has a Board approved CSR Policy in place and the key contents of the same is as below:

Purpose/Objectives of the CSR Policy

The key purpose and objectives of this CSR Policy are to:
1. Establish the CSR governance structure of the Company;
2. Establish a CSR framework in accordance with the Applicable Laws within which the efforts of the Company and its employees towards achievement of the CSR objectives shall be channelized;
3. Identify broad areas in which CSR projects will be undertaken by the Company;
4. Serve as a guiding document to help define, execute, monitor and evaluate impact, and report all CSR projects undertaken or proposed to be undertaken by the Company; and
5. Define the manner in which the surpluses from CSR projects will be treated.

Policy Statement

The Company's CSR vision is to empower the community and transform lives. The Company will use its resources to support India's development through the communities in which it operates. The Company plans to do this through community engagement in partnership with its employees, customers, partners, government bodies, and civil society.

Key Focus Areas

The Company is committed to using its resources and infrastructure of innovation and technology to create opportunities in the communities it operates in, through its CSR projects. As per the existing CSR policy, once CSR spending becomes applicable, the Company will undertake projects that support and further India's development in the fields of:

i. livelihood enhancement;
ii. education;
iii. sanitation and preventive health care;
iv. disaster relief management; and
v. promotion of sports ('CSR Focus Areas'), through various initiatives involving community engagement.

The Company will undertake long-term projects which have measurable as well as verifiable outcomes and impact on society. These projects will be implemented either directly by the Company or through implementation partners with a proven track record in the CSR Focus Areas. The Company also plans to expand to other focus areas, in accordance with Schedule VII of the Act, as and when required to ensure maximum impact in empowering communities and transforming lives.

The Company will file the requisite Form CSR 2 (Report on Corporate Social Responsibility) for FY 2023-24 with the concerned authority within the prescribed timelines.

The Report on CSR for FY 2023-24 is enclosed as **Annexure - III** to this board's report.

DIVIDEND

In view of the losses, the Board has not recommended any dividend on equity shares for FY 2023-24.

DEPOSITS

During FY 2023-24, the Company has not accepted any deposits i.e. deposits within the meaning of rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014, under section 73 of the Act and as such, no amount of principal or interest on deposits from public was outstanding as on 31 March 2024.

TRANSFER TO RESERVES

The Company has not transferred any amount to reserves during FY 2023-24.

CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of business of the Company during FY 2023-24.

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

No fraud was reported by the Statutory Auditor in their report under section 143(12) of the Act.

DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE-TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

This disclosure is not applicable for FY 2023-24.

APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE FY 2023-24 ALONGWITH THEIR STATUS AS AT THE END OF THE FY 2023-24

During FY 2023-24, there has been no application made by the Company or any proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF FY 2023-24 AND THE DATE OF REPORT:

Except above and elsewhere stated in this report, there were no material changes and commitments affecting the financial position of the Company between the end of FY 2023-24 and the date of this report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of your Company and its future operations.

DISCLOSURE ON MAINTENANCE OF COST RECORDS

Section 148(1) of the Act does not prescribe the requirement to maintain the cost records for any of the products/services of the Company. Accordingly, the Company is not required to maintain cost records as specified under section 148 of the Act.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The provisions of section 125 (2) and 124 (5) of the Act do not apply to the Company as there was no dividend declared and paid in the past period.

PARTICULARS OF EMPLOYEES

Pursuant to rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, statement of the particulars of employees is not applicable to the Company.

APPRECIATION

The Board expresses its deep sense of gratitude to all the stakeholders including its investors, Government, Regulators, banks, business associates, vendors, customers and employees for their cooperation and support, and look forward to their continued support in future.

We take this opportunity to acknowledge and appreciate the exemplary efforts by all our employees at all levels for their hard work, solidarity, cooperation, and support, as they are instrumental in your Company scaling new heights, year after year.

For and on behalf of the Board of Directors of

PhonePe Private Limited

Sd/-

Sameer Nigam
Whole-time Director and Chief Executive Officer
DIN: **02292840**

Sd/-

Rahul Chari
Whole-time Director
DIN: **03052804**

Date: 17 July 2024

Place: Bengaluru, India

ANNEXURE - I

Form AOC-1

(Pursuant to the first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the Financial Statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in INR Crores)

Sr No	Particulars	Details									
1.	Name of the subsidiary	Indus Appstore (Singapore) Pte. Ltd. (Formerly Known As 'Oslabs Pte Ltd.')	Indus Appstore Private Limited (Formerly known as 'Oslabs Technology (India) Private Limited')	PhonePe Finance Private Limited	PhonePe Insurance Broking Services Private Limited	PhonePe Lending Services Private Limited (Formerly known as 'PhonePe Credit Services Private Limited' and 'Explorium Innovative Technologies Private Limited')	PhonePe Technology Services Private Limited	PhonePe Wealth Broking Private Limited	Quantech Capital Investment Advisors Private Limited	Wealth Technology & Services Private Limited	Pincode Shopping Solutions Private Limited (Formerly known as 'PhonePe Shopping Solutions Private Limited' and 'PhonePe Payment Technology Services Private Limited')
2.	The date since when subsidiary was acquired	06 October 2022	06 October 2022	27 August 2021	02 September 2021	16 March 2022	27 September 2019	27 April 2021	28 September 2022	04 August 2022	03 May 2021
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
4.	Reporting currency and Exchange rate as on the last date of the relevant FY in the case of foreign subsidiaries	Reporting currency – US$ Exchange rate – INR 83.3414	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
5.	Share capital	202	12	15	1,063	0	30	700	19	58	100
6.	Reserves & surplus	55	(244)	0	(905)	(128)	(25)	(229)	(18)	(55)	(107)
7.	Total assets	258	102	16	205	258	10	513	4	5	30
8.	Total Liabilities	1	334	1	48	386	5	42	2	2	38
9.	Investments (current + non-current)	-	-	-	14	-	-	437	-	-	-
10.	Turnover	0	0	-	108	66	-	24	0	5	3
11.	Profit/ (Loss) before taxation	80	(123)	0	(247)	(128)	(22)	(134)	(15)	(25)	(107)
12.	Provision for taxation	-	-	0	-	-	-	-	-	-	-
13.	Profit/ (Loss) after taxation	80	(123)	0	(247)	(128)	(22)	(134)	(15)	(25)	(107)
14.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-
15.	Extent of shareholding (in %)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

1. Names of subsidiaries which are yet to commence operations: PhonePe Finance Private Limited
2. Names of subsidiaries which have been liquidated or sold during the year: Nil

Notes:
• Turnover excludes other Income;
• Profit/(Loss) figures do not include other Comprehensive Income;
• The Financial Statement of the foreign subsidiary is converted into Indian Rupees on the basis of the exchange rate as on closing day of the FY.

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Part “B”: Associates and Joint Ventures

Statement pursuant to section 129 (3) of the Act related to Associate Companies and Joint Ventures:

Name of associates or Joint Ventures	C.E. Info Systems Limited
1. Latest audited Balance Sheet Date	31 March 2024
2. Date on which the Associate or Joint Venture was associated or acquired	01 October 2021
3. Shares of Associate/Joint Ventures held by the company on the year end	
No.	1,01,97,966
Amount of Investment in Associates or Joint Venture	INR 2,03,95,932 (As per face value) INR 96,75,32,088 (As per book value)
Extend of Holding (in percentage)	18.86% (on non-diluted basis) [as per the shareholding pattern as on 31 March 2024 on the BSE website]
4. Description of how there is significant influence	The Company holds 18.86% shares (on non-diluted basis) along with right to nominate a Director on the Board of associate Company.
5. Reason why the associate/joint venture is not consolidated	-
6. Net worth attributable to shareholding* as per latest audited Balance Sheet (Amount in INR Crores)	124
7. Profit/(Loss) for the year (Amount in INR Crores)	
i. Considered in Consolidation	25
ii. Not Considered in Consolidation	109

**It represents PhonePe’s shareholding in C.E. Info Systems Limited*

1. Names of associates or joint ventures which are yet to commence operations- Nil
2. Names of associates or joint ventures which have been liquidated or sold during the year- Nil

For and on behalf of the Board of Directors of

PhonePe Private Limited

Sd/-

Sameer Nigam
Whole-time Director and Chief Executive Officer
DIN: **02292840**

Sd/-

Rahul Chari
Whole-time Director
DIN: **03052804**

Sd/-

Ankit G Popat
Company Secretary
Membership No. **A20774**

Date: 17 July 2024

Place: Bengaluru, India

ANNEXURE - II

Form AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Act including certain arms' length transactions under the third proviso thereto.

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

Not applicable

2. Details of material contracts or arrangements or transactions at arm's length basis:

The transactions with related party as per the accounting standards form part of the Notes to Account of the Financial Statements for FY 2023-24. Further, the transactions entered into by the Company with its Holding Company, subsidiary and fellow subsidiaries are not considered as related party transactions under section 188 of the Act pursuant to the Exemption Notification issued to Private Companies by the Ministry of Corporate Affairs dated 05 June 2015. Accordingly, no transactions are required to be reported.

For and on behalf of the Board of Directors of

PhonePe Private Limited

Sd/-

Sameer Nigam
Whole-time Director and Chief Executive Officer
DIN: **02292840**

Sd/-

Rahul Chari
Whole-time Director
DIN: **03052804**

Date: 17 July 2024

Place: Bengaluru, India

ANNEXURE - III

ANNUAL REPORT ON CSR ACTIVITIES FOR FY 2023-24

1. Brief outline of the CSR Policy of the Company: The Company is committed to use its resources and infrastructure of innovation and technology to create opportunities in the communities it operates in, through its CSR projects. The Company will undertake projects that support and further India's development in the fields of:

1. Livelihood enhancement;
2. Education;
3. Sanitation and preventive health care;
4. Disaster relief management; and
5. Promotion of sports ('CSR Focus Areas'), through various initiatives involving community engagement.

The Company will undertake long-term projects which have measurable as well as verifiable outcomes and impact on the society. These projects will be implemented either directly by the Company or through implementation partners with a proven track record in the CSR Focus Areas. The Company also plans to expand to other focus areas, in accordance with Schedule VII of the Act, as and when required to ensure maximum impact in empowering communities and transforming lives.

2. Composition of CSR Committee:

As per section 135(9) of the Act, where the amount to be spent by a company under sub-section (5) of section 135 (i.e. towards CSR) does not exceed INR 50,00,000 (Indian Rupees Fifty Lakhs only), the requirement for constitution of the CSR Committee shall not be applicable and the functions of such Committee, in such cases, can be discharged by the Board of the Company.

3. Provide the web-link(s) where Composition of CSR committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company: https://www.phonepe.com/

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (s) of rule 8, if applicable: Not Applicable

5.
a) Average net profit of the company as per sub-section (5) of section 135: The Company is not an eligible entity for CSR spending.
b) Two percent of average net profit of the company as per sub-section (5) of section 135: The Company is not an eligible entity for CSR spending.
c) Surplus arising out of the CSR projects or programmes or activities of the previous FYs: Nil
d) Amount required to be set off for the FY, if any: Nil
e) Total CSR obligation for the FY [(b)+(c)-(d)] : Nil

6.
a) Amount spend on CSR Projects (both Ongoing Project and other than Ongoing Project): Nil
b) Amount spent in Administrative Overheads: Nil
c) Amount spent on Impact Assessment, if applicable: Nil
d) Total amount spend for the FY [(a)+(b)+(c)] : Nil
e) CSR amount spent or unspent for the FY:

Total Amount Spent for the FY (in INR)	Amount Unspent (in INR.)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub- section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
Nil					

(f) Excess amount for set-off, if any: **Not Applicable**

Sr. No.	Particulars	Amount (in INR)
(1)	(2)	(3)
i.	Two percent of average net profit of the company as per sub-section (5) of section 135	The Company is not an eligible entity for CSR spending.
ii.	Total amount spent for the FY	Nil
iii.	Excess amount spent for the FY [(ii)-(i)]	Nil
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous FYs, if any	Nil
v.	Amount available for set off in succeeding FYs [(iii)-(iv)]	Nil

7. Details of Unspent Corporate Social Responsibility amount for the preceding three FYs:

1	2	3	4	5	6		7	8
Sr. No.	Preceding FY(s)	Amount transferred to Unspent CSR Account under sub-section (6) section 135 (in Rs.)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Amount spent in the FY (in Rs.)	Amount transferred to a fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding FYs (in Rs.)	Deficiency, if any
					Amount (in INR)	Date of Transfer		
Nil								

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the FY: **Nil**

If Yes, enter the number of Capital assets created/ acquired: **Not Applicable**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the FY:

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
Not Applicable							

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/ Municipal Corporation/ Gram panchayat is to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) section 135: **The Company is not an eligible entity for CSR spending**.

Sd/-

Sameer Nigam
Whole-time Director and Chief Executive Officer
DIN: **02292840**

Sd/-

Rahul Chari
Whole-time Director
DIN: **03052804**

Date: 17 July 2024

Place: Bengaluru, India

Phonepe Private Limited

Consolidated Ind-AS Financial Statements

Year ended March 31, 2024

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

12th Floor
"UB City" Canberra Block
No. 24, Vittal Mallya Road
Bengaluru – 560 001 India
Tel: +91 80 6648 9000

INDEPENDENT AUDITOR'S REPORT

To the Members of Phonepe Private Limited

Report on the Audit of the Consolidated Ind-AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind-AS Financial Statements of Phonepe Private Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate comprising of the Consolidated Balance Sheet as at March 31 2024, the Consolidated Statement of Profit and Loss, including the Statement of Other comprehensive income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Ind-AS Financial Statements, including a Summary of material accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind-AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate Financial Statements and on the other financial information of the subsidiaries and associate, the aforesaid Consolidated Ind-AS 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 consolidated state of affairs of the Group and its associate as at March 31, 2024, their consolidated total comprehensive loss (comprising of loss and other comprehensive loss) , their consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of these Consolidated Ind-AS 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 these Consolidated Ind-AS Financial Statements' section of our report. We are independent of the Group and associate 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 these Consolidated Ind-AS 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 these Consolidated Ind-AS Financial Statements.

Information Other than these Consolidated Ind-AS Financial Statements and Auditor's Report Thereon

The Holding 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 these Consolidated Ind-AS Financial Statements and our Auditor's Report thereon.

Our opinion on these Consolidated Ind-AS 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 these Consolidated Ind-AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with these Consolidated Ind-AS 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 for these Consolidated Ind-AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Ind-AS Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies 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 these Consolidated Ind-AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of these Consolidated Ind-AS Financial Statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing these Consolidated Ind-AS Financial Statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of their respective companies 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of their respective companies.

Auditor's Responsibilities for the Audit of these Consolidated Ind-AS Financial Statements

Our objectives are to obtain reasonable assurance about whether these Consolidated Ind-AS 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 Consolidated Ind-AS Financial Statements.

S.R. Batliboi & Associates. LLP, a Limited Liability Partnership with LLP Identity No. AAB-4295
Regd. Office : 22, Camac Street, Block 'B', 3rd Floor, Kolkata-700 016

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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 these Consolidated Ind-AS 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 Holding Company has adequate internal financial controls with reference to Consolidated Ind-AS 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 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 ability of the Group and its associate 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 these Consolidated Ind-AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind-AS Financial Statements, including the disclosures, and whether these Consolidated Ind-AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate, to express an opinion on these Consolidated Ind-AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statements of such entities included in these Consolidated Ind-AS Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Ind-AS Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Ind-AS Financial Statements of which we are the independent auditors 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.

Other Matter

(a) We did not audit the Financial Statements and other financial information, in respect of two subsidiaries, whose Financial Statements include total assets of Rs 26 Crores as at March 31, 2024, and total revenues of Rs 2 crores and net cash outflows of Rs 6 crores for the year ended on that date. These Financial Statement and other financial information have been audited by other auditors, whose Financial Statements, other financial information and Auditor's Reports have been furnished to us by the management. The Consolidated Ind-AS Financial Statements also include the Group's share of net profit of Rs. 25 Crores, and Group's share of Other comprehensive loss of Rs. 1 Crore for the year ended March 31, 2024, as considered in the Consolidated Ind-AS Financial Statements, in respect of an associate, whose Financial Statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the Consolidated Ind-AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-sections (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of such other auditors.

Our opinion above on these Consolidated Ind-AS Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Financial Statements and other financial information certified by the Management.

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, based on our audit and on the consideration of report of the other auditors on separate Financial Statements and the other financial information of the subsidiary companies and associate incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraphs 3(xxi) of the Order.

2. As required by section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate Financial Statements and the other financial information of subsidiaries and associate, as noted in the 'Other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon 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 of the aforesaid Consolidated Ind-AS Financial Statements;

(b) In our opinion, proper books of account with provisions of daily backups as required by law have been kept by the Group, in electronic mode on servers physically located in India so far as it appears from our examination of those books; except for the matters stated in paragraph (i) (vi) below on reporting Rule 11(g), certain ancillary applications, supporting computation and an application acting as a repository are hosted on servers located outside India as stated in note 34 to these Consolidated Ind-AS Financial Statements, although manual records/backups of these are retained by the Group;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Consolidated Statement of Other comprehensive income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of these Consolidated Ind-AS Financial Statements;

(d) In our opinion, the aforesaid Consolidated Ind-AS 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 of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under section 139 of the Act, of its subsidiary companies and associate, none of the Directors of the Group's companies and associate incorporated in India is disqualified as on March 31, 2024 from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Ind-AS Financial Statements of the Holding Company, its subsidiaries and associate incorporated in India, refer to our separate report in "Annexure 2" to this Report. This Report does not include report on the internal financial controls of the below subsidiaries as the said Report on internal financial controls is not applicable to the subsidiaries basis the exemption available to the subsidiary companies under MCA notification no. G.S.R. 583(E) dated June 13, 2017, read with corrigendum dated July 13, 2017 on reporting on internal financial controls over financial reporting;

Name of the Company	Country of Incorporation	Relationships
Phonepe Technology Services Private Limited	India	Subsidiary
Phonepe Insurance Broking Services Private Limited	India	Subsidiary
Phonepe Wealth Broking Private Limited	India	Subsidiary
Pincode Shopping Solutions Private Limited (formerly known as 'Phonepe Shopping Solutions Private Limited' and 'Phonepe Payment Technology Services Private Limited')	India	Subsidiary
Phonepe Finance Private Limited	India	Subsidiary
Phonepe Lending Services Private Limited (formerly known as 'Phonepe Credit Services Private Limited' and 'Explorium Innovative Technologies Private Limited')	India	Subsidiary
Quantech Capital Investment Advisors Private Limited	India	Subsidiary
Wealth Technology & Services Private Limited	India	Subsidiary

(g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Holding Company and its subsidiaries incorporated in India for the year ended March 31, 2024, and in our opinion with respect to its associate incorporated in India, the managerial remuneration for the year ended March 31, 2024 has been paid by the associate to their directors is in accordance with the provisions of section 197 read with Schedule V to the Act.

(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 and based on the consideration of the report of the other auditors on separate Financial Statements as also the other financial information of the subsidiaries and associate, as noted in the 'Other matter' paragraph:

i. The Group and its associate does not have any pending litigations which would impact its consolidated financial position;

ii. The Group and its associate did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2024;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and associates incorporated in India during the year ended March 31, 2024;

iv. a) The respective managements of the Holding Company, its subsidiaries and associate which are companies incorporated in India whose Financial Statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associate respectively that, to the best of its knowledge and belief, other than as disclosed in the note 29 to these Consolidated Ind-AS 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 Holding Company or any of such subsidiaries and associate to or in any other person or entity, 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 respective Holding Company or any of such subsidiaries and associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company, its subsidiaries and its associate which are companies incorporated in India whose Financial Statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associate respectively that, to the best of its knowledge and belief, other than as disclosed

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

in the note 29 to these Consolidated Ind-AS Financial Statements, no funds have been received by the respective Holding Company or any of such subsidiaries and associate from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries and associate 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 the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries and associate which are companies incorporated in India whose Financial Statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v. No dividend has been declared or paid during the year by the Holding Company and its subsidiaries companies, incorporated in India. The final dividend paid by the associate during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
The respective Board of Directors of the associate has proposed final dividend for the year which is subject to the approval of the members of the respective company at the respective ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Based on our examination, as specified in the note 35 to Consolidated Ind-AS Financial Statements, the Holding Company and its nine subsidiaries, incorporated in India, have used an accounting software where the feature of recording audit trail (edit log) was not enabled throughout the year for all relevant transactions recorded in the software. Accordingly, we are unable to comment whether during the year there was any instance of audit trail feature being tampered in respect of the accounting software.

The Holding Company has used certain accounting software(s) for maintaining its books of account which do not have the feature of recording audit trail (edit log). The Holding Company and its eight subsidiaries, incorporated in India, have also used certain accounting software which are operated by third-party software service providers, for maintaining its books of account and for such applications, the System and Organization Control (SOC) reports do not include information related to audit trail. In the absence of audit trail facility and information not made available in SOC reports, we are unable to comment upon tampering of audit trail feature.

Based on examination which included test checks performed by the respective auditor of the associate which is a company incorporated in India whose financial statements have been audited under the Act, and as described in note 35, the associate has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of audit, the respective auditor of the above referred associate did not come across any instance of audit trail feature being tampered with.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sd/-

per Sumit Mehra
Partner
Membership Number: 096547

UDIN: 24096547BKELXM1994

Place of Signature: Bengaluru
Date: July 17, 2024

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Annexure 1 referred to in clause 1 of paragraph on the Report on Other Legal and Regulatory Requirements of our Report of even date
Statement on matters specified in paragraph 3(xxi) of the Companies (Auditor's Report) Order, 2020 (the "Order")

i. (a) Qualifications or adverse remarks by the auditor in the Companies (Auditors Report) Order (CARO) reports of the company included in the Consolidated Ind-AS Financial Statements are:

S.No	Name	CIN	Holding company/ subsidiary/ associate	Clause number of the CARO report which is qualified or is adverse
1.	Phonepe Private Limited	U67190MH2012PTC337657	Holding Company	3(vii)(a)

(b) The audit report under Companies (Auditors Report) Order, 2020 of these companies has not been issued till the date of our Auditor's Report:

S.No.	Name	CIN	Subsidiary
1.	Phonepe Insurance Broking Services Private Limited	U66000KA2020FTC132814	Subsidiary
2.	Phonepe Wealth Broking Private Limited	U65990KA2021PTC146954	Subsidiary
3.	Pincode Shopping Solutions Private Limited (formerly known as 'Phonepe Shopping Solutions Private Limited' and 'Phonepe Payment Technology Services Private Limited')	U72100KA2021PTC147100	Subsidiary
4.	Phonepe Lending Services Private Limited (formerly known as 'Phonepe Credit Services Private Limited' and 'Explorium Innovative Technologies Private Limited')	U74999PN2016PTC166866	Subsidiary
5.	Quantech Capital Investment Advisors Private Limited	U67190MH2018PTC312767	Subsidiary
6.	Wealth Technology & Services Private Limited	U74999KA2016PTC173993	Subsidiary
7.	Indus Appstore Private Limited (formerly known as 'OSLabs Technology (India) Private Limited')	U74120MH2015PTC269422	Subsidiary

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004
Sd/-

per Sumit Mehra
Partner
Membership Number: 096547
UDIN: 24096547BKELXM1994
Place: Bengaluru
Date: July 17, 2024

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Annexure 2

To The Independent Auditor’s Report of Even Date on these Consolidated Ind-AS Financial Statements of Phonepe Private Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of Phonepe Private Limited (hereinafter referred to as “the Holding Company”), its subsidiaries and its associate incorporated in India, in conjunction with our audit of these Consolidated Ind-AS Financial Statements of the Company as of and for the year ended March 31, 2024. This Report does not include report on the internal financial controls of the below subsidiaries as the said Report on internal financial controls is not applicable to the subsidiaries basis the exemption available to the subsidiary companies under MCA notification no. G.S.R. 583(E) dated June 13, 2017, read with corrigendum dated July 13, 2017 on reporting on internal financial controls over financial reporting;

Name of the Company	Country of Incorporation	Relationships
Phonepe Technology Services Private Limited	India	Subsidiary
Phonepe Insurance Broking Services Private Limited	India	Subsidiary
Phonepe Wealth Broking Private Limited	India	Subsidiary
Pincode Shopping Solutions Private Limited (formerly known as ‘Phonepe Shopping Solutions Private Limited’ and ‘Phonepe Payment Technology Services Private Limited’)	India	Subsidiary
Phonepe Finance Private Limited	India	Subsidiary
Phonepe Lending Services Private Limited (formerly known as 'Phonepe Credit Services Private Limited' and 'Explorium Innovative Technologies Private Limited')	India	Subsidiary
Quantech Capital Investment Advisors Private Limited	India	Subsidiary
Wealth Technology & Services Private Limited	India	Subsidiary

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiaries and its associate, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to these Consolidated Ind-AS 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, 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 Consolidated Ind-AS 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 Consolidated Ind-AS Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to these Consolidated Ind-AS Financial Statements included obtaining an understanding of internal financial controls with reference to these Consolidated Ind-AS 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 these Consolidated Ind-AS 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 internal financial controls with reference to these Consolidated Ind-AS Financial Statements.

Meaning of Internal Financial Controls with reference to these Consolidated Ind-AS Financial Statements

A company's internal financial control with reference to these Consolidated Ind-AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Ind-AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control with reference to these Consolidated Ind-AS 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 these Consolidated Ind-AS 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 these Consolidated Ind-AS Financial Statements.

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Inherent Limitations of Internal Financial Controls with reference to these Consolidated Ind-AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to Consolidated Ind-AS 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 Consolidated Ind-AS Financial Statements to future periods are subject to the risk that the internal financial controls with reference to these Consolidated Ind-AS 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 Holding Company and its subsidiaries and its associate, which are companies incorporated in India, has maintained, in all material respects, adequate internal financial controls with reference to these Consolidated Ind-AS Financial Statements and such internal financial controls with reference to these Consolidated Ind-AS Financial Statements were operating effectively as at March 31,2024, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to these Consolidated Ind-AS Financial Statements of the Holding Company, in so far as it relates to the associate, which is a company incorporated in India, is based on the corresponding report of the auditor of such associate.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sd/-

per Sumit Mehra
Partner
Membership Number: 096547
UDIN: X24096547BKELXM1994
Place of Signature: Bengaluru
Date: July 17, 2024

Phonepe Private Limited
Consolidated Balance Sheet as at March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

	Notes	As at March 31, 2024	As at March 31, 2023
Assets			
Non-current assets			
Property, plant and equipment	3(i)	2,012	1,646
Capital work-in-progress	3(ii)	83	269
Goodwill	4	1,059	1,059
Other intangible assets	4	228	121
Right-of-use assets	5	364	328
Investment in associate	29	146	125
Financial assets			
(i) Investments	6(i)	15	12
(ii) Other financial assets	6(v)	45	31
Other non-current assets	7	220	202
		4,172	**3,793**
Current assets			
Financial assets			
(i) Investments	6(i)	1,144	4,690
(ii) Trade receivables	6(ii)	544	205
(iii) Cash and cash equivalents	6(iii) (a)	858	670
(iv) Bank balances other than (iii) above	6(iii) (b)	3,574	411
(v) Loans	6(iv)	5	154
(vi) Other financial assets	6(v)	1,126	691
Other current assets	7	1,288	1,226
		8,539	**8,047**
Total assets		**12,711**	**11,840**
Equity and liabilities			
Equity			
Equity share capital	9	44	43
Other equity		9,411	7,475
Equity attributable to the equity holders of the Company		**9,455**	**7,518**
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	10(ii)	270	262
(ii) Cash-settled share based payment liability		951	-
Provisions	12	48	164
Deferred tax liabilities (net)	8	24	34
		1,293	**460**
Current liabilities			
Financial liabilities			
(i) Trade payables	10(i)	487	2,468
(ii) Lease liabilities	10(ii)	114	76
(iii) Other financial liabilities	10(iii)	675	761
Other current liabilities	11	577	482
Provisions	12	110	75
		1,963	**3,862**
Total equity and liabilities		**12,711**	**11,840**
Summary of material accounting policies	2		

The accompanying notes are an integral part of these Consolidated Ind-AS Financial Statements.

As per our report of even date	For and on behalf of Board of Directors of		
For S.R. Batliboi & Associates LLP	**Phonepe Private Limited**		
Chartered Accountants Firm registration number: 101049W/E300004			
per Sumit Mehra Partner Membership no.: 096547	**Sameer Nigam** CEO & Whole-time Director DIN: 02292840	**Rahul Chari** Whole-time Director DIN: 03052804	**Ankit G Popat** Company Secretary Membership No.: A20774
Place: Bengaluru Date: July 17, 2024	Place: Bengaluru Date: July 17, 2024	Place: Bengaluru Date: July 17, 2024	Place: Bengaluru Date: July 17, 2024

Phonepe Private Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
Income			
Revenue from operations	14	5,064	2,914
Finance and other income	15	661	171
Total income (i)		**5,725**	**3,085**
Expenses			
Payment processing charges		1,166	667
Employee benefits expense	16	3,603	3,096
Finance costs	17	35	24
Depreciation and amortization expense	18	1,117	536
Other expenses	19	1,835	1,584
Total expenses (ii)		**7,756**	**5,907**
Share of profit of an associate (iii)	29	25	20
Loss before tax [(i)-(ii)+(iii)]		**(2,006)**	**(2,802)**
Tax expense			
Deferred tax	13	(10)	(7)
Loss for the year		**(1,996)**	**(2,795)**
Other comprehensive income			
Items that will not be reclassified to Profit or Loss			
Remeasurement gains/ (losses) on defined benefit plan, net of taxes		(4)	2
Changes in the fair value of equity investments at FVOCI, net of taxes		3	4
Share of other comprehensive income of associate, net of taxes		(0)	(0)
Items that will be reclassified to Profit or Loss			
Exchange differences on translation of foreign operations		0	(2)
Total other comprehensive income/ (loss) for the year, net		**(1)**	**3**
Total comprehensive loss for the year		**(1,997)**	**(2,792)**
Basic and diluted earnings per share computed on the basis of loss for the year attributable to equity holders of the Group [Nominal value of share Rs.10 (March 31, 2023 : Rs.10)] (Rs. per share)	22	(451.64)	(683.46)
Summary of material accounting policies	2		

The accompanying notes are an integral part of these Consolidated Ind-AS Financial Statements.

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants
Firm registration number: 101049W/E300004

per Sumit Mehra
Partner
Membership no.: 096547

Place: Bengaluru
Date: July 17, 2024

For and on behalf of Board of Directors of

Phonepe Private Limited

Sameer Nigam
CEO & Whole-time Director
DIN: 02292840

Place: Bengaluru
Date: July 17, 2024

Rahul Chari
Whole-time Director
DIN: 03052804

Place: Bengaluru
Date: July 17, 2024

Ankit G Popat
Company Secretary
Membership No.: A20774

Place: Bengaluru
Date: July 17, 2024

Phonepe Private Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

a. Equity share capital

As at March 31, 2024	As at April 01, 2023	Changes in equity share capital during the current year	As at March 31, 2024
Equity share capital (refer note 9)	43	1	44
Total	**43**	**1**	**44**

As at March 31, 2023	As at April 01, 2022	Changes in equity share capital during the previous year	As at March 31, 2023
Equity share capital (refer note 9)	40	3	43
Total	**40**	**3**	**43**

b. Other equity

	Reserves and Surplus					Other comprehensive income			
As at March 31, 2024	**Capital reserve**	**Securities premium**	**Share-based payment reserve**	**Other reserve**	**Retained earnings**	**Other items of other comprehensive income / (loss)**	**Foreign currency translation reserve**	**Non-controlling interests #**	**Total**
Balance as at April 1, 2023	133	16,553	2,183	(260)	(11,136)	4	(2)	-	7,475
Loss for the year	-	-	-	-	(1,996)	-	-	-	(1,996)
Remeasurement loss on net defined benefit liability, net of taxes	-	-	-	-	-	(4)	-	-	(4)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	0	-	0
Equity instruments through other comprehensive income, net of taxes	-	-	-	-	-	3	-	-	3
Share of other comprehensive income of associate, net of taxes	-	-	-	-	-	(0)	-	-	(0)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(1,996)**	**(1)**	**-**	**-**	**(1,997)**
Security premium on issue of equity shares	-	1,638	-	-	-	-	-	-	1,638
Transaction cost on issue of equity shares	-	(0)	-	-	-	-	-	-	(0)
Settlement/ compensation related to share-based payments (Refer note 23)	-	-	1,640	(14)	-	-	-	-	1,626
Modification of equity settled share-based payments to cash settled share-based payments (Refer note 23)	-	-	(781)	(445)	-	-	-	-	(1,226)
Migration of equity settled share-based payments [PFA 2020 to PFA 2023] (Refer note 23)	-	-	1,892	-	-	-	-	-	1,892
Others	-	-	-	3	-	-	-	-	3
Balance as at March 31, 2024	**133**	**18,191**	**4,934**	**(716)**	**(13,132)**	**3**	**(2)**	**-**	**9,411**

Phonepe Private Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

As at March 31, 2023	Reserves and Surplus					Other comprehensive income		Non-controlling interests #	Total
	Capital reserve	Securities premium	Share-based payment reserve	Other reserve	Retained earnings	Other items of other comprehensive income / (loss)	Foreign currency translation reserve		
Balance as at April 1, 2022	(3)	10,434	-	-	(8,341)	(2)	-	15	2,103
Loss for the year	-	-	-	-	(2,795)	-	-	-	(2,795)
Remeasurement gains on net defined benefit liability, net of taxes	-	-	-	-	-	2	-	-	2
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(2)	-	(2)
Equity instruments through other comprehensive income, net of taxes	-	-	-	-	-	4	-	-	4
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(2,795)**	**6**	**(2)**	**-**	**(2,791)**
Security premium on issue of equity shares	-	6,122	-	-	-	-	-	-	6,122
Transaction cost on issue of equity shares	-	(3)	-	-	-	-	-	-	(3)
Settlement/ compensation related to share-based payments (Refer note 23)	-	-	2,183	(274)	-	-	-	-	1,909
Stake purchase in common control entity	136	-	-	-	-	-	-	-	136
Acquisition of subsidiary	-	-	-	-	-	-	-	27	27
Acquisition of non-controlling interests	-	-	-	14	-	-	-	(42)	(28)
Balance as at March 31, 2023	**133**	**16,553**	**2,183**	**(260)**	**(11,136)**	**4**	**(2)**	**-**	**7,475**

c. Nature and purpose of reserves

Capital reserve

The capital reserve represents the excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration.

Securities premium

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

Share-based payment reserve

It represents reserve in respect of equity settled share options granted to the Group's employees in pursuance of the employee stock option plan.

Other reserve

It is used to recognise the difference between grant date fair value of options issued to employees versus the modification date fair value of options.

Retained earnings

Retained earnings comprises of accumulated balance of profits/ (losses) of current and prior years including transfers made to/ from other reserves from time to time.

Other comprehensive income reserve

i. Any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments.
ii. Cumulative gains and losses arising on the revaluation of equity instruments on the balance sheet date measured at fair value through other comprehensive income.

Foreign Currency Translation Reserve

The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian Rupee is recognised in other comprehensive income and is presented within equity in the foreign currency translation reserve.

 # Non-controlling interests

During the previous year ended March 31, 2023, the Group purchased subsidiary's non-controlling interest.

The accompanying notes are an integral part of these Consolidated Ind-AS Financial Statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

per Sumit Mehra
Partner
Membership no.: 096547
Place: Bengaluru
Date: July 17, 2024

For and on behalf of Board of Directors of

Phonepe Private Limited

Sameer Nigam
CEO & Whole-time Director
DIN: 02292840
Place: Bengaluru
Date: July 17, 2024

Rahul Chari
Whole-time Director
DIN: 03052804
Place: Bengaluru
Date: July 17, 2024

Ankit G Popat
Company Secretary
Membership No.: A20774
Place: Bengaluru
Date: July 17, 2024

Phonepe Private Limited
Consolidated Statement of Cash Flows for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flows from operating activities		
Loss before tax	(2,006)	(2,802)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation and amortization expense	1,117	536
(Gain) on sale of financial instruments	(65)	(33)
(Gain) on sale of overnight mutual funds	(1)	(10)
Unrealised (gain) on overnight mutual funds	-	(0)
Interest income	(429)	(101)
Finance costs	35	24
Effect of changes in exchange rate	(151)	96
Bad debts, write-offs and provisions for doubtful debts and advances	34	15
Provision/ write off against property, plant and equipment	14	3
Liabilities no longer required written back	(1)	1
Gain on sale of property, plant and equipment	(1)	(1)
Share of (profit) (net of tax) of associate	(25)	(20)
Share-based payment expense	2,149	1,425
Operating profit/ (loss) before working capital changes	**670**	**(867)**
Changes in working capital:		
Financial liabilities	246	649
Other liabilities	96	10
Provisions	47	31
Financial assets	(583)	103
Other assets	(100)	(214)
Cash-settled share based payment liability	(994)	(262)
Cash used in operations	**(618)**	**(550)**
Income tax paid	(10)	(29)
Net cash used in operating activities (A)	**(628)**	**(579)**
Cash flows from investing activities		
Purchase of property, plant and equipment, including capital work in progress, intangible assets	(1,332)	(1,393)
Proceeds from sale of property, plant and equipment	1	6
Investment in financial instruments	(10,565)	(6,998)
Proceeds from sale of financial instruments	14,318	4,187
Investment in bank deposits (original maturity more than 3 months)	(3,588)	(411)
Redemption/ maturity of bank deposits (original maturity more than 3 months)	424	600
Dividend received from associate	3	-
Gain on sale of overnight mutual funds	1	10
Loan provided	-	(148)
Acquisition of entity under common control	-	(574)
Acquisition of subsidiaries (net of cash acquired)	-	(330)
Acquisition of non-controlling interest	-	(28)
Interest received	39	46
Net cash used in investing activities (B)	**(699)**	**(5,033)**

Phonepe Private Limited
Consolidated Statement of Cash Flows for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flows from financing activities		
Proceeds from issue of equity share capital	1,639	6,125
Transaction costs on issue of shares	(0)	(4)
Payment of lease liabilities	(124)	(75)
Interest paid	(1)	(1)
Proceeds from short term borrowings (refer note 25 (b))	830	699
Repayment of short term borrowings	(830)	(725)
Net cash generated from financing activities (C)	**1,514**	**6,019**
Net change in Cash and cash equivalents (A+B+C)	**188**	**407**
Cash and cash equivalents at the beginning of the year	670	265
Net unrealised gain on overnight mutual funds	-	0
Exchange difference on translation of foreign currency cash and cash equivalents	0	(2)
Cash and cash equivalents at the end of the year [Note 6(iii)]	**858**	**670**

Summary of material accounting policies

The accompanying notes are an integral part of these Consolidated Ind-AS Financial Statements.

Note: The above Consolidated Statement of Cash Flows has been prepared under the “indirect method” as set out in ‘Indian Accounting Standard (Ind-AS) 7 - Statement of Cash Flows’.

As per our report of even date.
For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

For and on behalf of Board of Directors of
Phonepe Private Limited

per Sumit Mehra
Partner
Membership no.: 096547
Place : Bengaluru
Date: July 17, 2024

Sameer Nigam
CEO & Whole-time Director
DIN: 02292840
Place: Bengaluru
Date: July 17, 2024

Rahul Chari
Whole-time Director
DIN: 03052804
Place: Bengaluru
Date: July 17, 2024

Ankit G Popat
Company Secretary
Membership No.: A20774
Place: Bengaluru
Date: July 17, 2024

Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

1. Corporate information

The Consolidated Ind-AS Financial Statements comprise of the Ind-AS Financial Statements of Phonepe Private Limited (herein after referred to as the "Company") (CIN: U67190KA2012PTC176031), its subsidiaries (collectively, the "Group") and an associate. The Company was incorporated on December 18, 2012 as a Private Limited Company under the Companies Act, 1956. The registered office of the Company is located at Office-2, floor 5, Wing A, Block A, Salarpuria Softzone, Service road, Green Glen Layout, Bellandur, Bengaluru, Karnataka, India - 560103. The Company became a subsidiary of FIT Holdings S.A.R.L. ("immediate holding company") with effect from December 23, 2022 (refer note 9) and Walmart Inc. continues to be the ultimate holding company of the Group.

The Group is primarily involved in the business of a) operating payment system for semi-closed prepaid instruments services in India vide Reserve Bank India (RBI) Certificate of Authorization No. 98/2016, b) online payment facilitating services through UPI, debit cards, credit cards and other allied services c) insurance intermediary services as a direct insurance broker (life and general) (under registration code IRDA/DB 822/20 issued by Insurance Regulatory and Development Authority of India on August 11, 2021), d) distribution of mutual funds vide Association of Mutual Fund in India (AMFI) registration no. ARN-187821 and wealth broking services e) hyperlocal marketplace, f) development of an app store for smart phones and g) lending service provider. The services are provided to customers through PhonePe and other associated applications.

These Consolidated Ind-AS Financial Statements were authorized for issue by the Board of Directors of the Group on July 17, 2024.

The entities included in the Consolidated Ind-AS Financial Statements is as under:

Name of the Company	Country of incorporation	% of holding either directly or through subsidiaries	Date of incorporation
Direct subsidiaries (Indian)			
Phonepe Technology Services Private Limited	India	100%	September 27, 2019
Phonepe Insurance Broking Services Private Limited	India	100%	February 19, 2020
Phonepe Wealth Broking Private Limited	India	100%	April 27, 2021
Pincode Shopping Solutions Private Limited (formerly known as ‘Phonepe Shopping Solutions Private Limited’ and ‘Phonepe Payment Technology Services Private Limited’)	India	100%	May 03, 2021
Phonepe Finance Private Limited	India	100%	August 27, 2021
Phonepe Lending Services Private Limited (formerly known as 'Phonepe Credit Services Private Limited' and 'Explorium Innovative Technologies Private Limited')	India	100%	October 20, 2016
Direct subsidiaries (Foreign)			
Indus Appstore Pte. Ltd. (formerly known as 'OSLabs Pte. Limited')	Singapore	100%	October 01, 2015
Indirect subsidiaries			
Quantech Capital Investment Advisors Private Limited	India	100%	August 13, 2018
Wealth Technology & Services Private Limited	India	100%	June 01, 2016
Indus Appstore Private Limited (formerly known as 'OSLabs Technology (India) Private Limited')	India	100%	October 20, 2015
Associate			
CE Info Systems Limited	India	18.86%	February 17, 1995

2. Summary of material accounting policies

2.1(a) Basis of preparation of financial information and statement of compliance

The Consolidated Ind-AS Financial Statements of the Group 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), as applicable to the Consolidated Ind-AS Financial Statements.

The Consolidated Ind-AS Financial Statements have been prepared under the historical cost convention on the accrual basis, except for certain items measured at fair value.

The Consolidated Ind-AS Financial Statements are presented in Indian Rupees (Rs.) and all values in the tables are reported in Crores of Indian rupees (Rupees in Crores) except share data, unless otherwise stated. Certain notes and disclosures in the Consolidated Ind-AS Financial Statements have been represented as Zero ("0"), where the absolute amount is below the rounding off norms adopted by the Group.

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

The Group has prepared these Consolidated Ind-AS Financial Statements on the basis that it will continue to operate as a going concern.

Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

2.1(b) Basis of consolidation

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above. In assessing control, potential voting rights that currently are exercisable are taken into account. The Ind-AS Financial Statements of subsidiaries are consolidated from when the date control is obtained until the date that control ceases.

The Ind-AS Financial Statements of the Group companies are consolidated on a line-by-line basis and all inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The carrying amount of the Group's interests are adjusted to reflect the changes in their relative interests in the subsidiary.

When the Group ceases to have control, any retained interest is remeasured to its fair value, with the change in the carrying value recognised in the Consolidated Statement of Profit and Loss. In addition, any amounts previously recognised in OCI in respect of de-consolidated entities are accounted for as if the Group had directly disposed off related assets or liabilities.

2.2 Business Combination
In assessing whether an acquired set of assets and activities is a business or an asset, the Group elects whether to apply an optional concentration test to simplify the assessment. Where the concentration test is applied, the acquisition will be treated as the acquisition of an asset if substantially all of the fair value of the gross assets acquired (excluding cash and cash equivalents, deferred tax assets, and related goodwill) is concentrated in a single asset or group of similar identifiable assets.

Business combinations, except those under common control, are accounted for by applying the acquisition method as at the date of acquisition, which is the date on which control is transferred to the Group. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation. In accordance with contractual terms, economic circumstances and pertinent conditions as at acquisition date, the excess of the cost of acquisition over the interest in the fair value of the identifiable net assets acquired and attributable to the owners of the Group is recorded as goodwill. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value and the amount of a non-controlling interest in the acquiree. Transaction costs incurred in connection with a business acquisition are expensed as and when incurred. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, then the gain is recognised in Other comprehensive income (OCI) and accumulated in equity as Capital reserve.

The following assets and liabilities acquired in a business combination are measured at the basis indicated below:
(i) Deferred tax assets or liabilities, and the liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with Ind-AS 12 Income Tax and Ind-AS 19 Employee Benefits respectively.
(ii) Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind-AS 12.
(iii) Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind-AS 102 Share-based Payments at the acquisition date.
(iv) Assets (or disposal groups) that are classified as held for sale in accordance with Ind-AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.
(v) Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind-AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit and loss in accordance with Ind-AS 109. If the contingent consideration is not within the scope of Ind-AS 109, it is measured in accordance with the appropriate Ind-AS and shall be recognised in profit and loss. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interest's proportionate share of the recognised amount of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition to acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Common control transactions

Business combinations involving entities or businesses under common control shall be accounted for using the pooling of interest method. Assets and liabilities of the combining entities are reflected at their carrying amounts and no new asset or liability is recognised. Identity of reserves of the transferor company is preserved by reflecting them in the same form in the Consolidated Ind-AS Financial Statements in which they appeared in the financial statements of the transferor company.

The financial information in the financial statements in respect of prior periods is restated from the beginning of the preceding period in the Consolidated Ind-AS Financial Statements if the business combination date is prior to that date. However, if business combination date is after that date, the financial information in the Consolidated Ind-AS Financial Statements is restated from the date of business combination.

The gain/loss on common control transactions is recognised in the other equity under Capital reserve.

2.3 Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining whether significant influence exists is similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate or joint venture.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Investments in associate are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The impairment review compares the net carrying value with the recoverable amount, where the recoverable amount is the higher of the value in use calculated as the present value of the group's share of the associate's future cash flows and its fair value less costs of disposal.

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

2.4 Functional and Foreign currency

Functional and presentation currency

The functional currency of the Company, its subsidiaries and associate is determined on the basis of the primary economic environment in which it operates. The presentation currency of the Group is determined as Indian Rupees (₹) or Rs.

Transactions and balances

Transactions in foreign currencies i.e. other than the Company's functional currency of Indian Rupees are recognised at the rates of exchange prevailing at the dates of the transactions. At each Balance Sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency at the rates prevailing at the Balance Sheet date. Exchange differences are recognised in the Group Consolidated Statement of Profit and Loss in the period in which they arise, apart from exchange differences on monetary items forming part of the net investment in a foreign operation.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

The assets and liabilities of the Group's foreign operations are translated into Rs. at exchange rates prevailing at the Balance Sheet date. Profits and losses are translated at average exchange rates for the relevant accounting periods. Exchange differences arising are recognised in Other Comprehensive Income (OCI) and are included in the Group's Foreign currency translation reserve. Such translation differences are recognised as income or expenses in the period in which the operation is disposed of.

2.5(i) Property, plant and equipment

(a) Recognition and measurement

All items of property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment loss, if any. Costs include expenditure directly attributable to acquisition of assets. The cost of an item of property, plant and equipment is recognised as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in Consolidated Statement of Profit and Loss as incurred. Any subsequent cost incurred is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied.

(b) Depreciation

The Group depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use. Leasehold improvements are amortised over the estimated useful life or the lease period, whichever is lower. Depreciation is not recorded on capital work-in-progress until installation are complete and the asset is ready for its intended use.

Reviews are made annually of the estimated remaining lives and depreciation method of individual assets, taking account of commercial and technological obsolescence as well as normal wear and tear. The estimated useful lives of material assets are as follows:

Category of assets	Estimated useful life
Computers	3 years
Electronic Data Capture machines (included under "Computers")	3 years
Computer servers (included under "Computers")	5 years
Smart speakers (included under "Computers")	1.5 years
Others	5 years

The Group, based on technical evaluation done by management's expert, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Act. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in the Consolidated Statement of Profit and Loss in the year the asset is derecognised and are presented as adjustments in the note to Property, plant and equipment in these Consolidated Ind-AS Financial Statements.

2.5(ii) Capital advances and Capital work-in-progress
Advances paid towards the acquisition of property, plant and equipment outstanding at each Consolidated Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not ready to use before such date are disclosed under 'Capital work-in-progress', net of accumulated impairment loss, if any.

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

2.6 Goodwill and Other intangible assets

Goodwill

Goodwill is initially measured at cost (excess of the purchase price and the amount recognised for non-controlling interests over the fair value of the identifiable assets and liabilities acquired in a business combination). If the fair value of net assets acquired is in excess of aggregate consideration transferred, the bargain purchase gain is recognized immediately in OCI and accumulated in equity as capital reserve.

Goodwill is subsequently measured at cost less amounts provided for impairment. Goodwill acquired in a business combination is assessed to determine whether new cash generating units (CGUs) are created, and if not, is allocated to the Group's CGUs. These might not always be the same as the CGUs that include the assets and liabilities of the acquired business.

Cash generating units

For the purpose of impairment testing, assets are grouped in cash generating units (CGUs). A CGU is identified as the lowest aggregation of assets that generate largely independent cash inflows, and which is looked at by management for monitoring and managing the business.

Other intangible assets

Separately purchased intangible assets are initially measured at cost, being the purchase price as at the date of acquisition. On acquisition of new interests in group companies, Group recognises any specifically identifiable intangible assets separately from goodwill. These intangible assets are initially measured at fair value as at the date of acquisition. The determination of the fair values of the separately identified intangibles, is based, to a considerable extent, on management's judgement.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and impairment loss, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Consolidated Statement of Profit and Loss when it is incurred. Subsequent expenditure are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate.

The useful lives of the material intangible assets assessed by the management are as follows and these amortized on a straight line basis over the period of the assets:

Category of assets	Estimated useful life
Computer software	1-3 years
Intellectual property rights	3 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

2.7 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 instruments in the form of financial assets and financial liabilities are generally presented separately. Financial instruments are recognized on the Consolidated Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Upon initial recognition, financial instruments are measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognized in determining the carrying amount, if it is not classified as at Fair Value through profit and loss. Subsequently, financial instruments are measured according to the category in which they are classified.

Financial assets are classified into following categories:
- Financial assets carried at amortised cost
- Financial assets Fair Value Through Other Comprehensive Income (FVTOCI)
- Financial assets at Fair Value Through profit and loss (FVTPL)

Financial liabilities are classified into financial liabilities at amortized cost and other financial liabilities.

Financial assets

Financial assets primarily comprise of trade receivables, loan and receivables, cash and bank balances and marketable securities and investments.

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Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it meets both of the following criteria:
(i) the asset is held within a business model whose objective is to hold the asset to collect contractual cash flows, and
(ii) the contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Consolidated Statement of profit and loss. The losses arising from impairment are recognised in the Consolidated Statement of profit and loss. The Group's financial assets at amortised cost includes trade receivables, investments in non-convertible debentures and investments in commercial paper included under other current and non-current financial assets.

Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI):
A financial asset is subsequently measured at FVTOCI if it meets both of the following criteria:

(i) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
(ii) the contractual terms of the financial asset give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Further, in cases where the Group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in OCI. The classification is determined on an instrument-by-instrument basis. For Financial assets at FVTOCI, all fair value changes in the instruments excluding dividends, are recognised in OCI and is never recycled to the Consolidated Statement of Profit and Loss, even on sale of the instrument. Interest income earned on FVTOCI instruments are recognised in the Consolidated Statement of Profit and Loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at Fair Value Through profit and loss (FVTPL) :
A financial asset which does not meet the amortised cost or FVTOCI criteria is measured as FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or loss on re-measurement recognised in the Consolidated Statement of Profit and Loss. The gain or loss on disposal is recognised in the Consolidated Statement of Profit and Loss. Interest income earned on FVTPL instruments are recognised in the Consolidated Statement of Profit and Loss.

Financial liabilities:

Financial liabilities primarily include trade payables, lease liabilities and other liabilities are measured at fair value on initial recognition.

Financial liabilities measured at amortized cost
After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method, except for contingent considerations recognized in a business combination which is subsequently measured at FVTPL. For trade and other payables, the carrying amounts approximate fair value due to the short term maturity of these instruments.

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

De-recognition of financial assets and liabilities

Financial assets
The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in Consolidated Statement of Profit and Loss. In addition, on de-recognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated is reclassified to Consolidated Statement of profit and loss. In contrast, on de-recognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to Consolidated Statement of profit and loss, but is transferred to retained earnings.

Financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in Consolidated Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Impairment

Financial assets

Ind-AS 109 requires the Group to record expected credit loss on all of its debt securities, loans and receivables, either on a 12-month or life time expected credit loss. The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Loss allowance for trade receivable with no significant financing component is measured at an amount equal to life time ECL. For all other financial assets, ECL are measured at an amount equal to 12-month ECL, unless there is a significant increase in the credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit loss (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in Consolidated Statement of Profit and Loss.

Non - financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and intangible assets with indefinite economic lives are tested for impairment annually and at other times when such indicators exist.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to dispose and its value in use and 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. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment loss are recognised in profit and loss in those expense categories consistent with the nature of the impaired asset. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

2.9 Trade and other receivables

In accordance with Ind-AS 109 para 5.1.3, at initial recognition, an entity measures trade receivables at their transaction price (as defined in Ind-AS 115) if the trade receivables do not contain a significant financing component. The Group holds the Trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less any impairment.

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Phonepe Private Limited
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All amounts are Rs. in Crores, unless otherwise stated

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions, and highly liquid investments with maturities of three months or less when acquired and subject to an insignificant risk of changes in value. They are readily convertible into known amounts of cash and are held at amortised cost, where they meet the hold to collect 'solely payments of principal and interest' test criteria under Ind-AS 109. Those not meeting these criteria are held at fair value through profit and loss.

2.11 Restricted Cash

Cash that is restricted as to withdrawal for use or pledged as security is reported separately under other assets, and is not included in the total cash and cash equivalents in the statements of cash flows and cash and cash equivalents in the balance sheet. The Group's restricted cash mainly represents (a) amounts underlying customer wallet balances held in escrow bank account and (b) the secured deposits held in designated bank accounts for which Bank Guarantee/Letter of Credit/Buyer Credit/ Overdraft facility has been issued/utilized.

2.12 Semi-closed wallet

The Group operates semi-closed wallet (SCW), wherein monies received from subscribers are deposited in escrow bank account.

The amounts received from subscribers are recorded as wallet balance and disclosed under restricted cash. The restricted cash and corresponding wallet liabilities are presented on the Consolidated Balance Sheet.

2.13 Provisions

Provisions are liabilities of uncertain timing or amount. A provision is recognised if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at management's best estimate of the most likely outcome of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. Provisions are classified as non-current where the exact timing of settlement is uncertain but they are expected to be settled in more than 12 months.

2.14 Employee benefits

Defined benefit plan

In accordance with applicable laws in India, the Group provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") for every employee who has completed 5 years or more of service on separation at 15 days salary (last drawn salary) for each completed year of service. The Gratuity Plan provides for a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment based on last drawn salary and tenure of employment with the Group. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date using projected unit credit method and are discounted to present value by reference to market yields at the end of the reporting period on government bonds. The gratuity scheme is not funded.

The operating and financing costs of such plans are recognised separately; current service costs are spread systematically over the period of rendered service and financing costs are recognised in full in the periods in which they arise. Remeasurements of the net defined benefit liability, including actuarial gains and losses, are recognised immediately in Other comprehensive income.

Defined contribution plan

The Group makes contributions to the Provident Fund scheme, a defined contribution plan. These contributions are deposited with Government administered fund and recognised as an expense in the period in which the related service is performed. There is no further obligation of the Group on this defined contribution plan.

Compensated absences

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/loss are immediately taken to the Consolidated Statement of Profit and Loss and are not deferred. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
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Share based payments

Equity-settled transactions:

The fair value of employee share option plans, which are equity-settled, is calculated at the grant date using the Finnerty model. The resulting cost is charged to the Consolidated Statement of Profit and Loss over the vesting period. The value of the charge is adjusted to reflect expected and actual levels of vesting.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee.

Cash-settled transactions:

The fair value of employee share option plans, which are cash-settled, is calculated at the grant date fair value. At the end of each reporting period until the liability is settled and at the date of settlement, the fair value of the liability is re-measured, with any changes in the fair value recognised in 'Employee benefits expense' in the Consolidated Statement of Profit and Loss for the year. The liability is presented as employee benefit obligation, under Financial Liability, in the Consolidated Balance Sheet.

Cash outflows relating to the cash-settled plan are recognised within operating activities, as they relate to employee remuneration.

2.15 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

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

i) Right-of-use assets

The right of use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; and initial direct costs. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is tested for impairment if there are any indicators of impairment.

ii) Lease liabilities

The lease liability is measured at the present value of the lease payments, discounted at the lessee's incremental borrowing rate specific to the term, country, currency and start date of the lease. Lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; the exercise price under a purchase option if the Group is reasonably certain to exercise; penalties for early termination if the lease term reflects the Group exercising a break option; and payments in an optional renewal period if the Group is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate, or change in the Group's assessment of whether it is reasonably certain to exercise a purchase, extension or break option.

iii) Short-term leases

The Group has elected not to recognise right-of-use assets and liabilities for short-term leases that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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Phonepe Private Limited
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2.16 Revenue from operations

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those services.

Revenues in excess of invoicing, which are dependent upon both performance and passage of time, are classified as contract assets. Such assets are classified as unbilled receivables when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Group presents revenue net of applicable taxes in the Consolidated Statement of Profit and Loss.

The following is a description of principal activities from which the Group generates its revenue:

(a) Sale of services

(i) Payments and allied services

Revenue from processing payment transactions is based upon a fixed percentage/ amount applied to the transaction value or is determinable as per terms of the agreement with customers. Revenue is recognised in the period in which the related transactions occur. Revenue from allied services includes advertising services, deployment of POS devices recognised at a point in time and related subscription fee recognised over time. For advertising services, we use the output method and apply the practical expedient to recognize advertising revenue for the amount to which we have a right to invoice. Promotion and incentives provided to end users on wallet and payment platform are recognised as marketing expenses as the performance obligation of the Company is to provide payment processing service to merchants in exchange for commissions. Promotions and incentives which are consideration payable to a customer are recognised as a reduction of revenue at the later of when revenue is recognised or when the Company pays or promises to pay the incentive.

The Group recognises revenue on facilitation of electronic recharge transactions to the extent of net consideration it expects to receive on such transactions.

(ii) Financial services

(a) Commission from sale of Insurance

The Group earns commission from insurance companies on placement of insurance policies and revenue is recognized from the policy risk start date when the policy placement is substantially completed and the ultimate collection thereof is reasonably certain.

(b) Commission from distribution of mutual funds

Performance obligations are satisfied over a period of time and commission on mutual fund distribution is recognized on monthly basis based on daily average assets under management (AUM) of the Schemes.

(c) Revenue as Lending Service Provider

Revenue as Lending service provider consists of two components: lead generation fees, and servicing fees.

Lead generation fees: Lead generation fees are paid by Lenders for identifying the borrower. These fees are recognized as a component of operating revenue at the time of loan disbursal. The amount of these fees is based upon the loan amount and other terms of the loan.

Servicing Fees: The servicing fee compensates the Group for managing payments from borrowers. The Group records servicing fees as a component of operating revenue.

(iii) Other operating revenue

Government grants are recognised where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in profit or loss of the period in which it becomes receivable.

Such grant income is presented as other operating revenue, under revenue from operations, in the Consolidated Statement of Profit and Loss.

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
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(b) Finance and other income
Interest income is recognised using the effective interest method. Effective interest is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the Consolidated Statement of Profit and Loss. Finance income comprises of interest income on fixed deposits, escrow account for wallet operations and changes in fair value and gains/(loss) on disposal of financial instruments classified as FVTPL.

2.17 Marketing expenses

The Group provides incentives to its users in various forms including cashback. These are provided to users to promote PhonePe application and enhance participation in the platform for various use cases. Incentives and promotion benefits given to its end users, other than customer consideration are recorded as marketing expenses under Other expenses.

2.18 Finance cost
Finance cost comprises of interest on lease liabilities, interest on dues to micro and small enterprises and interest on borrowings.

2.19 Income Tax
Income tax comprises current and deferred tax. Income tax expense is recognized in the Consolidated Statement of Profit and Loss except to the extent it relates to a business combination, or items directly recognized in equity or in OCI.

Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

Current income tax relating to items recognised outside Consolidated Statement of Profit and Loss is recognised outside Consolidated Statement of Profit and Loss (either in OCI or equity). Current tax items are recognized 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 it establishes provisions where appropriate.

Deferred tax

Deferred income tax is recognized using the Balance Sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in Consolidated Ind-AS Financial Statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction. Deferred income tax assets are recognized to the extent 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 loss can be utilized.

The carrying amount of deferred income tax assets is 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 income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting period.

Deferred tax relating to items recognised outside Consolidated Statement of Profit and Loss are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority, where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

2.20 Fair value measurement

A number of financial instruments are measured at fair value as of each reporting date after initial recognition. 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 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 by using quoted market rates, discounted cash flow analyses and other appropriate valuation models. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair values are being measured or disclosed in the Consolidated Ind-AS Financial Statements are categorized within the fair value hierarchy, described as follows:

• Level 1– This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of mutual fund investments.

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

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

Phonepe Private Limited
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2.21 Contingencies

Contingent Liability:

Contingent liabilities are possible obligations whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Group's control, or present obligations that are not recognised because it is not probable that a settlement will be required or the value of such a payment cannot be reliably estimated. The Group does not recognise contingent liabilities but discloses them.

Contingent Asset:

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. The Group does not recognise contingent assets but discloses them.

2.22 Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) attributable to ordinary equity holders of the Group by weighted average number of equity shares outstanding during the period, if any. Diluted earnings per share is computed by dividing the profit/(loss) attributable to ordinary equity holders of the Group using the weighted-average number of equity shares considered for deriving basic earnings per share and weighted average number of dilutive equivalent shares outstanding during the period, except where the results would be anti-dilutive. Dilutive potential shares are deemed converted at the beginning of the period, unless issued at later date.

2.23 Current and non-current classification

The Group prepares assets and liabilities in the statement of financial position based on current and non-current classification. An asset is classified as current when:

- It is expected to be realise the asset, or intends to sell or consume it, in Group's normal operating cycle
- It holds the asset primarily for the purpose of trading
- It expects to realise the asset within twelve months after the reporting period or
- The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the 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 Group classifies all other liabilities as non-current.

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
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2A . Significant accounting estimates and judgements

The preparation of the Group's Consolidated Ind-AS Financial Statements in conformity with Ind-AS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities at the reporting period. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. 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 Consolidated Ind-AS Financial Statements are included in the following notes:

(a) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

(b) Employees benefits plan

The cost of defined and other long-term benefits as well as the present value of the obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, expected rates of return of assets, future salary increase, mortality rates and future pension increases.

(c) Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 23 to the Consolidated Ind-AS Financial Statements.

(d) Business Combination

The determination of whether an acquired set of assets and activities is a business or an asset can be judgemental, management uses a number of factors to make this determination, which are primarily focused on whether the acquired set of assets and activities include substantive processes that mean the set is capable of being managed for the purpose of providing a return.

2B. Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
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3(i) Property, plant and equipment

	Computers	Leasehold improvements	Others*	Total
At cost				
As at April 1, 2022	988	8	6	1,002
Additions	1,435	-	7	1,442
Acquisition on business combination	2	-	1	3
Assets written off	(2)	-	-	(2)
Disposals/ adjustments	(7)	-	(0)	(7)
As at March 31, 2023	**2,416**	**8**	**14**	**2,438**
Additions	1,276	4	3	1,283
Assets written off	(9)	-	-	(9)
Disposals/ adjustments	(4)	(0)	(0)	(4)
As at March 31, 2024	**3,679**	**12**	**17**	**3,708**
Accumulated depreciation				
As at April 1, 2022	362	6	2	370
Charge for the year	423	2	2	427
Acquisition on business combination	1	-	0	1
Assets written off	(1)	-	-	(1)
Disposals/ adjustments	(4)	-	(0)	(4)
As at March 31, 2023	**781**	**8**	**4**	**793**
Charge for the year	898	1	3	902
Assets written off	(6)	-	-	(6)
Disposals/ adjustments **	7	(0)	(0)	7
As at March 31, 2024	**1,680**	**9**	**7**	**1,696**
Net Block				
As at March 31, 2023	**1,635**	**0**	**10**	**1,646**
As at March 31, 2024	**1,999**	**3**	**10**	**2,012**

* Others includes office equipments, furnitures and fixtures and electrical installations.
** Includes provision on smart speakers.

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Phonepe Private Limited
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3(ii) Capital work-in-progress

	As at March 31, 2024	As at March 31, 2023
Capital work-in progress	83	269
Total	**83**	**269**

Capital work-in-progress (CWIP) ageing schedule

As at March 31, 2024

	Amount of CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	3-4 years	Total
Projects in progress	83	-	-	-	83
	83	**-**	**-**	**-**	**83**

As at March 31, 2023

	Amount of CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	3-4 years	Total
Projects in progress	269	-	-	-	269
	269	**-**	**-**	**-**	**269**

As at March 31, 2024 and March 31, 2023, there are no projects/ CWIP assets which are overdue for capitalisation/ have exceeded estimated cost.

4. Goodwill and Other intangible assets

	Computer software	Intellectual property rights*	Total	Goodwill	Grand total
At cost					
As at April 1, 2022	**8**	**29**	**37**	**68**	**105**
Additions	0	-	0	991	991
Acquisition on business combination	-	152	152	-	152
As at March 31, 2023	**8**	**181**	**189**	**1,059**	**1,248**
Additions (refer note 6(iv))	0	214	214	-	214
Disposals	-	-	-	-	-
As at March 31, 2024	**8**	**395**	**403**	**1,059**	**1,462**
Accumulated amortisation and impairment					
As at April 1, 2022	**6**	**26**	**32**	**-**	**32**
Charge for the year	2	34	36	-	36
Disposals	-	-	-	-	-
As at March 31, 2023	**8**	**60**	**68**	**-**	**68**
Charge for the year	0	107	107	-	107
Disposals	-	-	-	-	-
As at March 31, 2024	**8**	**167**	**175**	**-**	**175**
Net Block					
As at March 31, 2023	**0**	**121**	**121**	**1,059**	**1,180**
As at March 31, 2024	**-**	**228**	**228**	**1,059**	**1,287**

* Includes assets whose carrying value amounts to Rs. 159 (March 31, 2023: Nil) which is co-owned, without any restriction on use or sale.

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4a. Impairment assessment of Payments and allied services (including financial services)

The Payments and allied services (including financial services) represents one single cash generating unit (“CGU”) considering the commonality in payment and allied services offered to its users and merchants from PhonePe/ other associated platforms of the entities within the Group. Carrying amount of goodwill allocated to this CGU as at March 31, 2024 amounts to Rs. 374 (March 31, 2023 - Rs. 374).

For the purpose of segment reporting, Indus Appstore & Payment and allied services CGUs have been aggregated to form one segment in accordance with Ind-AS 108, considering the same is operated and monitored by the Group as one.

Key assumptions which the Group has used in determination of value in use includes:

Value in use calculation:
The recoverable amount of the CGUs as at March 31, 2024, have been determined based on value in use using cash flow projections from financial budgets approved by senior management covering a five year period and cash flow projections has been extrapolated for the next 21 years based on the estimated cash flows of initial 5 years. The Group has considered a terminal growth rate of 5% to arrive at the value in use to perpetuity beyond 20 years. The post-tax discount rate is applied to cash flow projections for impairment testing during the financial years. It is concluded that the carrying value of goodwill does not exceed the value in use. As a result of this analysis, the management concluded that impairment is not required for this CGU.

Discount rates:
Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation of each CGU is derived from its Weighted Average Cost of Capital (WACC).

Growth rate estimates:
Growth rate is based on the Group’s projection of business and growth of the industry in which the respective CGU is operating.
List of key assumptions used in the value in use calculation for the CGU is as given below.

Assumptions	**For the year ended March 31, 2024**	**For the year ended March 31, 2023**
Long term growth rate	5%	5%
Discount rate	19%	19%

An analysis of the calculation’s sensitivity to a change in the key parameters (discount rate and long-term growth rate) based on reasonably probable assumptions, did not identify any probable scenarios where the remaining CGU’s recoverable amount would fall below its carrying amount.

4b. Impairment assessment of Indus Appstore CGU

During the previous year ended March 31, 2023, the Group acquired 100% stake in Indus Appstore Singapore Pte. Ltd. (formerly known as 'OSLabs Pte. Ltd') ("Indus Appstore"). It is involved in the development of the Indus Appstore, an enhanced app store ecosystem for smartphones with a focus on localization, personalization and ease of use. In February 2024, the Group has launched the Indus Appstore Platform for app developers and customers to register and upload their apps using the self-serve developer platform. Indus Appstore caters to unique customer base, which is different from the existing Payments and allied services (including financial services) CGU, thus it is considered as a separate CGU. Carrying amount of goodwill allocated to Indus Appstore CGU as at March 31, 2024 amounts to Rs. 685 (March 31, 2023 - Rs. 685).

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Phonepe Private Limited
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Key assumptions which the Company has used in determination of value in use includes:

Value in use calculation:
The recoverable amount of the CGUs as at March 31, 2024, have been determined based on value in use using cash flow projections from financial budgets approved by senior management covering a five year period and cash flow projections for the remaining years has been extrapolated to demonstrate the tapering of growth rate for computation of perpetual cash flows. The Company has considered a terminal growth rate of 5% to arrive at the value in use to perpetuity beyond five year period. The post-tax discount rate is applied to cash flow projections for impairment testing during the financial years. It is concluded that the carrying value of goodwill does not exceed the value in use. As a result of this analysis, the management concluded that impairment is not required for these CGUs.

Discount rates:
Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation of each CGU is derived from its Weighted Average Cost of Capital (WACC).

Growth rate estimates:
Growth rate is based on the Company's projection of business and growth of the industry in which the respective CGU is operating.
List of key assumptions used in the value in use calculation for the CGU is as given below.

Assumptions	**For the year ended March 31, 2024**	**For the year ended March 31, 2023**
Long term growth rate	5%	5%
Discount rate	20%	25%

Based on the above assessment, no impairment has been recognised during the year. Further, the Group has also performed sensitivity analysis around the base assumptions and has concluded that there are no reasonably possible changes to key assumptions that would cause the carrying amount of the aforesaid assets to exceed their recoverable values.

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
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5. Right-of-use assets

The changes in the carrying value of Right-of-use assets (RoU) are as follows:

	Buildings	Data Centers	Motor vehicles	Total RoU Assets
Gross carrying value at cost				
As at April 1, 2022	**149**	**20**	**0**	**169**
Additions	150	122	-	272
Disposals/ adjustments	(3)	(0)	-	(3)
As at March 31, 2023	**296**	**142**	**0**	**438**
Additions	60	84	-	144
Disposals/ adjustments	(6)	-	-	(6)
As at March 31, 2024	**350**	**226**	**0**	**576**
Accumulated amortisation				
As at April 1, 2022	**41**	**1**	**0**	**42**
Charge for the year	43	28	0	71
Disposals/ adjustments	(3)	(0)	-	(3)
As at March 31, 2023	**81**	**29**	**0**	**110**
Charge for the year	66	42	-	108
Disposals/ adjustments	(6)	-	-	(6)
As at March 31, 2024	**141**	**71**	**0**	**212**
Net carrying value				
As at March 31, 2023	**215**	**113**	**-**	**328**
As at March 31, 2024	**209**	**155**	**-**	**364**

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

6. Financial assets

(i) Investments	Non-current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
At amortised cost				
Investment in non-convertible debentures (quoted)	-	-	-	15
Investment in commercial papers (quoted)	-	-	1,110	3,236
Sub-total (a)	**-**	**-**	**1,110**	**3,251**
At fair value (through OCI)				
Investment in equity shares (unquoted)				
National Payments Corporation of India fully paid equity shares 61,320 (March 31, 2023 - 61,320)	15	12	-	-
Sub-total (b)	**15**	**12**	**-**	**-**
At fair value (through profit and loss)				
Investment in liquid mutual funds (quoted)	-	-	34	1,439
Sub-total (c)	**-**	**-**	**34**	**1,439**
Total (a)+(b)+(c)	**15**	**12**	**1,144**	**4,690**

Set out below is the aggregate amount of quoted and unquoted investments disclosed above:

Book value of quoted investments	-	-	1,144	4,690
Market value of quoted investments	-	-	1,142	4,688
Unquoted investments	15	12	-	-

(ii) Trade receivables

	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good*	544	205
Unsecured, credit impaired	53	32
	597	**237**
Allowance for impairment of trade receivables	(53)	(32)
Total	**544**	**205**

Set out below is the movement in the allowance for impairment of trade receivables:

	As at March 31, 2024	As at March 31, 2023
Opening balance	(32)	(35)
Provision made during the year	(38)	(16)
Provision reversed during the year	16	19
Write-off	1	0
Closing balance	**(53)**	**(32)**

Trade receivables are non-interest bearing and are generally due on a defined credit period. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

No trade or other receivables are due from directors or other officers of the Group either severally or jointly with any other person nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

*includes receivables from related parties (refer note 20).

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

As at March 31, 2024

	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	480	64	-	-	-	-	544
Undisputed Trade receivables – credit impaired	10	19	14	9	1	0	53
	490	**83**	**14**	**9**	**1**	**0**	**597**

As at March 31, 2023

	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	121	84	-	-	-	-	205
Undisputed Trade receivables – credit impaired	12	7	5	7	1	0	32
	133	**91**	**5**	**7**	**1**	**0**	**237**

(iii) Cash and cash equivalents and Bank balances

	As at March 31, 2024	As at March 31, 2023
a) Cash and cash equivalents		
Balances with banks	703	105
Overnight mutual funds	-	32
Short term deposits *	155	533
Total	**858**	**670**

* The deposits with bank comprise time deposits, which can be withdrawn at any time with prior notice (ranging from 0 - 31 days) and without any penalty on the principal and accordingly considered as cash and cash equivalents for cash flow purposes.

	As at March 31, 2024	As at March 31, 2023
Cash and cash equivalents as per Ind-AS 7 (Statement of Cash flows)	858	670
b) Bank balances other than Cash and cash equivalents		
Short term deposits *	3,574	411
	3,574	**411**

* Represents deposits with original maturity of more than 3 months, having remaining maturity of less than 12 months from the reporting date.

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

(iv) Loans

	Current	
	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Loans and advances to employees	5	6
Secured, considered good		
Intercorporate loans - others	-	148
Unsecured, credit impaired		
Intercorporate loans - others	-	8
	5	**162**
Allowance for impairment	-	(8)
Total	**5**	**154**

Disclosure required under Section 186(4) of the Companies Act, 2013

Particulars of intercorporate loan is disclosed below as required by Section 186(4) of the Companies Act, 2013:

Name of the loanee	Rate of Interest	Due date	Secured/ unsecured	As at March 31, 2024	As at March 31, 2023
Camden Town Technologies Private Limited	16.4% p.a.	On demand	Secured	-	156

Camden Town Technologies Private Limited had given first charge over its trademarks and copy right works against the above loan. The loan was adjusted against the intangible assets purchase consideration.

(v) Other financial assets

	Non-current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good				
Interest accrued on fixed deposits	-	-	241	5
Restricted cash [refer note 6(v)(a) below]	2	0	379	334
Other receivables [refer note 6(v)(b) below]	-	-	94	93
Unwithdrawn commission [refer note 6(v)(c) below]	-	-	406	254
Security deposits	43	31	6	5
Unsecured, credit impaired				
Security deposits	-	-	-	0
Other receivables	-	-	26	16
	45	**31**	**1,152**	**707**
Allowance for impairment of doubtful assets	-	-	(26)	(16)
Total	**45**	**31**	**1,126**	**691**

(v)(a) Restricted cash (current) above consists of Rs. 334 (March 31, 2023: Rs. 331) in escrow account and fixed deposits amounting to Rs. 47 (March 31, 2023 : Rs. 3) under lien/ given as collateral against bank guarantees.

(v)(b) includes receivables from related parties (refer note 20).

(v)(c) The Company holds nodal account balances for transactions processed through payment gateway services and/ or unified payment interface, as applicable, which are required by the Reserve Bank of India (RBI). The nodal bank account is an internal account of the bank. The Company does not have the ability to withdraw funds from the nodal accounts except for limited purposes as defined in the circular given by the RBI. Further, the Company cannot create a lien on the nodal accounts and acts merely as an administrator. The Company does not have an obligation to pay to the counterparty for amounts held in the said nodal accounts and hence, the amount does not represent an asset or liability for the Company. The balance held in such nodal accounts include commission attributable to the Company. As at the year end, the commission to be withdrawn is disclosed under other financial assets in the Consolidated Ind-AS Financial Statements.

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

7. Other assets

	Non-current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good				
Advances to vendors [net of provision Rs. 1 (March 31, 2023 : Rs. 1)]	-	-	357	216
Capital advances	11	46	-	-
Balances with statutory authorities* # [net of provision Rs. 8 (March 31, 2023 : Rs. 2)]	125	87	821	930
Prepaid expenses	21	21	110	80
Income tax receivables (net)	63	48	-	-
Total	**220**	**202**	**1,288**	**1,226**

* Balances with statutory authorities includes Goods and Services tax (GST) input credit, including GST paid on gross value of electronic recharge transactions. The Group recognises revenue on facilitation of electronic recharge transactions to the extent of net consideration it expects to receive on such transactions.

Includes Rs. 2 (March 31, 2023 : Nil) paid under protest on account of Central Goods and Services Tax Act, 2017.

8. Deferred tax liabilities (net)

	Non-current	
	As at March 31, 2024	As at March 31, 2023
Intangible assets acquired under business combinations	17	31
Undistributed earnings of associate	6	3
Investments in equity shares (unquoted) (at FVOCI)	1	0
Total	**24**	**34**

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

9. Equity share capital

	As at March 31, 2024	As at March 31, 2023
Authorized share capital		
10,00,00,000 (March 31, 2023: 10,00,00,000) equity shares of Rs.10 each	100	100
Issued, subscribed and fully paid-up share capital		
4,42,74,361 (March 31, 2023: 4,34,53,661) equity shares of Rs.10 each	44	43
Total issued, subscribed and fully paid-up share capital	**44**	**43**

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	As at March 31, 2024		As at March 31, 2023	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs. 10 each fully paid up				
At the beginning of the year	43,453,661	43	40,386,345	40
Issued during the year	820,700	1	3,067,316	3
Outstanding at the end of the year	**44,274,361**	**44**	**43,453,661**	**43**

c. Terms and rights attached to equity shares

The Company has only one class of equity share having par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the 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 shareholders. The Company declares and pays dividends in Indian rupees, if any. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

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

	As at March 31, 2024		As at March 31, 2023	
	No. of shares	% holding	No. of shares	% holding
Equity shares of Rs.10 each fully paid up				
FIT Holdings S.A.R.L.	37,151,789	83.91%	37,151,789	85.50%
Headstand Pte. Ltd. (Formerly 'Phonepe Private Limited') (incorporated in Singapore) ("Headstand Pte. Ltd.")	2,966,664	6.70%	2,966,664	6.83%
General Atlantic Singapore PPIL Pte. Ltd.	2,275,528	5.14%	1,454,828	3.35%

As per the records of the Company, including its register of shareholders / members and other declarations received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

e. Shares reserved for issue under Employee Share Option Plans

Refer note 23 for details of shares reserved for issue under share based options.

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

f. Shares held by holding/ intermediate holding company/ ultimate holding company/ fellow subsidiary

	As at March 31, 2024	As at March 31, 2023
FIT Holdings S.A.R.L. 3,71,51,789 (March 31, 2023: 3,71,51,789) equity shares of Rs.10 each	37	37
Headstand Pte. Ltd. (Refer note 9d. above and note 20) Nil (March 31, 2023: 29,66,664) equity shares of Rs.10 each	-	3

g. Details of shares held by promoters

As at March 31, 2024

Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares	% change during the year
FIT Holdings S.A.R.L. (refer note 9(d) above) [Subsidiary of Walmart Inc. (ultimate holding company)]	37,151,789	-	37,151,789	83.91%	-
Total	**37,151,789**	**-**	**37,151,789**	**83.91%**	**-**

As at March 31, 2023

Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares	% change during the year
FIT Holdings S.A.R.L. (refer note 9(d) above) [Subsidiary of Walmart Inc. (ultimate holding company)]	-	37,151,789	37,151,789	85.50%	100%
Total	**-**	**37,151,789**	**37,151,789**	**85.50%**	**100%**

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

10. Financial liabilities

(i) Trade payables

	Current	
	As at March 31, 2024	**As at March 31, 2023**
Trade payables*	128	89
Accrued liabilities	359	2,379
Total	**487**	**2,468**

* includes payable to related parties (refer note 20)

Trade payables are non-interest bearing and are normally settled basis the agreed credit terms.

Trade payables ageing schedule

As at March 31, 2024	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total Trade payables	97	29	2	0	0	**128**

As at March 31, 2023	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total Trade payables	81	8	0	0	0	**89**

(ii) Lease liabilities

	Non current		Current	
	As at March 31, 2024	**As at March 31, 2023**	**As at March 31, 2024**	**As at March 31, 2023**
Lease liabilities	270	262	114	76
Total	**270**	**262**	**114**	**76**

The Group leases buildings including data centres which have a renewal option in the normal course of the business. Extension and termination options are included in such leases across the Group. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. The Group assesses at the time of lease commencement whether it is reasonably certain to exercise the extension or termination option. The Group re-assesses whether it is reasonably certain to exercise options if there is a significant event or significant change in circumstances within its control.

Possible future cash outflows amounting to Rs. 139 (March 31, 2023: Rs. 78) were not included in lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated). Leases that the Group has entered into as a lessee but that have not yet commenced result in possible future

The maturity analysis of lease liabilities are disclosed in note 25.

The following are the amounts recognized in the Consolidated Statement of profit and loss:	**For the year ended March 31, 2024**	**For the year ended March 31, 2023**
Interest on lease liabilities (refer note 17)	30	20
Amortization of right-of-use assets (refer note 18)	108	72
Expenses relating to short-term leases (refer note 19)	12	8
Variable lease payments not included in the measurement of lease liabilities (refer note 19)	7	4

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

(iii) Other financial liabilities

	Current	
	As at March 31, 2024	As at March 31, 2023
Payable towards wallet balances	294	296
Capital creditors	218	423
Other liabilities	163	42
Total	**675**	**761**

11. Other current liabilities

	As at March 31, 2024	As at March 31, 2023
Payable to statutory authorities*	550	482
Deferred revenue**	27	-
Total	**577**	**482**

* Payable to statutory authorities pertains to GST obligation, including GST on gross value of electronic recharge transactions carried out through PhonePe platform. The Company recognises revenue on facilitation of electronic recharge transactions to the extent of net consideration it expects to receive on such transactions.
** Changes in deferred revenue are as follows:

	Year ended March 31, 2024	Year ended March 31, 2023
Balance as at the beginning of the year	-	-
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	27	-
Balance as at the end of the year	**27**	**-**

12. Provisions

	Non current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Provision for gratuity (refer note 21)	48	32	7	5
Provision for compensated absences	-	-	103	70
Share appreciation rights (refer note 23)	-	132	-	-
Total	**48**	**164**	**110**	**75**

13. Income tax

a) Reconciliation of tax expense and the accounting loss	As at March 31, 2024	As at March 31, 2023
Accounting loss before taxes	**(2,006)**	**(2,802)**
At India's statutory income tax rate of 25.17% (March 31, 2023 : 25.17%)	(505)	(705)
Adjustments:		
Deferred tax assets not recognised on tax loss and unabsorbed depreciation	557	696
Permanent differences	(19)	3
Deferred tax assets not recognised on timing differences	(57)	9
Tax rate difference on undistributed earnings of associate	(3)	(3)
Tax on income at different rates	(7)	0
Others	24	(7)
Deferred tax expense	**(10)**	**(7)**

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

b) Deferred tax liability (net)

	As at March 31, 2024				
Particulars	**As at April 01, 2023**	**Recognised in the Consolidated Statement of Profit and Loss**	**Acquisition on business combination**	**Recognised in Other Comprehensive Income**	**As at March 31, 2024**
Tax effect of items resulting in taxable temporary differences					
Property, plant and equipment and intangible assets	(107)	62	-	-	(45)
Right-of-use assets	(83)	(9)	-	-	(92)
Unrealised Gain on investments	(3)	3	-	-	0
Undistributed earnings of associate	(3)	(3)	-	-	(6)
Investments in equity shares (unquoted) (at FVOCI)	(0)	(0)	-	(0)	(1)
Tax effect of items resulting in deductible temporary differences					
Lease Liabilities	83	14			97
Carried forward loss allowed to be offset against future profits	79	(57)	-	-	22
Deferred tax asset /(liabilities)	**(34)**	**10**	**-**	**(0)**	**(24)**

	As at March 31, 2023				
Particulars	**As at April 01, 2022 ***	**Recognised in the Consolidated Statement of Profit and Loss**	**Acquisition on business combination**	**Recognised in Other Comprehensive Income**	**As at March 31, 2023**
Tax effect of items resulting in taxable temporary differences					
Property, plant and equipment and intangible assets	(49)	(28)	-	-	(77)
Right-of-use assets	(32)	(51)	-	-	(83)
Unrealised Gain on investments	(1)	(2)	-	-	(3)
Undistributed earnings of associate	(1)	(2)	-	-	(3)
Intangible assets acquired under business	(1)	9	(38)	-	(30)
Investments in equity shares (unquoted) (at FVOCI)	-	-	-	(0)	(0)
Tax effect of items resulting in deductible temporary differences					
Lease Liabilities	32	51	-	-	83
Carried forward loss allowed to be offset against future profits	50	29	-	-	79
Deferred tax asset /(liabilities)	**(2)**	**6**	**(38)**	**(0)**	**(34)**

* Ministry of Corporate Affairs ("MCA"), under the Companies (Indian Accounting Standards) Amendment Rules, 2023, issued an amendment to Ind-AS 12 Income Taxes related Assets and Liabilities arising from a Single Transaction such as leases and decommissioning obligations. This amendment is effective from the beginning of comparative period presented i.e. April 01, 2022. There is a change in Deferred tax component disclosure from net to gross for right to use assets and lease liabilities for the Group.

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
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(b(i))Under the Income-tax Act, 1961, unabsorbed business losses expire 8 years after the year in which they originate and unabsorbed depreciation can be carried forward indefinitely. Unrecognised deferred tax assets relate primarily to business loss, unabsorbed depreciation and temporary differences, if any, which do not qualify for recognition as per the applicable accounting standards. The Group has not recognised any deferred tax assets on the unabsorbed business losses and unabsorbed depreciation amounting to Rs. 10,579 (March 31, 2023: Rs. 8,818) and Rs. 2,004 (March 31, 2023: Rs. 1,143) respectively. These unexpired business losses will expire based on the year of origination as follows:

These unexpired business losses will expire based on the year of origination as follows:

For the year ended	Unabsorbed business loss
March 31, 2025	-
March 31, 2026	-
March 31, 2027	1,676
March 31, 2028	1,656
March 31, 2029	1,599
Thereafter	5,648
	10,579

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax loss is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent loss, the Group has recognised deferred tax asset only to the extent that it has sufficient taxable temporary differences or there are other evidences that sufficient taxable profit will be available against which such deferred tax asset can be realised.

(b(ii)) As at the year ended 31 March 2024 and 31 March 2023, the subsidiary of the Company (Indus Appstore Pte. Ltd.) is having brought forward tax losses of Rs. 27 and Rs. 28 respectively. However, in the absence of reasonable certainty as to realisation of brought forward tax losses deferred tax assets (DTA) has not been recognised. Such losses may be carried forward indefinitely subject to the conditions imposed by Singapore tax law.

c) Reflected in the balance sheet as follows:

	As at March 31, 2024	As at March 31, 2023
Deferred tax liabilities	(143)	(113)
Deferred tax assets	119	162
Deferred tax assets/ (liabilities), net	**(24)**	**49**

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

	As at March 31, 2024	As at March 31, 2023
14. Revenue from operations		
Payments and allied services (refer note 20)	4,789	2,707
Financial services	202	42
Others	1	26
	4,992	**2,775**
Other operating revenue [refer 14(i) below]	72	139
Total	**5,064**	**2,914**

14(i) Other operating revenue includes the subsidy received by the Group in accordance with the circular issued by the Reserve Bank of India on qualifying expenditure incurred towards deployment of payment acceptance devices amounting to Rs. 70 (March 31, 2023 - Rs. 139) and an amount of Rs 2 (March 31, 2023 - Rs. Nil) against the incentive scheme issued by the Open Network for Digital Commerce on qualifying expenditure incurred towards promoting the buyer side digital orders.

14(ii) Disaggregation of revenue

	As at March 31, 2024	As at March 31, 2023
Type of business operations		
Payments and allied services (refer note 20)	4,789	2,707
Financial services	202	42
Others	1	26
Total revenue from operations	**4,992**	**2,775**

	As at March 31, 2024	As at March 31, 2023
Timing of revenue recognition		
Services transferred at a point in time	4,569	2,766
Services transferred over a period of time	423	9
Total revenue from operations	**4,992**	**2,775**
14(iii) Contract balances		
Trade receivables [refer note 6(ii)]	544	205
Total contract balances	**544**	**205**

	As at March 31, 2024	As at March 31, 2023
15. Finance and other income		
Interest income on deposits	275	39
Interest, others*	154	63
Gain on sale of investments	66	36
Unrealised gain / (loss) on investments (net)	(0)	8
Gain on sale of property, plant and equipment (net)	1	1
Other income (refer note 20)**	14	24
Foreign exchange gain (net)	151	-
Total	**661**	**171**

* Interest, others includes interest income on financial assets carried at amortised cost amounting to Rs. 143 (March 31, 2023: 61).

** Includes an amount of compensation received, in the nature of insurance claims of Rs. 2 (March 31, 2023: Nil), for items of property, plant and equipment.

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

16. Employee benefits expense	**As at March 31, 2024**	**As at March 31, 2023**
Salaries, wages and bonus (refer note 20)	1,272	964
Contribution to provident and other funds	31	16
Gratuity (refer note 21)	16	12
Staff welfare	91	47
Share based payments (refer note 20 and 23)	2,193	2,057
Total	**3,603**	**3,096**

17. Finance costs	**As at March 31, 2024**	**As at March 31, 2023**
Interest expense on financial liabilities at amortised cost:		
- Interest on working capital demand loan	1	1
- Interest on lease liabilities [refer note 10(ii)]	30	20
- Interest, others	4	3
Total	**35**	**24**

18. Depreciation and amortization expense	**As at March 31, 2024**	**As at March 31, 2023**
Depreciation of property, plant and equipment (refer note 3(i))	902	427
Amortization of intangible assets (refer note 4)	107	37
Amortization of right-of-use assets (refer note 5)	108	72
Total	**1,117**	**536**

19. Other expenses	**As at March 31, 2024**	**As at March 31, 2023**
Advertisement & sales promotions (refer note 20)	693	680
Information technology infrastructure (refer note 20)	383	216
Subcontract expenses and customer support	351	311
License and service (refer note 20)	157	130
Travelling and logistics	66	33
Legal and professional (refer note 20)	50	48
Bad debts written-off and provisions for doubtful debts and advances	34	16
Repairs and maintenance	33	11
Provision/ amount written off against property, plant and equipment	14	3
Rent	19	20
Rates and taxes	13	11
Electricity and water	8	5
Auditor's remuneration	4	2
Insurance	4	2
Foreign exchange loss (net)	-	95
Miscellaneous (refer note 20)	6	1
Total	**1,835**	**1,584**

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

20. Related party disclosures

Names of related parties and related party relationship

a) Related parties where control exists

Relationship	**Name of the entity**	**Country of incorporation**
Ultimate holding company	Walmart Inc.	United States of America
Immediate holding company	FIT Holdings S.A.R.L.(w.e.f. December 23, 2022) (refer note 9)	Luxembourg
Intermediate holding company	Flipkart Private Limited (upto December 23, 2022)	Singapore
Immediate holding company	Headstand Pte. Ltd. (upto December 23, 2022) (refer note 9)	Singapore

b) Related parties with whom transactions have taken place during the current and previous year

Relationship	**Name of the entity**	**Country of incorporation**
Ultimate holding company	Walmart Inc.	United States of America
Immediate holding company	FIT Holdings S.A.R.L. (w.e.f. December 23, 2022)	Luxembourg
Intermediate holding company	Flipkart Private Limited (upto December 23, 2022)	Singapore
Immediate holding company	Headstand Pte. Ltd. (upto December 23, 2022)	Singapore
Fellow subsidiaries	Flipkart Private Limited (w.e.f. December 23, 2022)	Singapore
	Headstand Pte. Ltd. (w.e.f December 23, 2022 upto June 08, 2023)	Singapore
	Flipkart Internet Private Limited	India
	Flipkart India Private Limited	India
	Flipkart Health Limited	India
	Myntra Designs Private Limited	India
	Myntra Jabong India Private Limited	India
	Instakart Services Private Limited	India
	F1 Info Solutions & Services Private Limited	India
	Cleartrip Private Limited	India
	Wildcraft India Private Limited	India
Associate	CE Info Systems Limited (formerly known as "CE Info Systems Private Limited") ("CE Info Systems")	India
Associate of immediate holding company	Indus Appstore Singapore Pte.Ltd. (formerly known as 'OSLabs Pte Ltd') (upto July 28, 2022)	Singapore

c) Key management personnel

Sameer Nigam	Whole-time Director
Rahul Chari	Whole-time Director
Judith Jane McKenna	Director (w.e.f January 06, 2023 upto January 31, 2024)
Leigh Douglas Hopkins	Director (w.e.f January 06, 2023)
Rohit Bhagat	Director (w.e.f January 06, 2023)
Binny Bansal	Director (w.e.f January 06, 2023)
Donna Catherine Morris	Director (w.e.f January 24, 2024)
John David Rainey Jr	Director (w.e.f January 24, 2024)
Tarun Bajaj	Director (w.e.f January 24, 2024)
Adarsh Nahata	Whole-time Director (upto December 22, 2022)

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

20. Related party disclosures (Contd.)

d) Related party transactions
The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Relationship	Nature of Transactions	For the year ended March 31, 2024	For the year ended March 31, 2023
Transactions			
Ultimate holding company	Cost Cross charges	3	3
Intermediate holding company	ESOP Cross charges	-	262
	Other reimbursements	-	8
Immediate holding company	Allotment of shares	-	2,402
	ESOP Cross charges	-	922
	Reversal of ESOP liability on account of migration	-	1,277
	Other reimbursements	-	22
	Equity investment	-	576
	Cost Cross charges	-	1
	Other income	-	21
Fellow subsidiaries	Reversal of ESOP liability on account of migration	2,107	-
	Payments and allied services	9	37
	Other expenses	4	4
	Other income	-	-
	Cost Cross charges	44	3
Associate	Other expenses	7	6
	Dividend income	3	-

The following table provides the compensation paid to key management personnel, which comprises directors and executive officers for the relevant financial year:

		For the year ended March 31, 2024	For the year ended March 31, 2023
Key management personnel (refer note below)	Remuneration - salary and other benefits*	5	7
	Remuneration - share based payments (including SARs)	226	917
	Legal and professional	2	-

* Remuneration does not include the provisions made for gratuity and compensated absences, as they are determined for the Group as a whole.

20. Related party disclosures (Contd.)

Relationship	Nature of Outstanding balances	For the year ended March 31, 2024	For the year ended March 31, 2023
Transactions			
Ultimate holding company	Trade and Other receivables	2	1
Fellow subsidiaries	Trade and Other payables	2	2,070
	Trade and Other receivables	4	26
	Loans and advances		
Associate	Trade and Other payables	0	2

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

21. Gratuity plan

The Group operates a gratuity plan covering qualifying employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. In case of death while in service, the gratuity is payable irrespective of vesting. The plan is not funded by the Group. The gratuity plan is governed by the Payment of Gratuity Act, 1972.

Changes in interest rate risk

A decrease in government bond yields will increase plan liabilities.

Salary escalation 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.

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 summarize the components of net benefit expense recognized in the Consolidated Statement of Profit and Loss and the funded status and amounts recognized in the Consolidated Balance Sheet:

	As at March 31, 2024	As at March 31, 2023
Consolidated Statement of Profit and Loss		
Current service cost	13	11
Interest cost	3	1
	16	**12**
Remeasurement loss/ (gains) in Other comprehensive income		
Actuarial (gains)/losses arising from changes in -		
- experience adjustments	2	(0)
- financial assumptions	1	(1)
- demographic assumptions	1	(0)
	4	**(2)**
Net benefit expense	**20**	**10**
Consolidated Balance Sheet		
Defined benefit obligation (DBO) (refer note 12)	54	37
Net defined benefit liability	**54**	**37**
Change in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	37	25
Current service cost	13	11
Interest cost	3	1
Amount recognised in OCI	4	(2)
Benefits paid	(3)	(1)
Effect of business combinations or disposals	-	3
Closing defined benefit obligation	**54**	**37**

The principal assumptions used in determining gratuity and leave benefit obligations for the Group's plan are as follows:

Particulars	**As at March 31, 2024**	**As at March 31, 2023**
Discount rate	7.20%	7.30%
Expected rate of return on assets	NA	NA
Salary escalation rate	10% until July 2024 and 8% thereafter	12% until July 2023 and 8% thereafter
Mortality rate	100% of Indian Assured Lives Mortality (IALM) 2012-14*	100% of Indian Assured Lives Mortality (IALM) 2012-14*
Withdrawal rate	Managers - 13.8% Non-Managers Sales - 38.1% Non-Managers - Non-Sales - 17.9%	Managers and above 15%, Others -26%

* As published by IRDA and adopted as Standard Mortality Table as recommended by Institute of Actuaries of India effective April 1, 2019.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Phonepe Private Limited
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21. Gratuity plan (Contd.)

Sensitivity analysis of assumptions used	**As at March 31, 2024**	**As at March 31, 2023**
Discount rate	7.20%	7.30%
Decrease in DBO due to 0.5% increase in discount rate	(1)	(1)
Increase in DBO due to 0.5% decrease in discount rate	2	1
Salary escalation rate	10% until July 2024 and 8% thereafter	12% until July 2023 and 8% thereafter
Increase in DBO due to 0.5% increase in salary escalation rate	2	1
Decrease in DBO due to 0.5% decrease in salary escalation rate	(1)	0
Attrition rate		
Decrease in DBO due to 50% increase in attrition rate	(3)	(2)
Increase in DBO due to 50% decrease in attrition rate	3	2
Mortality rate		
Increase in DBO due to 10% increase in mortality rate	0	1
Decrease in DBO due to 10% decrease in mortality rate	0	1

Method used for sensitivity analysis: The sensitivity analysis above determine their individual impact on the plan's end of year defined benefit obligation. In reality, the plan is subject to multiple external experience items which may move the defined benefit obligation in similar or opposite directions, while the plan's sensitivity to such changes can vary over time.

Expected benefit payments	**As at March 31, 2024**	**As at March 31, 2023**
Within 1 year	7	5
2 - 5 years	30	23
More than 5 years	55	32

The weighted average duration of the defined benefit obligation is 6 years.

Expected best estimate for the benefit contribution for the next annual reporting period is Rs. Nil.

22. Earnings per share (EPS)	**As at March 31, 2024**	**As at March 31, 2023**
The following reflects the loss and share data used in computation of basic EPS:		
Loss for the year	(1,996)	(2,795)
Weighted average number of equity shares	44,194,711	40,879,161
Basic and diluted loss per share computed on total loss (Rs. per share)	(451.64)	(683.46)

23. Share based payments

The expense/ settlement recognised for employee services received during the year is shown in the following table:

	As at March 31, 2024	**As at March 31, 2023**
Expense arising from cash-settled share-based payment transactions (refer 23 (a), (b) and (h) below)	288	77
Expense arising from equity-settled share-based payment transactions (refer 23 (b), (c), (d) and (f) below)	1,623	1,922
Settlement related to equity-settled share based payment transactions (refer 23 (g) below)	-	58
Modification related to equity-settled share based payment transactions (refer 23 (h) below)	282	-
Total expense recognized in the Consolidated Statement of Profit and Loss (i)	**2,193**	**2,057**
Settlement related to equity-settled share based payment transactions recognised in Other equity (refer 23 (a) and (g) below) (ii)	-	275
Modification related to equity-settled share based payment transactions recognised in Other equity (refer note 23 (b) and (h) below) (iii)	459	-
Total impact of share-based payment transactions (i)+(ii)+(iii)	**2,652**	**2,332**

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

23. Share based payments (Contd.)

(a). Phonepe Share Appreciation Rights Plan

The Group's eligible employees or former employees are granted share appreciation rights (SARs), to be settled in cash under Phonepe SAR Plan I & Plan II ("SARs Plan 2022"). The SARs granted vest on the grant date, as the same is issued against the vested equity stock options. The liability for the SARs is measured, initially and at the end of each reporting period until settled, at the fair value of the SARs.

SARs:
The following table illustrates the movement of the SARs during the financial year:

	As at March 31, 2024 (Number)	As at March 31, 2023 (Number)
Outstanding as at the beginning of the year	81,082	-
- Granted*	9,718	81,082
- Repurchased#	(88,824)	-
Outstanding as at the end of the year	**1,976**	**81,082**
Vested as at the year end	**1,976**	**81,082**
Exercisable at the year end	**-**	**-**

i. During the current year ended March 31, 2024, certain former employees of the Group were granted SARs under SARs Plan II against the equity stock options held under PSOP 2022 plan (9,718 SARs).

Fair value of SARs granted

The liability for the SARs is measured, initially and at the end of each reporting period until settled, at the fair value of the SARs by applying a Finnerty model taking into account the terms and conditions upon which the SARs were granted. The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. Weighted average fair value of the SARs granted to the employees of the Company during the year is Rs. 16,234 per option (March 31, 2023: Rs. 16,234).

The following table lists the inputs to the option pricing models for the year ended	As at March 31, 2024	As at March 31, 2023
Dividend yield (% p.a.)	0%	0%
Expected volatility (% p.a.)	50.6% - 53.9%	50.60%
Expected life of option (years)	2.7 years - 3 years	3 years

ii. On December 05, 2023, the Company's Board of Directors approved the liquidation of all outstanding SARs amounting to Rs 181 issued under SARs Plans 2022. These SARs continues to be treated as cash-settled in the Consolidated Ind-AS Financial Statements.

(b). PhonePe Stock Option Plan, India ('PSOP 2022')

Eligible employees of the Group are granted share options of the Company under the PhonePe Stock Option Plan ('PSOP 2022'). Time-based stock options granted under PSOP 2022 would vest from one year and not more than four years from the date of grant of such options. Vesting of options would be subject to continued employment with the Group or such other criteria determined by the Board and thus the options would vest on passage of time. The specific vesting schedule and conditions subject to which vesting would take place would be outlined in the document given to the option grantee at the time of grant of options. The options will lapse and be cancelled on its expiry date i.e., ten years after the date of the relevant Stock Option Agreement, or such other expiry date as may be specified in the relevant Stock Option Agreement. The exercise price of the time-based share options is Rs. 10.

Time based options:

	As at March 31, 2024 (Number)	As at March 31, 2023 (Number)
Outstanding as at the beginning of the year	4,055,270	-
- Granted	413,926	140,096
- Migrated #	-	3,945,027
- Replaced with SARs*	(9,718)	(876)
- Forfeited unvested	(139,809)	(28,977)
- Repurchased (refer 23 (h) below)	(408,426)	-
Outstanding as at the end of the year	**3,911,243**	**4,055,270**
Vested as at the year end	**2,497,796**	**-**

During the previous year ended March 31, 2023, the employees of the Group were granted 39,45,027 share options of the Company on the basis of derived ratio to its employees as migration of share options of Headstand Pte Ltd.

* During the current year ended March 31, 2024, certain former employees of the Group were granted SARs under SARs Plan 2022 against the equity stock options held under PSOP 2022 plan.

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23. Share based payments (Contd.)

Fair value of time based share options granted

The fair value of share options granted that are classified as time-based options is estimated at the grant date using Finnerty model, taking into account the terms and conditions upon which the share options were granted. The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. Weighted average fair value of the options granted to the employees of the Company during the year is Rs. 16,234 per option (March 31, 2023: Rs. 16,234). As of March 31, 2024, the maximum weighted average contractual life of time-based options is 4 years.

The following table lists the inputs to the option pricing models for the year ended	As at March 31, 2024	As at March 31, 2023
Dividend yield (% p.a.)	0%	0%
Expected volatility (% p.a.)	50.6% - 53.9%	50.60%
Expected life of option (years)	2.7 years - 3 years	3 years

(c). PhonePe Stock Option Plan, Singapore ('PSOP 2020')

Eligible employees of the Group have been granted share options of Phonepe Private Limited (incorporated in Singapore) under the PhonePe Stock Option Plan ('PSOP 2020'). Time-based stock options granted under PSOP 2020 would vest between one day and not more than four years from the date of grant of such options. Vesting of options would be subject to continued employment with the Group or such other criteria determined by the Board and thus the options would vest on passage of time. The specific vesting schedule and conditions attached to vesting are outlined in the document given to the option grantee at the time of grant of options. Weighted average fair value of the options granted to the employees of the Group during the year is USD Nil per option (March 31, 2023: USD 112.82). The exercise price of the time-based share options is Rs. Nil. No additional grants were given during the year ended March 31, 2024.

Time based options:
The following table illustrates the movement of the time based options during the financial year:

	As at March 31, 2024 (Number)	As at March 31, 2023 (Number)
Outstanding as at the beginning of the year	-	3,189,929
- Granted	-	3,500,380
- Replaced with SARs	-	(134,754)
- Migrated to PSOP 2022 plan #	-	(6,570,801)
- Forfeitures	-	(198,247)
- Repurchased	-	-
- Transfers (net)^	-	213,493
Outstanding as at the end of the year	-	-
Vested as at the year end	-	-

During the previous year ended March 31, 2023, the employees of the Group were granted 39,45,027 share options of the Company on the basis of derived ratio to its employees as migration of share options of Headstand Pte Ltd.

^ Transfers (net) pertains to transfer of employees.

Fair value of time based share options granted

The fair value of share options granted that are classified as time-based options is estimated at the grant date using Finnerty model, taking into account the terms and conditions upon which the share options were granted. The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. No fresh options were granted during current year, as PSOP 2020 plan is no longer in existence.

The following table lists the inputs to the option pricing models for the year ended	As at March 31, 2024	As at March 31, 2023
Dividend yield (% p.a.)	NA	0%
Expected volatility (% p.a.)	NA	42.60%-50.6%
Expected life of option (years)	NA	2.75 years -3 years

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Phonepe Private Limited
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23. Share based payments (Contd.)

(d). PhonePe Founder Awards, Singapore ('PFA 2020')

Certain eligible employees of the Company have been granted share options of Headstand Pte Ltd (incorporated in Singapore) under the PhonePe Founder Awards ('PFA 2020'). Time-based stock options granted under PFA 2020 would vest between one day and not more than five years from the date of grant of such options. Vesting of options would be subject to continued employment with any Group Company or such other criteria determined by the Board and thus the options would vest on passage of time. The specific vesting schedule and conditions attached to vesting are outlined in the document given to the option grantee at the time of grant of options. The exercise price of the time-based share options is Nil.

Performance-based share options are granted to certain eligible employees of the Company. Vesting conditions include market conditions linked to the Company's valuation with an underlying implied service period up to the date of achievement of the performance conditions. The performance awards will expire unvested at the end of twelve years from the grant date if the performance conditions are not met within this period. The exercise price of the performance-based share options is Nil.

No additional grants were given during the year ended March 31, 2024 and March 31, 2023.

Time based options:
The following table illustrates the movement of the time based options during the financial year:

	As at March 31, 2024 (Number)	As at March 31, 2023 (Number)
Outstanding as at the beginning of the year	3,129,445	3,129,445
- Migrated to PFA 2023 plan (refer note 23(e))	(3,129,445)	-
Outstanding as at the end of the year	**-**	**3,129,445**
Vested as at the year end (refer note 23(e))	**NA**	**1,877,668**

The following table lists the inputs to the option pricing models for the year ended	As at March 31, 2024	As at March 31, 2023
Expected life of option (years)	NA	1.72 years

Performance based options:
The following table illustrates the movement of the performance based options during the financial year:

	As at March 31, 2024 (Number)	As at March 31, 2023 (Number)
Outstanding as at the beginning of the year	2,738,265	2,738,265
- Migrated to PFA 2023 plan (refer note 23(e))	(2,738,265)	-
Outstanding as at the end of the year	**-**	**2,738,265**
Vested as at the year end (refer note 23(e))	**NA**	**782,361**

The following table lists the inputs to the option pricing models for the year ended	As at March 31, 2024	As at March 31, 2023
Expected life of option (years)	NA	10 years

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23. Share based payments (Contd.)

(e). Migration of share-based payment plan from PFA 2020 to PFA 2023

The PFA 2023 plan was approved by the Board of Directors of the Company during the current year ended March 31, 2024. Pursuant to such approval, options granted under PFA 2020 by its erstwhile immediate holding company got migrated to new plan namely PFA 2023 by the Company. The migration of share-based payment arrangement from PFA 2020 to PFA 2023 plan has been treated as a modification of an existing share-based payment plan. All the options granted under PFA 2020 shall automatically stand cancelled and fresh options were granted by the Company to the eligible employees on the basis of a pre-determined swap ratio.

The company also signed PhonePe Founder Share Appreciation Rights Plan (PFSARs). The plan has a one-year period beginning on the grant date of the option provided under PFA 2023. As of the reporting date, March 31, 2024 probability of issuance of PFSARs is considered as remote.

(f). PhonePe Founder Awards, India (‘PFA 2023’)

Certain eligible employees of the Company have been granted share options of Phonepe Private Limited (incorporated in India) under the PhonePe Founder Awards (‘PFA 2023’). Time-based stock options granted under PFA 2023 would vest between one day and not more than five years from the date of grant of such options, subject to regulatory requirements. Vesting of options would be subject to terms and conditions set-out in PFA 2023. The stock options will lapse and be cancelled following the expiry of a predetermined period after the date of grant. The exercise price of the time-based share options is Rs. 10 per option.

Performance-based share options are granted to certain eligible employees of the Company. Vesting conditions include market conditions linked to the Company's valuation with an underlying implied service period up to the date of achievement of the performance conditions. The stock options will lapse and be cancelled following the expiry of a predetermined period after the date of grant. The exercise price of the performance-based share options is Rs. 10 per option.

Weighted average fair value of the options granted to the employees of the Company during the year is Rs. 19,968 per option (March 31, 2023: Rs. NA).

Time based options:
The following table illustrates the movement of the time based options during the financial year:

	As at March 31, 2024 (Number)
Outstanding as at the beginning of the year	-
- Migrated (refer note 23(e))	1,855,276
- Granted	842,040
Outstanding as at the end of the year	**2,697,316**
Vested as at the year end (refer note 23 (e))	-

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The following table lists the inputs to the option pricing models for the year ended	As at March 31, 2024
Expected life of option (years)	1.19 years

Performance based options:
The following table illustrates the movement of the performance based options during the financial year:

	As at March 31, 2024 (Number)
Outstanding as at the beginning of the year	-
- Migrated (refer note 23(e))	1,623,366
Outstanding as at the end of the year	**1,623,366**
Vested as at the year end (refer note 23(e))	**-**

The following table lists the inputs to the option pricing models for the year ended	As at March 31, 2024
Expected life of option (years)	9 years

(g). Flipkart Stock Option Plan - ('FSOP 2012')

Eligible employees of the Group are granted share options of Flipkart Private Limited (erstwhile intermediate holding company) based upon performance, and long-term potential for the Group. The share options granted under FSOP 2012 shall vest between day one and not more than five years from the date of grant of such options. Vesting of options would be subject to continued employment with the Group and thus the options would vest on passage of time. The specific vesting schedule and conditions subject to which vesting would take place would be outlined in the document given to the option grantee at the time of grant of options.

The exercise price of the option is Rs. Nil. No additional grants were given during the year ended March 31, 2024 and March 31, 2023.

Movement of share options during the financial year
The following table illustrates the movement of the options during the financial year.

	As at March 31, 2024 (Number)	As at March 31, 2023 (Number)
Outstanding as at the beginning of the year	36,843	395,548
- Forfeited	-	-
- Repurchased	-	(358,705)
Outstanding as at the end of the year #	**36,843**	**36,843**
Vested as at the year end	**-**	**36,843**

Of the outstanding share options, none of the options (March 31, 2023: Nil) are classified as cash-settled awards to be repurchased subsequently .

(h). Modification of PSOP 2022 plan

During the year ended March 31, 2024, the Company's Board of Directors approved a modification to the PSOP 2022 plan, introducing liquidity to the maximum of 25% of the total options issued. During the year ended March 31, 2024, the Company repurchased 408,426 options in accordance with the Board resolution.

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
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24. Capital management

The Group's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or combination of short term/long term borrowings as may be appropriate. The Group does not have any borrowings as on March 31, 2024 (March 31, 2023 - Rs. Nil).

25. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks, except as disclosed in note 25(c) foreign currency risk section.

a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, loans, cash and short-term deposits), the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising loss incurred due to increased credit risk exposure. The Group deals only with creditworthy counterparties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Financial assets that are neither past due nor impaired
Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents and investment securities that are neither past due nor impaired are placed with reputable financial institutions or companies with high credit ratings and no history of default.

	As at March 31, 2024	As at March 31, 2023
Financial assets that are neither past due nor impaired	2,800	6,042
Total neither past due nor impaired	**2,800**	**6,042**

Financial assets that are past due but not impaired
The aging analysis of the receivables has been considered from the date the invoice falls due. The age wise break up of receivables, net of allowances that are past due,

	As at March 31, 2024	As at March 31, 2023
Past due 0 – 90 days	63	79
Past due over 90 days	1	5
Total past due and not impaired	**64**	**84**

Financial assets that are impaired

	As at March 31, 2024	As at March 31, 2023
Information regarding financial assets that are impaired is disclosed below:		
Trade receivables (note 6(ii))	53	32
Loans (note 6(iv))	-	8
Other financial assets (note 6(v))	26	16
Total past due and impaired	**79**	**56**

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Phonepe Private Limited
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b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility.

Considering the nature of business activity of the Group, the concentration of liquidity risk is low as business related merchant payments are to be made only on receipt

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted repayment

	As at March 31, 2024			
	One year or less	One to five years	Over five years	Total
Financial liabilities				
Trade payables	487	-	-	487
Lease liabilities	138	296	-	434
Other financial liabilities	675	-	-	675
Cash-settled share based payment liability	-	951	-	951
Total undiscounted financial liabilities	**1,300**	**1,247**	**-**	**2,547**

	As at March 31, 2023			
	One year or less	One to five years	Over five years	Total
Financial liabilities				
Trade payables	2,468	-	-	2,468
Lease liabilities	97	294	-	391
Other financial liabilities	761	-	-	761
Total undiscounted financial liabilities	**3,326**	**294**	**-**	**3,620**

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments.

	As at March 31, 2024			
	One year or less	One to five years	Over five years	Total
Capital commitments	358	1	-	359
	358	**1**	**-**	**359**

	As at March 31, 2023			
	One year or less	One to five years	Over five years	Total
Capital commitments	595	-	-	595
	595	**-**	**-**	**595**

Changes in liabilities arising from financing activities:

	April 01, 2023	New leases/ loans*	Cash flows	Interest expense	March 31, 2024
Lease liabilities	338	140	(124)	30	384
Short term borrowings	-	830	(831)	1	-
	338	**970**	**(955)**	**31**	**384**

	April 01, 2022	New leases/ loans*	Cash flows	Interest expense	March 31, 2023
Lease liabilities	126	267	(75)	20	338
Short term borrowings	-	725	(726)	1	-
	126	**992**	**(801)**	**21**	**338**

* New loans and cashflows during the year ended March 31, 2024 includes short-term borrowings acquired on business combination and settled thereafter amounting to Rs. Nil (March 31, 2023: Rs. 26).

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Phonepe Private Limited
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All amounts are Rs. in Crores, unless otherwise stated

c) Currency risk

The Group's exposure to currency risk relates primarily to the Group's operating activities where the transactions are denominated in a currency other than the Group's functional currency.
The carrying amounts of the Group's foreign currency exposure at the end of the reporting period are as follows :

Particulars	As at March 31, 2024				
	USD	AED	SGD	EUR	Total
Financial assets	7	4	-	0	**11**
Financial liabilities	26	-	0	-	**26**

	As at March 31, 2023				
	USD	AED	SGD	EUR	Total
Financial assets	23	-	-	-	**23**
Financial liabilities	2,079	-	-	-	**2,079**

Foreign exchange rate sensitivity

The fluctuation in foreign currency exchange rates may have potential impact on the Consolidated Statement of Profit and Loss and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Group.

As at March 31, 2024 and March 31, 2023, 5% increase /decrease in the exchange rate would result in Rs. 1 and Rs. 103 increase/ decrease in the loss before tax, respectively, of the Group.

d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group has investments in short term debt securities and deposits with counter parties having high quality credit ratings, bearing fixed interest rates. The Group is not exposed to any interest rate risk since it has exposure only to fixed interest bearing short term instruments.

26. Fair value hierarchy

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

Financial instruments whose carrying amounts approximate fair value
The carrying values of trade and other receivables, other assets, cash and short term deposits, trade and other payables and balances with related parties, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature.

Fair value of financial instruments that are carried at fair value (Refer note 6(i))
The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Assets measured at fair value:	As at March 31, 2024			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs * (Level 3)
Investments (through OCI)	15	-	-	15
Investments (through profit and loss)	34	34	-	-
	49	**34**	**-**	**15**

Assets measured at fair value:	As at March 31, 2023			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs * (Level 3)
Investments (through OCI)	12	-	-	12
Investments (through profit and loss)	1,439	1,439	-	-
	1,451	**1,439**	**-**	**12**

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

26. Fair value hierarchy (Contd.)

Set out below is the movement of the carrying amounts of the Group's financial instruments classified under level 3:

	As at March 31, 2024	As at March 31, 2023
Opening balance	12	8
Fair value adjustments	3	4
Closing balance	**15**	**12**

Assets not measured at fair value:

	As at March 31, 2024			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments (at amortised cost)	1,110	-	1,110	-
	1,110	**-**	**1,110**	**-**

	As at March 31, 2023			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments (at amortised cost)	3,251	-	3,251	-
	3,251	**-**	**3,251**	**-**

Fair value hierarchy
The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities,
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived
Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).
* This investment in equity instruments are not held for trading. Instead, they are held for medium or long term strategic purpose. Upon the application of Ind-AS 109, the Group has chosen to designate these investments in equity instruments at FVTOCI as the Company believes this provides a more meaningful presentation for medium or long term strategic investments, than reflecting changes in fair value immediately in profit and loss.

27. Contingent liabilities and commitments

	As at March 31, 2024	As at March 31, 2023
a. Contingent liability	-	-
b. Commitments		
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	358	595
Leases not yet commenced to which the lessee is committed (refer note 10(ii))	1	-
Total	**359**	**595**

The Group has reviewed all the pending litigations and proceedings, and has adequately provided for where provisions are required and disclosed the contingent liabilities in its Consolidated Ind-AS Financial Statements where financial outflow is not probable.

28. The Company's Prepaid Payment Instruments ("PPIs") and Bharat Bill Payment Operating Unit ("BBPOU") Licences are subject to inspection by the Regulator. The Company is in receipt of Inspection Report, dated May 27, 2024, from the Regulator. The Company is in the process of submitting responses on the observations noted by the Regulator, based on its internal assessment, the Company is of the view that these will not have any material impact on the operations and financial results.

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

29. Investment in associate
The Group holds 18.86 % (March 31, 2023: 19.00%) interest in the voting rights of CE Info Systems Limited ("CE Info") (incorporated in India). Principal activities of CE Info include provision of GPS navigation and location based services. Based on management's assessment, the Group has accounted its stake of 18.86 % (March 31, 2023: 19.00%) in CE Info as an equity accounted investee as at March 31, 2024.

Fair value of the associate based on the quoted market price as at March 31, 2024 amounts to Rs. 1,901 (March 31, 2023: Rs. 1,012).

The Group received dividend of Rs. 3 during the current year (March 31,2023: Nil).
The Group has determined its share of profits for the year ended March 31, 2024 based on audited financial results published by CE Info.
The following table illustrates the summarised financial information of the Group's investment in CE Info's based on its audited Consolidated Ind-AS Financial Results for the year ended March 31, 2024.

	March 31, 2024 Audited	March 31, 2023 Audited
Current assets	434	441
Non-current assets	358	229
Current liabilities	(119)	(113)
Non-current liabilities	(13)	(15)
Equity	**660**	**542**
Less: Share based payment reserve	16	17
Less: Non-controlling interest	1	0
Adjusted Equity	**643**	**525**
Group's share (undiluted)	121	100
Amount identified as goodwill	25	25
Loss on deemed disposal	(0)	-
Group's carrying amount of the investment	**146**	**125**

	March 31, 2024 Audited	March 31, 2023 Audited
Total income	379	281
Direct expenses	(64)	(48)
Employee benefits expense	(75)	(66)
Depreciation, amortization and impairment expense	(15)	(10)
Other expenses	(85)	(49)
Finance costs	(3)	(3)
Other income	38	34
Share of profit of equity accounted investee	(2)	(0)
Income tax	(41)	(32)
Profit after tax (PAT) for the year (continuing operations)	**134**	**108**
Other comprehensive income	(2)	(1)
Total comprehensive income for the year	**132**	**107**
PAT for the year attributable to owners of CE Info	134	107
OCI for the year attributable to owners of CE Info	2	0
Group's share of profit	**25**	**20**
Group's share of other comprehensive income for the year (net of taxes)	**(0)**	**(0)**

30. Other statutory information

(i) The Group has 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:
(a) directly or indirectly lend or invest in other persons or entities (Ultimate Beneficiaries) identified in any manner whatsoever by or on behalf of the Group or
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
(ii) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
(a) directly or indirectly lend or invest in other persons or entities (Ultimate Beneficiaries) identified in any manner whatsoever by or on behalf of the Funding Party or
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

31. Additional information pursuant to para 2 of general instructions for the preparation of Consolidated Ind-AS Financial Statements

Name of the entities in the Group	Net assets i.e. total assets minus total liabilities		Share in profit or (loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit and loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Holding company								
India								
Phonepe Private Limited								
March 31, 2024	94.53%	11,196	61.00%	(1,167)	0.00%	-	61.04%	(1,167)
March 31, 2023	91.71%	8,432	76.14%	(2,107)	103.85%	5	76.09%	(2,102)
Subsidiary								
India								
Phonepe Technology Services Private Limited								
March 31, 2024	0.05%	6	1.10%	(21)	-5.46%	(0)	1.10%	(21)
March 31, 2023	0.03%	2	0.06%	(2)	-1.53%	(0)	0.06%	(2)
Phonepe Insurance Broking Services Private Limited								
March 31, 2024	1.33%	157	12.96%	(248)	-43.75%	(0)	12.97%	(248)
March 31, 2023	1.95%	179	15.44%	(427)	24.91%	0	15.44%	(427)
Phonepe Wealth Broking Private Limited								
March 31, 2024	3.98%	471	7.00%	(134)	-52.68%	(0)	7.01%	(134)
March 31, 2023	4.34%	399	2.87%	(79)	-0.42%	(0)	2.87%	(79)
Pincode Shopping Solutions Private Limited (formerly known as 'Phonepe Shopping Solutions Private Limited' and 'Phonepe Payment Technology Services Private Limited')								
March 31, 2024	-0.07%	(8)	5.59%	(107)	-18.75%	(0)	5.60%	(107)
March 31, 2023	0.10%	10	0.00%	-	0.00%	-	0.00%	-
Phonepe Finance Private Limited								
March 31, 2024	0.13%	15	0.00%	-	0.00%	-	0.00%	-
March 31, 2023	0.16%	15	0.00%	-	0.00%	-	0.00%	-
Phonepe Lending Services Private Limited (formerly known as 'Phonepe Credit Services Private Limited' and "Explorium Innovative Technologies Private Limited")*								
March 31, 2024	-1.08%	(128)	6.69%	(128)	-19.53%	(0)	6.69%	(128)
March 31, 2023	0.01%	1	0.82%	(23)	15.82%	0	0.82%	(23)
Wealth Technology & Services Private Limited								
March 31, 2024	0.03%	3	1.31%	(25)	-5.91%	(0)	1.31%	(25)
March 31, 2023*	-0.21%	(19)	1.25%	(35)	-21.26%	(0)	1.25%	(35)
Quantech Capital Investment Advisors Private Limited								
March 31, 2024	0.01%	1	0.78%	(15)	-0.71%	(0)	0.78%	(15)
March 31, 2023*	0.16%	15	0.32%	(9)	0.01%	0	0.32%	(9)
Indus Appstore Private Limited (formerly known as 'OSLabs Technology (India) Private Limited')								
March 31, 2024	-2.07%	(245)	6.43%	(123)	-68.31%	(0)	6.43%	(123)
March 31, 2023*	-1.18%	(109)	3.84%	(106)	14.74%	1	3.82%	(105)
Singapore								
Indus Appstore Pte. Ltd. (formerly known as 'OSLabs Pte. Limited')								
March 31, 2024	1.94%	230	-4.18%	80	162.66%	1	-4.24%	81
March 31, 2023*	1.58%	146	-0.03%	1	-36.09%	(1)	0.00%	-

Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

31. Additional information pursuant to para 2 of general instructions for the preparation of Consolidated Ind-AS Financial Statements (Contd.)

Name of the entities in the Group	Net assets i.e. total assets minus total liabilities		Share in profit or (loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit and loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Associate (Investment as per the equity method)								
CE Info Systems Limited								
March 31, 2024	1.23%	146	1.31%	(25)	-47.66%	(0)	1.31%	(25)
March 31, 2023	1.35%	125	-0.74%	(20)	-0.45%	(0)	-0.74%	(20)
Total								
March 31, 2024	**100%**	**11,844**	**100%**	**(1,913)**	**-100%**	**1**	**100%**	**(1,912)**
March 31, 2023	**100%**	**9,196**	**100%**	**(2,807)**	**100%**	**5**	**100%**	**(2,802)**
Adjustments arising out of consolidation								
March 31, 2024	-	(2,388)	-	(83)	-	(2)	-	(85)
March 31, 2023	-	(1,678)	-	12	-	(1)	-	10
Grand Total								
March 31, 2024		9,455		(1,996)		(1)		(1,997)
March 31, 2023		7,518		(2,795)		3		(2,792)

* Profit or (loss), Other Comprehensive Income and Total Comprehensive Income disclosed in respect of these entities is from the date of acquiring control.

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Phonepe Private Limited
Notes to Consolidated Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

32. The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Group is in the process of preparing the documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by November 30, 2024 as required under law. The Management is of the opinion that its international transactions are at arm's length so the aforesaid legislation will not have any impact on the Consolidated Ind-AS Financial Statements, particularly on the amount of tax expense and that of provision for taxation.

33. Segment reporting

The Group is engaged in the business of providing technologies for online payment solutions and other allied services in India. The Group does not distinguish revenues, costs and expenses between different businesses in its internal reporting, and reports costs and expenses by nature as a whole, except where it is required as a regulatory requirement. The Board of Directors (chief operating decision maker) reviews the results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group operates and manages its business as a single segment. As the Group's significant long-lived assets are all located in India and most of the Group's revenues are derived from India, no geographical information is presented.

34. The Group maintains proper books of account with provision of daily back-up, in electronic mode on servers physically located in India in accordance with the provisions of Section 128 of the Companies Act, 2013 and the Companies (Accounts) Rules, 2014 (as amended). The Group maintains manual records/back-ups in India for certain ancillary application, supporting computation and acting as a repository where servers are hosted outside India.

35. Audit Trail

The Holding Company and its nine subsidiaries, incorporated in India, have used an accounting software where the feature of recording audit trail (edit log) facility which was not enabled throughout the year for all relevant transactions recorded in the software.

The Holding Company has used certain accounting software(s) for maintaining its books of account which does not have the feature of recording audit trail (edit log) facility. The Holding Company and its eight subsidiaries, incorporated in India, have also used certain accounting software which are operated by third-party software service providers, for maintaining its books of account and for such applications, the System and Organization Control (SOC) reports do not include information related to audit trail.

The associate has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of audit, the respective auditor of the above referred associate did not come across any instance of audit trail feature being tampered with.

36. Previous year amounts in the Consolidated Ind-AS Financial Statements, including notes thereto, have been re-arranged wherever required to conform to the current year presentation/ classification. These do not affect the previously reported net loss or equity.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors of
Phonepe Private Limited

per Sumit Mehra
Partner
Membership no.: 096547

Place: Bengaluru
Date: July 17, 2024

Sameer Nigam
CEO & Whole-time Director
DIN: 02292840

Place: Bengaluru
Date: July 17, 2024

Rahul Chari
Whole-time Director
DIN: 03052804

Place: Bengaluru
Date: July 17, 2024

Ankit G Popat
Company Secretary
Membership No.: A20774

Place: Bengaluru
Date: July 17, 2024

Phonepe Private Limited

Standalone Ind-AS Financial Statements

Year ended March 31, 2024

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

12th Floor
"UB City" Canberra Block
No. 24, Vittal Mallya Road
Bengaluru – 560 001 India
Tel: +91 80 6648 9000

INDEPENDENT AUDITOR'S REPORT

To the Members of Phonepe Private Limited

Report on the Audit of the Standalone Ind-AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind-AS Financial Statements of Phonepe Private Limited ("the Company"), which comprise the Standalone Balance Sheet as at March 31 2024, the Standalone Statement of Profit and Loss, including the Statement of Other comprehensive income, the Standalone Statement of Cash Flows and the Standalone Statement of Changes in Equity for the year then ended, and notes to the Standalone Ind-AS Financial Statements, including Summary of material 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 Standalone Ind-AS 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, 2024, 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 these Standalone Ind-AS 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 these Standalone Ind-AS 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 these Standalone Ind-AS 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 Standalone Ind-AS Financial Statements.

Information Other than the Standalone Ind-AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include these Standalone Ind-AS Financial Statements and our Auditor's Report thereon.

Our opinion on these Standalone Ind-AS 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 these Standalone Ind-AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with these Standalone Ind-AS 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.

Responsibility of Management for these Standalone Ind-AS 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 Standalone Ind-AS 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 Standalone Ind-AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing these Standalone Ind-AS 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 are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of these Standalone Ind-AS Financial Statements

Our objectives are to obtain reasonable assurance about whether these Standalone Ind-AS 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 Standalone Ind-AS 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 these Standalone Ind-AS 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 Standalone Ind-AS 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 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 Standalone Ind-AS 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 these Standalone Ind-AS Financial Statements, including the disclosures, and whether these Standalone Ind-AS 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, to the extent applicable, 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 with provisions of daily backups, as required by law, have been kept by the Company, in electronic mode on servers physically located in India, so far as it appears from our examination of those books, except for the matters stated in paragraph (i) (vi) below on reporting Rule 11(g), certain ancillary application, supporting computation and an application acting as a repository are hosted on servers located outside India as stated in note 32 to the Standalone Ind-AS Financial Statements, although manual records/backups of these are retained by the Company;

   (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including the Statement of Other comprehensive income, the Standalone Statement of Cash Flows and Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Standalone Ind-AS 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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 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 Standalone Ind-AS 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, 2024;

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position;

      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, other than as disclosed in the note 29 to the Standalone Ind-AS 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 person or entity, 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;

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 29 to the Standalone Ind-AS Financial Statements, no funds have been received by the Company from any person or entity, 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. Based on our examination, as specified in the note 33 to Standalone Ind-AS Financial Statements, the Company has used certain accounting software(s) for maintaining its books of account which does not have the feature of recording audit trail (edit log). The Company has also used certain other accounting software which are operated by third-party software service providers, for maintaining its books of account and for such applications, the System and Organization Control (SOC) reports do not include information related to audit trail. In the absence of audit trail facility and information not made available in SOC reports, we are unable to comment upon tampering of audit trail feature.

In respect of one of the accounting software, there is feature of recording audit trail (edit log) which was not enabled throughout the year for all relevant transactions recorded in the software. Accordingly, we are unable to comment upon whether during the year there was any instance of audit trail feature being tampered in respect of the accounting software.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sd/-

per **Sumit Mehra**
Partner
Membership Number: 096547
UDIN: 24096547BKELXL1649
Place of Signature: Bengaluru
Date: July 17, 2024

S.R. Batliboi & Associates. LLP, a Limited Liability Partnership with LLP Identity No. AAB-4295
Regd. Office : 22, Camac Street, Block 'B', 3rd Floor, Kolkata-700 016

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Annexure '1' referred to in clause 1 of paragraph Report on Other Legal and Regulatory Requirements of our Report of even date

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(a) (B) The Company has maintained proper records showing full particulars of intangibles assets.

(i) (b) Property, plant and equipment were physically verified by the management during the year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, the existence of Electronic Data Capture machines and Smart speakers lying with customers is considered on the basis of the 'active user status' of the customers which is tracked from the Company's IT systems. No material discrepancies were identified on such verification.

(c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), 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 (including Right-of-use assets) or intangible assets during the year ended March 31, 2024.

(e) 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. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Based on the records examined by us in the normal course of audit, 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 loans as follows:

Aggregate amount provided during the year	
- Subsidiaries	603 Crores
Balance outstanding as at balance sheet date in respect of above cases	
- Subsidiaries	646 Crores

(b) During the year the investments made and the terms and conditions of the grant of all loans to companies are not prejudicial to the Company's interest.

(c) The Company has granted loans to company where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular. In respect of loans granted to companies during the year, the schedule of repayment of principal and payment of interest has not been stipulated in the agreement considering such loans are repayable on demand.

(d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any 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 partnerships or any other parties which had 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) As disclosed in note 6(iv) to the Standalone Ind-AS Financial Statements, the Company has granted loans, repayable on demand to companies. Of these following are the details of the aggregate amount of loans to related parties as defined in clause (76) of section 2 of the Act:

	Related Parties
Aggregate amount of loans - Repayable on demand	603 Crores
Percentage of loans to the total loans outstanding as at balance sheet date	93%

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of grant of loans and making investments. The Company has not granted any loans, made investments or provided security or guarantees in respect of any loan to directors including entities in which they are interested under sections 185 of the Act.

(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.

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

(vi) The Company is not in the business of sale of any goods or provision of such services as prescribed under section 148(1) of the Act. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.

(vii) (a) Undisputed statutory dues including goods and services tax, income-tax, and other statutory dues have generally been regularly deposited with the appropriate authorities except provident fund. According to the information and explanations given to us and based on audit procedures performed by us, undisputed dues in respect of provident fund were outstanding, at the year end, for a period of more than six months from the date they became payable, as follows:

Name of the Statue	Nature of the Dues	Amount (INR)	Period to which the amount relates	Due Date
The Employee's Provident Funds and Miscellaneous Provisions Act,1952	Employee's Provident Fund	3 Crores	Various Dates	Various Dates

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2024 on account of disputes are given below:

Name of the Statue	Nature of the dues	Amount (INR)	Period to which the amount relates (Financial Year)	Forums where the dispute is pending
Goods and Services Tax	Goods and Services Tax	46 Crores	July 2017 – March 2018	Joint Commissioner of Commercial Taxes

(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 wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company

(d) On an overall examination of the Standalone Ind-AS Financial Statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the Standalone Ind-AS Financial Statement of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associate.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate companies. Hence, the requirement to report on clause (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 complied with the provisions of section 42 and 62 of the Act in respect of private placement and preferential allotment of shares during the year. The funds raised have been used for the purposes for which the funds were raised.

(xi) (a) No fraud by the Company or no 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) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.

(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 the Act where applicable and the details have been disclosed in the note 19 to the Standalone Ind-AS 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 an internal audit system commensurate with the size and nature of its business.

(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.

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

(xv) According to the information and explanations given by the management, 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 (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 (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)(c) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group (as defined in the regulations made by Reserve Bank of India), hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the financial year but had incurred the cash losses amounting to Rs. 212 Crores 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 28 to these Standalone Ind-AS Financial Statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying these Standalone Ind-AS Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the Auditor's Report 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, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the Auditor's 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 Company has been incurring losses during immediately preceding three financial years hence the provisions of Section 135 to the Act in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the reporting on clause 3(xx) of the Order is not applicable to the Company for the year.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sd/-

per **Sumit Mehra**
Partner
Membership Number: 096547
UDIN: 24096547BKELXL1649
Place of Signature: Bengaluru
Date: July 17, 2024

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Annexure 2
To the Independent Auditor's Report of even date on these Standalone Ind-AS Financial Statements of Phonepe Private Limited
Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls with reference to Standalone Ind-AS Financial Statements of Phonepe Private Limited ("the Company") as of March 31, 2024 in conjunction with our audit of these Standalone Ind-AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("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, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these Standalone Ind-AS 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 Standalone Ind-AS 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 Standalone Ind-AS Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Ind-AS Financial Statements included obtaining an understanding of internal financial controls with reference to these Standalone Ind-AS 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 these Standalone Ind-AS 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 Standalone Ind-AS Financial Statements.

Meaning of Internal Financial Controls with reference to these Standalone Ind-AS Financial Statements

A company's internal financial controls with reference to these Standalone Ind-AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of these Standalone Ind-AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to these Standalone Ind-AS 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 these Standalone Ind-AS 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 these Standalone Ind-AS Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to these Standalone Ind-AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to these Standalone Ind-AS 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 these Standalone Ind-AS Financial Statements to future periods are subject to the risk that the internal financial control with reference to these Standalone Ind-AS 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 these Standalone Ind-AS Financial Statements and such internal financial controls with reference to these Standalone Ind-AS Financial Statements were operating effectively as at March 31, 2024, 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 & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sd/-

per Sumit Mehra
Partner
Membership Number: 096547
UDIN: 24096547BKELXL1649
Place of Signature: Bengaluru
Date: July 17, 2024

S.R. Batliboi & Associates. LLP, a Limited Liability Partnership with LLP Identity No. AAB-4295
Regd. Office : 22, Camac Street, Block 'B', 3rd Floor, Kolkata-700 016

Phonepe Private Limited
Standalone Balance Sheet as at March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

	Notes	As at March 31, 2024	As at March 31, 2023
Assets			
Non-current assets			
Property, plant and equipment	3(i)	2,011	1,643
Capital work-in-progress	3(ii)	83	269
Goodwill	4	16	16
Other intangible assets	4	1	0
Right-of-use assets	5	358	321
Financial assets			
(i) Investments	6(i)	2,857	2,306
(ii) Other financial assets	6(v)	43	31
Other non-current assets	7	87	120
		5,456	**4,706**
Current assets			
Financial assets			
(i) Investments	6(i)	1,110	4,449
(ii) Trade receivables	6(ii)	474	195
(iii) Cash and cash equivalents	6(iii) (a)	699	604
(iv) Bank balances other than (iii) above	6(iii) (b)	3,572	373
(v) Loans	6(iv)	630	206
(vi) Other financial assets	6(v)	1,188	861
Other current assets	7	1,209	1,203
		8,882	**7,891**
Total assets		**14,338**	**12,597**
Equity and liabilities			
Equity			
Equity share capital	8	44	43
Other equity		11,154	8,389
Equity attributable to the equity holders of the Company		**11,198**	**8,432**
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	9(ii)	266	256
(ii) Cash-settled share based payment liability		951	-
Deferred tax liability (net)	12	1	0
Provisions	11	36	159
		1,254	**415**
Current liabilities			
Financial liabilities			
(i) Trade payables	9(i)		
Total outstanding dues of micro enterprises and small enterprises		6	3
Total outstanding dues of creditors other than micro enterprises and small enterprises		451	2,378
(ii) Lease liabilities	9(ii)	111	74
(iii) Other financial liabilities	9(iii)	672	760
Other current liabilities	10	560	470
Provisions	11	86	65
		1,886	**3,750**
Total equity and liabilities		**14,338**	**12,597**
Summary of material accounting policies	2		

The accompanying notes are an integral part of these Standalone Ind-AS Financial Statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

For and on behalf of Board of Directors of
Phonepe Private Limited

per Sumit Mehra
Partner
Membership no.: 096547

Place: Bengaluru
Date: July 17, 2024

Sameer Nigam
CEO & Whole-time Director
DIN: 02292840

Place: Bengaluru
Date: July 17, 2024

Rahul Chari
Whole-time Director
DIN: 03052804

Place: Bengaluru
Date: July 17, 2024

Ankit G Popat
Company Secretary
Membership No.: A20774

Place: Bengaluru
Date: July 17, 2024

Phonepe Private Limited
Standalone Statement of Profit and Loss for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
Income			
Revenue from operations	13	4,910	2,859
Finance and other income	14	726	166
Total income (i)		**5,636**	**3,025**
Expenses			
Payment processing charges		1,166	630
Employee benefits expense	15	3,035	2,796
Finance costs	16	35	21
Depreciation and amortization expense	17	1,028	497
Other expenses	18	1,538	1,189
Total expenses (ii)		**6,802**	**5,133**
Loss before tax [(i) - (ii)]		**(1,166)**	**(2,108)**
Tax expense			
Deferred tax	12	-	-
Loss for the year		**(1,166)**	**(2,108)**
Other comprehensive income			
Items that will not be reclassified to Profit or Loss			
Remeasurement gain/ (loss) on defined benefit plan, net of taxes		(3)	1
Fair value gain accounted on equity instrument, net of taxes		3	4
Total other comprehensive income for the year		**-**	**5**
Total comprehensive loss for the year		**(1,166)**	**(2,103)**
Basic and diluted earnings per share computed on the basis of loss for the year attributable to equity holders of the Company (Rs. per share)	21	(263.83)	(515.67)
Summary of material accounting policies	2		

The accompanying notes are an integral part of these Standalone Ind-AS Financial Statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number:
101049W/E300004

For and on behalf of Board of Directors of

Phonepe Private Limited

per Sumit Mehra
Partner
Membership no.: 096547

Place: Bengaluru
Date: July 17, 2024

Sameer Nigam
CEO & Whole-time Director
DIN: 02292840

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Date: July 17, 2024

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Whole-time Director
DIN: 03052804

Place: Bengaluru
Date: July 17, 2024

Ankit G Popat
Company Secretary
Membership No.: A20774

Place: Bengaluru
Date: July 17, 2024

Phonepe Private Limited
Standalone Statement of Changes in Equity for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

a. Equity share capital

As at March 31, 2024	As at April 01, 2023	Changes in equity share capital during the current year	As at March 31, 2024
Equity share capital (refer note 8)	43	1	44
Total	**43**	**1**	**44**

As at March 31, 2023	As at April 01, 2022	Changes in equity share capital during the previous year	As at March 31, 2023
Equity share capital (refer note 8)	40	3	43
Total	**40**	**3**	**43**

b. Other equity

	Reserves and Surplus					Other comprehensive income	Total
As at March 31, 2024	**Capital reserve**	**Securities premium**	**Share-based payment reserve**	**Other reserve**	**Retained earnings**		
Balance as at April 1, 2023	137	16,553	2,183	(274)	(10,213)	3	8,389
Loss for the year	-	-	-	-	(1,166)	-	(1,166)
Remeasurement loss on net defined benefit liability	-	-	-	-	-	(3)	(3)
Equity instruments through other comprehensive income, net of taxes	-	-	-	-	-	3	3
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(1,166)**	**-**	**(1,166)**
Security premium on issue of equity shares	-	1,638	-	-	-	-	1,638
Transaction cost on issue of equity shares	-	(0)	-		-	-	(0)
Settlement/ compensation related to employee share-based payments (Refer note 22)	-	-	1,640	(14)	-	-	1,626
Modification of equity settled share-based payments to cash settled share-based payments (Refer note 22)	-	-	(780)	(445)	-	-	(1,225)
Migration of equity settled share-based payments [PFA 2020 to PFA 2023] (Refer note 22)	-	-	1,892	-	-	-	1,892
Balance as at March 31, 2024	**137**	**18,191**	**4,935**	**(733)**	**(11,379)**	**3**	**11,154**

Phonepe Private Limited
Standalone Statement of Changes in Equity for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated
b. Other equity (Contd.)

	Reserves and Surplus					Other comprehensive income	Total
As at March 31, 2023	**Capital reserve**	**Securities premium**	**Share-based payment reserve**	**Other reserve**	**Retained earnings**		
Balance as at April 1, 2022	-	10,434	-	-	(8,105)	(2)	2,327
Loss for the year	-	-	-	-	(2,108)	-	(2,108)
Remeasurement gain on net defined benefit liability	-	-	-	-	-	1	1
Equity instruments through other comprehensive income, net of taxes	-	-	-	-	-	4	4
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(2,108)**	**5**	**(2,103)**
Security premium on issue of equity shares	-	6,122	-	-	-	-	6,122
Transaction cost on issue of equity shares	-	(3)	-		-	-	(3)
Settlement/ compensation related to employee share-based payments (refer note 22)	-	-	2,183	(274)	-	-	1,909
Stake purchase in common control entity	137	-	-	-	-	-	137
Balance as at March 31, 2023	**137**	**16,553**	**2,183**	**(274)**	**(10,213)**	**3**	**8,389**

c. Nature and purpose of reserves

Capital reserve

The capital reserve represents the excess of the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration.

Securities premium

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

Share-based payment reserve

It represents reserve in respect of equity settled share options granted to the Company’s employees in pursuance of the employee stock option plan.

Other reserve

It is used to recognise the difference between grant date fair value of options issued to employees versus the modification date fair value of options.

Retained earnings

Retained earnings comprises of accumulated balance of profits/ (losses) of current and prior years including transfers made to/ from other reserves from time to time.

Other comprehensive income reserve

i. Any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments.
ii. Cumulative gains and losses arising on the revaluation of equity instruments on the balance sheet date measured at fair value through other comprehensive income.

The accompanying notes are an integral part of these Standalone Ind-AS Financial Statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

per Sumit Mehra
Partner
Membership no.: 096547

Place: Bengaluru
Date: July 17, 2024

For and on behalf of Board of Directors of
Phonepe Private Limited

Sameer Nigam
CEO & Whole-time Director
DIN: 02292840

Place: Bengaluru
Date: July 17, 2024

Rahul Chari
Whole-time Director
DIN: 03052804

Place: Bengaluru
Date: July 17, 2024

Ankit G Popat
Company Secretary
Membership No.: A20774

Place: Bengaluru
Date: July 17, 2024

Phonepe Private Limited
Standalone Statement of Cash Flows for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flows from operating activities		
Loss before tax	(1,166)	(2,108)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation and amortization expense	1,028	497
(Gain) on sale of financial instruments	(53)	(39)
Interest income	(439)	(100)
Dividend income	(3)	-
Finance costs	35	20
Effect of changes in exchange rate	(151)	91
Bad debts written-off and provisions for doubtful debts and advances	35	13
Provision/ amount written off against property, plant and equipment	14	3
(Gain)/ loss on sale of other intangible assets and property, plant and equipment	(22)	1
Share-based payment expense	1,832	1,282
Liabilities no longer required written back	(1)	-
Operating profit/ (loss) before working capital changes	**1,109**	**(340)**
Changes in working capital:		
Financial liabilities	298	681
Other liabilities	89	7
Provisions	27	23
Financial assets	(61)	136
Other assets	5	(150)
Cash-settled share based payment liability	(994)	(262)
Cash from operations	**473**	**95**
Income tax (paid)	(8)	(25)
Net cash from operating activities (A)	**465**	**70**
Cash flows from investing activities		
Purchase of property, plant and equipment, including capital work in progress, intangible assets	(1,335)	(1,386)
Proceeds from sale of property, plant and equipment and intangible assets	215	1
Investment in subsidiaries	(548)	(1,096)
Acquisition of a subsidiary	-	(576)
Purchase of non-controlling interest in a subsidiary	-	(15)
Investment in financial instruments	(10,092)	(6,522)
Proceeds from sale of financial instruments	13,627	3,814
Investment in bank deposits (original maturity more than 3 months)	(3,572)	(373)
Redemption/ maturity of bank deposits (original maturity more than 3 months)	373	600
Loans given	(598)	(200)
Repayment of Loans	29	1
Interest received	12	43
Dividend received	3	-
Net cash used in investing activities (B)	**(1,886)**	**(5,709)**
Cash flows from financing activities		
Proceeds from issue of equity share capital	1,639	6,125
Transaction costs on issue of shares	(0)	(3)
Payment of lease liabilities	(122)	(72)
Interest paid	(1)	(1)
Proceeds from short-term borrowings	830	699
Repayment of short-term borrowings	(830)	(699)
Net cash generated from financing activities (C)	**1,516**	**6,049**
Net change in Cash and cash equivalents (A+B+C)	**95**	**410**
Cash and cash equivalents at the beginning of the year	604	194
Cash and cash equivalents at the end of the year [Note 6(iii)]	**699**	**604**
Summary of material accounting policies 2		

The accompanying notes are an integral part of these Standalone Ind-AS Financial Statements.

Note: The above Standalone Statement of Cash Flows has been prepared under the "indirect method" as set out in 'Indian Accounting Standard (Ind-AS) 7 - Statement of Cash Flows'.

As per our report of even date.
For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

For and on behalf of Board of Directors of
Phonepe Private Limited

per Sumit Mehra
Partner
Membership no.: 096547
Place : Bengaluru
Date: July 17, 2024

Sameer Nigam
CEO & Whole-time Director
DIN: 02292840
Place: Bengaluru
Date: July 17, 2024

Rahul Chari
Whole-time Director
DIN: 03052804
Place: Bengaluru
Date: July 17, 2024

Ankit G Popat
Company Secretary
Membership No.: A20774
Place: Bengaluru
Date: July 17, 2024

Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

1. Corporate information

Phonepe Private Limited (herein after referred to as the "Company") (CIN: U67190KA2012PTC176031) was incorporated on December 18, 2012 as a Private Limited Company under the Companies Act, 1956. The registered office of the Company is located at Office-2, Floor 5, Wing A, Block A, Salarpuria Softzone, Service road, Green Glen Layout, Bellandur, Bengaluru, Karnataka, India - 560103. The Company became a subsidiary of FIT Holdings S.A.R.L. ("immediate holding company") with effect from December 23, 2022 (refer note 8) and Walmart Inc. continues to be the ultimate holding company. The Company is involved in the business of a) operating payment system for semi-closed prepaid instruments services in India vide Reserve Bank India (RBI) Certificate of Authorization No. 98/2016 b) online payment facilitating services through UPI, debit cards, credit cards, c) provision of allied services associated with PhonePe application and d) operating as Bharat Bill Payment Operating Unit vide Certificate of Authorization No. 148/2022. The services are provided to customers through PhonePe application.

These Standalone Ind-AS Financial Statements were authorized for issue by the Board of Directors of the Company on July 17, 2024.

2. Summary of material accounting policies

2.1 Basis of preparation of financial information and statement of compliance

These Standalone Ind-AS Financial Statements 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), as applicable to these Standalone Ind-AS Financial Statements.

These Standalone Ind-AS Financial Statements have been prepared under the historical cost convention on the accrual basis, except for certain items measured at fair value, as explained in the accounting policies below.

These Standalone Ind-AS Financial Statements are presented in Indian Rupees (Rs.) and all values in the tables are reported in Crores of Indian rupees (Rupees in Crores) except share data, unless otherwise stated. Certain notes and disclosures in the Standalone Ind-AS Financial Statements have been represented as Zero ("0"), where the absolute amount is below the rounding off norms adopted by the Company.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The Company has prepared these Standalone Ind-AS Financial Statements on the basis that it will continue to operate as a going concern.

2.2 Business Combination

Common control transactions
Business combinations involving entities or businesses under common control shall be accounted for using the pooling of interest method. Assets and liabilities of the combining entities are reflected at their carrying amounts and no new asset or liability is recognised. Identity of reserves of the transferor company is preserved by reflecting them in the same form in the Standalone Ind-AS Financial Statements in which they appeared in the financial statements of the transferor company.
The financial information in the financial statements in respect of prior periods is restated from the beginning of the preceding period in the Standalone Ind-AS Financial Statements if the business combination date is prior to that date. However, if business combination date is after that date, the financial information in the Standalone Ind-AS Financial Statements is restated from the date of business combination.

The gain/loss on common control transactions is recognised in the other equity under Capital reserve.

Investment in subsidiaries and associate
The Company accounts for its equity investments in subsidiaries and associate at cost less accumulated impairment, if any.

2.3 Functional and foreign currency

Functional and presentation currency
The functional currency of the Company is determined on the basis of the primary economic environment in which it operates. The presentation currency of the Company is determined as Indian Rupees (₹) or Rs.

Transactions and balances
At each Balance Sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency at the rates prevailing at the Balance Sheet date. Exchange differences are recognised in the Standalone Statement of Profit and Loss in the period in which they arise.

Non-monetary items that are measured in historical cost in a foreign currency are translated using the spot exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

2.4(i) Property, plant and equipment

(a) Recognition and measurement

All items of property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment loss, if any. Costs include expenditure directly attributable to acquisition of assets. The cost of an item of property, plant and equipment is recognised as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in Standalone Statement of Profit and Loss as incurred. Any subsequent cost incurred is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied.

(b) Depreciation

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use. Leasehold improvements are amortised over the estimated useful life or the lease period, whichever is lower. Depreciation is not recorded on capital work-in-progress and installation are complete and the asset is ready for its intended use.

Reviews are made annually of the estimated remaining lives and depreciation method of individual assets, taking account of commercial and technological obsolescence as well as normal wear and tear. The estimated useful lives of material assets are as follows:

Category of assets	Estimated useful life
Computers	3 years
Electronic Data Capture machines (included under "Computers")	3 years
Computer servers (included under "Computers")	5 years
Smart speakers (included under "Computers")	1.5 years
Others	5 years

The Company, based on technical evaluation done by management's expert, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Act. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in the Standalone Statement of Profit and Loss in the year the asset is derecognised and are presented as adjustments in the note to Property, plant and equipment in these Standalone Ind-AS Financial Statements.

2.4(ii) Capital advances and Capital work-in-progress

Advances paid towards the acquisition of property, plant and equipment outstanding at each Standalone Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not ready to use before such date are disclosed under 'Capital work-in-progress', net of accumulated impairment loss, if any.

2.5 Goodwill and other intangible assets

Goodwill

Goodwill is initially measured at cost (excess of the purchase price over the fair value of the identifiable assets and liabilities acquired in a business combination). If the fair value of net assets acquired is in excess of aggregate consideration transferred, the bargain purchase gain is recognized immediately in Other Comprehensive Income (OCI) and accumulated in equity as capital reserve.

Goodwill is subsequently measured at cost less amounts provided for impairment. Goodwill acquired in a business combination is assessed to determine whether new cash generating units (CGUs) are created, and if not, is allocated to the existing CGUs. These might not always be the same as the CGUs that include the assets and liabilities of the acquired business.

Cash generating units

For the purpose of impairment testing, assets are grouped in cash generating units (CGUs). A CGU is identified as the lowest aggregation of assets that generate largely independent cash inflows, and which is looked at by management for monitoring and managing the business.

Other intangible assets

Separately purchased intangible assets are initially measured at cost, being the purchase price as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and impairment loss, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Standalone Statement of Profit and Loss when it is incurred. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate.

The useful lives of the material intangible assets assessed by the management are as follows and these amortized on a straight line basis over the period of the assets:

Category of assets	Estimated useful life
Computer software	1-3 years
Intellectual property rights	3 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

2.6 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 instruments in the form of financial assets and financial liabilities are generally presented separately. Financial instruments are recognized on the Standalone Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Upon initial recognition, financial instruments are measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognized in determining the carrying amount, if it is not classified as at Fair Value through profit and loss. Subsequently, financial instruments are measured according to the category in which they are classified.

Financial assets are classified into following categories:
- Financial assets carried at amortised cost
- Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)
- Financial assets at Fair Value Through profit and loss (FVTPL)

Financial liabilities are classified into financial liabilities at amortized cost and other financial liabilities.

Financial assets
Financial assets primarily comprise of trade receivables, loan and receivables, cash and bank balances and marketable securities and investments.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Trade and other receivables

In accordance with Ind-AS 109 para 5.1.3, at initial recognition, an entity measures trade receivables at their transaction price (as defined in Ind-AS 115) if the trade receivables do not contain a significant financing component. The Company holds the Trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less any impairment.

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it meets both the following criteria:
(i) the asset is held within a business model whose objective is to hold the asset to collect contractual cash flows, and
(ii) the contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Standalone Statement of profit and loss. The losses arising from impairment are recognised in the Standalone Statement of profit and loss. The Company's financial assets at amortised cost includes trade receivables, investments in non-convertible debentures and investments in commercial paper included under other current and non-current financial assets.

Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI):

A financial asset is subsequently measured at FVTOCI if it meets both of the following criteria:

(i) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
(ii) the contractual terms of the financial asset give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in OCI. The classification is determined on an instrument-by-instrument basis. For Financial assets at FVTOCI, all fair value changes in the instruments excluding dividends, are recognised in OCI and is never recycled to the Standalone Statement of Profit and Loss, even on sale of the instrument. Interest income earned on FVTOCI instruments are recognised in the Standalone Statement of Profit and Loss. Dividends are recognised as other income in the Statement of Profit and Loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at Fair Value Through profit and loss (FVTPL) :
A financial asset which does not meet the amortised cost or FVTOCI criteria is measured as FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or loss on re-measurement recognised in the Statement of Profit and Loss. The gain or loss on disposal is recognised in Standalone Statement of Profit and Loss. Interest income earned on FVTPL instruments are recognised in the Statement of Profit and Loss.

Financial liabilities
Financial liabilities primarily include trade payables, lease liabilities and other liabilities are measured at fair value on initial recognition.

Financial liabilities measured at amortized cost
After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method, except for contingent considerations recognized in a business combination which is subsequently measured at FVTPL. For trade and other payables, the carrying amounts approximate fair value due to the short term maturity of these instruments.

Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

De-recognition of financial assets and liabilities

Financial assets
The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.
On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in Standalone Statement of Profit and Loss. In addition, on de-recognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to Standalone Statement of profit and loss. In contrast, on de-recognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to the Standalone Statement of Profit and Loss, but is transferred to retained earnings.

Financial liabilities
The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the Standalone Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Impairment

Financial assets

Ind-AS 109 requires the Company to record expected credit loss on all of its debt securities, loans and receivables, either on a 12-month or life time expected credit loss. The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Loss allowance for trade receivable with no significant financing component is measured at an amount equal to life time ECL. For all other financial assets, ECL are measured at an amount equal to 12-month ECL, unless there is a significant increase in the credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit loss (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in Standalone Statement of Profit and Loss.

Non - financial assets
The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and intangible assets with indefinite economic lives are tested for impairment annually and at other times when such indicators exist.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to dispose and its value in use and 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. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment loss are recognised in profit and loss in those expense categories consistent with the nature of the impaired asset. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions, and highly liquid investments with maturities of three months or less when acquired and subject to an insignificant risk of changes in value. They are readily convertible into known amounts of cash and are held at amortised cost, where they meet the hold to collect ‘solely payments of principal and interest’ test criteria under Ind-AS 109. Those not meeting these criteria are held at fair value through profit and loss.

2.9 Restricted cash

Cash that is restricted as to withdrawal for use or pledged as security is reported separately under other assets, and is not included in the total cash and cash equivalents in the statements of cash flows and cash and cash equivalents in the Standalone Balance Sheet. The Company’s restricted cash mainly represents (a) amounts underlying customer wallet balances held in escrow bank account and (b) the secured deposits held in designated bank accounts for which Bank Guarantee/Letter of Credit/Buyer Credit/ Overdraft facility has been issued/utilized.

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
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2.10 Provisions

Provisions are liabilities of uncertain timing or amount. A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at management's best estimate of the most likely outcome of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. Provisions are classified as non-current where the exact timing of settlement is uncertain but they are expected to be settled in more than 12 months.

2.11 Employee benefits

Defined benefit plan

In accordance with applicable laws in India, the Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") for every employee who has completed 5 years or more of service on separation at 15 days salary (last drawn salary) for each completed year of service. The Gratuity Plan provides for a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment based on last drawn salary and tenure of employment with the Company. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date using projected unit credit method. The gratuity scheme is not funded.

The operating and financing costs of such plans are recognised separately; current service costs are spread systematically over the period of rendered service and financing costs are recognised in full in the periods in which they arise. Remeasurements of the net defined benefit liability, including actuarial gains and losses, are recognised immediately in Other comprehensive income.

Defined contribution plan

The Company makes contributions to the Provident Fund scheme, a defined contribution plan. These contributions are deposited with Government administered fund and recognised as an expense in the period in which the related service is performed. There is no further obligation of the Company on this defined contribution plan.

Compensated absences

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/loss are immediately taken to the Standalone Statement of Profit and Loss and are not deferred. The Company presents the entire leave as a current liability in the Standalone Balance Sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Share based payments

Equity-settled transactions:

The fair value of employee share option plans, which are equity-settled, is calculated at the grant date using the Finnerty model. The resulting cost is charged to the Standalone Statement of Profit and Loss over the vesting period. The value of the charge is adjusted to reflect expected and actual levels of vesting.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee.

Cash-settled transactions:

The fair value of employee share option plans, which are cash-settled, is calculated at the grant date fair value. At the end of each reporting period until the liability is settled and at the date of settlement, the fair value of the liability is re-measured, with any changes in the fair value recognised in 'Employee benefits expense' in the Standalone Statement of Profit and Loss for the year. The liability is presented as employee benefit obligation, under Financial Liability, in the Standalone Balance Sheet.

Cash outflows relating to the cash-settled plan are recognised within operating activities, as they relate to employee remuneration.

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Phonepe Private Limited
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All amounts are Rs. in Crores, unless otherwise stated

2.12 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 to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The right of use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; and initial direct costs;. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is tested for impairment if there are any indicators of impairment.

ii) Lease liabilities
The lease liability is measured at the present value of the lease payments, discounted at the lessee's incremental borrowing rate specific to the term, country, currency and start date of the lease. Lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; the exercise price under a purchase option if the Company is reasonably certain to exercise; penalties for early termination if the lease term reflects the Company exercising a break option; and payments in an optional renewal period if the Company is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate, or change in the Company's assessment of whether

iii) Short-term leases and leases of low-value assets
The Company has elected not to recognise right-of-use assets and liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.13 Revenue from contracts with customers

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services.

Revenues in excess of invoicing, which are dependent upon both performance and passage of time, are classified as contract assets. Such assets are classified as unbilled receivables when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.
Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Company presents revenue net of applicable taxes in the Standalone Statement of Profit and Loss.

The following is a description of principal activities from which the Company generates its revenue:

(a) Sale of services

(i) Payments and allied services

Revenue from processing payment transactions is based upon a fixed percentage/ amount applied to the transaction value or is determinable as per terms of the agreement with customers. Revenue is recognised in the period in which the related transactions occur. Revenue from allied services includes advertising services, deployment of POS devices recognised at a point in time and related subscription fee recognised over time. For advertising services, we use the output method and apply the practical expedient to recognize advertising revenue for the amount to which we have a right to invoice. Promotion and incentives provided to end users on wallet and payment platform are recognised as marketing expenses as the performance obligation of the Company is to provide payment processing service to merchants in exchange for commissions. Promotions and incentives which are consideration payable to a customer are recognised as a reduction of revenue at the later of when revenue is recognised or when the Company pays or promises to pay the incentive.

The Company recognises revenue on facilitation of electronic recharge transactions to the extent of net consideration it expects to receive on such transactions.

(ii) Other operating revenue

Government grants are recognised where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with.
A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in profit or loss of the period in which it becomes receivable.
Such grant income is presented as other operating revenue, under revenue from operations, in the Standalone Statement of Profit and Loss.

Phonepe Private Limited
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All amounts are Rs. in Crores, unless otherwise stated

(b) Finance and other income

Interest income is recognised using the effective interest method. Effective interest is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the Standalone Statement of Profit and Loss. Finance and other income comprises of interest income on fixed deposits, escrow account for wallet operations and changes in fair value and gains/(loss) on disposal of financial instruments classified as FVTPL.

2.14 Marketing expenses

The Company provides incentives to its users in various forms including cashback. These are provided to users to promote PhonePe application and enhance participation in the platform for various use cases. Incentives and promotion benefits given to its end users, other than customer consideration are recorded as marketing expenses under Other expenses.

2.15 Finance cost

Finance cost comprises of interest on lease liabilities, interest on dues to micro and small enterprises and interest on borrowings.

2.16 Income Tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the Standalone Statement of Profit and Loss except to the extent it relates to a business combination, or items directly recognized in equity or in OCI.

Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

Current income tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in OCI or equity). Current tax items are recognized 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 it establishes provisions where appropriate.

Deferred tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in Standalone Ind-AS Financial Statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction. Deferred income tax assets are recognized to the extent 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 loss can be utilized.

The carrying amount of deferred income tax assets is 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 income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting period.

Deferred tax relating to items recognised outside Standalone Statement of Profit and Loss are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority, where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

2.17 Fair value measurement

A number of financial instruments are measured at fair value as of each reporting date after initial recognition. 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 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 by using quoted market rates, discounted cash flow analyses and other appropriate valuation models. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair values are being measured or disclosed in the Standalone Ind-AS Financial Statements are categorized within the fair value hierarchy, described as follows:

• Level 1– This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of mutual fund investments.

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

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

Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

2.18 Contingencies

Contingent Liability:

Contingent liabilities are possible obligations whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Company's control, or present obligations that are not recognised because it is not probable that a settlement will be required or the value of such a payment cannot be reliably estimated. The Company does not recognise contingent liabilities but discloses them.

Contingent Asset:
A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

2.19 Earnings per share
Basic earnings per share is computed by dividing the profit/(loss) attributable to ordinary equity holders of the Company by weighted average number of equity shares outstanding during the period, if any. Diluted earnings per share is computed by dividing the profit/(loss) attributable to ordinary equity holders of the Company using the weighted-average number of equity shares considered for deriving basic earnings per share and weighted average number of dilutive equivalent shares outstanding during the period, except where the results would be anti-dilutive. Dilutive potential shares are deemed converted at the beginning of the period, unless issued at later date.

2.20 Current and non-current classification

The Company prepares assets and liabilities in the statement of financial position based on current and non-current classification. An asset is classified as current when:

- It is expected to be realise the asset, or intends to sell or consume it, in Company's normal operating cycle
- It holds the asset primarily for the purpose of trading
- It expects to realise the asset within twelve months after the reporting period or
- The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the 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 Company classifies all other liabilities as non-current.

2A . Critical accounting estimates and judgements

The preparation of the Company's Standalone Ind-AS Financial Statements in conformity with Ind-AS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities at the reporting period. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. 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 Standalone Ind-AS Financial Statements are included in the following notes:

(a) Impairment of non-financial assets
The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.
Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

(b) Employees benefits plan
The cost of defined benefit pensions and other post retirement plans as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, expected rates of return of assets, future salary increase, mortality rates and future pension increases.

(c) Employee share options
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 23 to the Standalone Ind-AS Financial Statements.

Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

2B Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

3(i) Property, plant and equipment

	Computers	Leasehold improvements	Others*	Total
At cost				
As at April 1, 2022	**988**	**9**	**6**	**1,003**
Additions	1,433	-	7	1,440
Assets written off	(2)	-	-	(2)
Disposals/ adjustments	(7)	-	-	(7)
As at March 31, 2023	**2,412**	**9**	**13**	**2,434**
Additions	1,275	4	3	1,282
Assets written off	(9)	-	-	(9)
Disposals/ adjustments	(3)	(0)	(0)	(3)
As at March 31, 2024	**3,675**	**12**	**16**	**3,703**
Accumulated depreciation				
As at April 1, 2022	**362**	**6**	**2**	**370**
Charge for the year	423	2	2	427
Assets written off	(1)	-	-	(1)
Disposals/ adjustments	(5)	-	-	(5)
As at March 31, 2023	**779**	**8**	**4**	**791**
Charge for the year	897	1	3	901
Assets written off	(6)	-	-	(6)
Disposals/ adjustments **	7	(0)	(0)	6
As at March 31, 2024	**1,677**	**9**	**6**	**1,692**
Net Block				
As at March 31, 2023	**1,633**	**1**	**9**	**1,643**
As at March 31, 2024	**1,998**	**3**	**10**	**2,011**

* Others includes office equipments, furnitures and fixtures and electrical installations.

** Includes provision on smart speakers.

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

3(ii) Capital work-in-progress

	As at March 31, 2024	As at March 31, 2023
Capital work-in progress	83	269
Total	**83**	**269**

Capital work-in-progress (CWIP) ageing schedule

As at March 31, 2024

	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	3-4 years	Total
Projects in progress	83	-	-	-	83
	83	**-**	**-**	**-**	**83**

As at March 31, 2023

	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	3-4 years	Total
Projects in progress	269	-	-	-	269
	269	**-**	**-**	**-**	**269**

As at March 31, 2024 and March 31, 2023, there are no projects/ CWIP assets which are overdue for capitalisation/ have exceeded estimated cost.

4. Goodwill and Other intangible assets*

	Computer software	Intellectual property rights	Total	Goodwill	Grand total
At cost					
As at April 1, 2022	**8**	**26**	**34**	**16**	**50**
Additions	0	-	0	-	0
Disposals	-	-	-	-	-
As at March 31, 2023	**8**	**26**	**34**	**16**	**50**
Additions (refer note 6(iv))	0	216	216	-	216
Disposals	-	(214)	(214)	-	(214)
As at March 31, 2024	**8**	**28**	**36**	**16**	**52**
Accumulated amortisation and impairment					
As at April 1, 2022	**6**	**26**	**32**	**-**	**32**
Charge for the year	2	-	2	-	2
Disposals	-	-	-	-	-
As at March 31, 2023	**8**	**26**	**34**	**-**	**34**
Charge for the year	0	22	22	-	22
Disposals	-	(21)	(21)	-	(21)
As at March 31, 2024	**8**	**27**	**35**	**-**	**35**
Net Block					
As at March 31, 2023	**0**	**-**	**0**	**16**	**16**
As at March 31, 2024	**-**	**1**	**1**	**16**	**17**

* The management has identified the Company as a whole as one CGU.

Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

4. Goodwill and other intangible assets (Contd.)

Key assumptions which the Company has used in determination of value in use includes:

Value in use calculation:
The recoverable amount of the CGUs as at March 31, 2024, have been determined based on value in use using cash flow projections from financial budgets approved by senior management covering a five year period and cash flow projections has been extrapolated for the next 21 years based on the estimated cash flows of initial 5 years. The Company has considered a terminal growth rate of 5% to arrive at the value in use to perpetuity beyond 20 years. The post-tax discount rate is applied to cash flow projections for impairment testing during the financial years. It is concluded that the carrying value of goodwill does not exceed the value in use. As a result of this analysis, the management concluded that impairment is not required for these CGUs.

Discount rates:
Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation of each CGU is derived from its Weighted Average Cost of Capital (WACC).

Growth rate estimates:
Growth rate is based on the Company's projection of business and growth of the industry in which the respective CGU is operating.

Assumptions	**For the year ended March 31, 2024**	**For the year ended March 31, 2023**
Long term growth rate	5%	5%
Discount rate	19%	19%

An analysis of the calculation's sensitivity to a change in the key parameters (discount rate and long-term growth rate) based on reasonably probable assumptions, did not identify any probable scenarios where the remaining CGU's recoverable amount would fall below its carrying amount.

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

5. Right-of-use assets

The changes in the carrying value of Right-of-use assets (RoU) are as follows:

	Buildings	Data Centers	Motor vehicles	Total RoU Assets
Gross carrying value at cost				
As at April 1, 2022	**136**	**20**	**0**	**156**
Additions	150	122	-	272
Disposals/ adjustments	(1)	(0)	-	(1)
As at March 31, 2023	**285**	**142**	**0**	**427**
Additions	58	84	-	142
Disposals/ adjustments	(5)	-	-	(5)
As at March 31, 2024	**338**	**226**	**0**	**564**
Accumulated amortisation				
As at April 1, 2022	**37**	**1**	**0**	**38**
Charge for the year	41	28	-	69
Disposals/ adjustments	(1)	(0)	-	(1)
As at March 31, 2023	**77**	**29**	**0**	**106**
Charge for the year	63	42	-	105
Disposals/ adjustments	(5)	-	-	(5)
As at March 31, 2024	**135**	**71**	**0**	**206**
Net carrying value				
As at March 31, 2023	**208**	**113**	**-**	**321**
As at March 31, 2024	**203**	**155**	**-**	**358**

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

6. Financial assets

(i) Investments	Non-current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
At amortised cost				
Investment in non-convertible debentures (quoted)	-	-	-	15
Investment in commercial papers (quoted)	-	-	1,110	3,136
Sub-total (a)	**-**	**-**	**1,110**	**3,151**
At fair value (through OCI)				
Investment in equity shares (unquoted)				
National Payments Corporation of India fully paid equity shares 61,320 (March 31, 2023 - 61,320)	15	12	-	-
Sub-total (b)	**15**	**12**	**-**	**-**
At fair value (through profit and loss)				
Investment in liquid mutual funds (quoted)	-	-	-	1,298
Sub-total (c)	**-**	**-**	**-**	**1,298**
At cost				
Investment in wholly-owned subsidiaries (fully paid) (unquoted)				
Phonepe Technology Services Private Limited 2,95,00,000 equity shares of Rs. 10 each (March 31, 2023 - 45,00,000 equity shares of Rs. 10 each)	30	4	-	-
Phonepe Insurance Broking Services Private Limited 1,06,30,00,000 equity shares of Rs. 10 each (March 31, 2023 - 83,70,00,000 equity shares of Rs. 10 each)	1,063	837	-	-
Phonepe Wealth Broking Private Limited 70,01,50,000 equity shares of Rs. 10 each (March 31, 2023 - 49,31,50,000 equity shares of Rs. 10 each)	700	493	-	-
Pincode Shopping Solutions Private Limited (formerly known as 'Phonepe Shopping Solutions Private Limited' and 'Phonepe Payment Technology Services Private Limited') 9,99,00,000 equity shares of Rs. 10 each (March 31, 2023 - 99,00,000 equity shares of Rs. 10 each)	99	10	-	-
Phonepe Finance Private Limited 1,49,00,000 equity shares of Rs. 10 each (March 31, 2023 - 1,49,00,000 equity shares of Rs. 10 each)	15	15	-	-
Phonepe Lending Services Private Limited (formerly known as 'Explorium Innovative Technologies Private Limited' and 'Phonepe Credit Services Private Limited') 11,780 equity shares of face value of Rs. 10 each (March 31, 2023 - 11,780 equity shares of Rs. 10 each)	76	76	-	-
Indus Appstore Singapore Pte. Ltd. (formerly known as 'OSLabs Pte. Ltd.') 21,55,502 equity shares (March 31, 2023 - 21,55,502)	762	762	-	-
Sub-total (d)	**2,745**	**2,197**	**-**	**-**
Investment in associate (quoted)				
C.E. Info Systems Ltd 1,01,97,966 equity shares of face value of Rs. 2 each (March 31, 2023 - 1,01,97,966 of face value of Rs. 2 each)	97	97	-	-
Sub-total (e)				
Total - (a)+(b)+(c)+(d)+(e)	**2,857**	**2,306**	**1,110**	**4,449**

Set out below is the aggregate amount of quoted and unquoted investments disclosed above:

Book value of quoted investments	97	97	1,110	4,449
Market value of quoted investments	1,901	1,012	1,108	4,448
Unquoted investments	2,760	2,209	-	-

Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

6. Financial assets (Contd.)

(ii) Trade receivables

	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good*	474	195
Unsecured, credit impaired	52	30
	526	**225**
Allowance for impairment of trade receivables	(52)	(30)
Total	**474**	**195**

Set out below is the movement in the allowance for impairment of trade receivables:

	As at March 31, 2024	As at March 31, 2023
Opening balance	(30)	(34)
Provision made during the year	(37)	(15)
Provision reversed during the year	15	19
Write-off	0	0
Closing balance	**(52)**	**(30)**

Trade receivables are non-interest bearing and are generally due on a defined credit period. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

*includes receivables from related parties (refer note 19).

Trade receivables Ageing Schedule

As at March 31, 2024

		Outstanding for following periods from due date of payment					
	Current but not due	Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	418	56	-	-	-	-	474
Undisputed Trade receivables – credit impaired	10	19	13	8	1	1	52
	428	**75**	**13**	**8**	**1**	**1**	**526**

As at March 31, 2023

		Outstanding for following periods from due date of payment					
	Current but not due	Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	115	80	0	-	-	-	195
Undisputed Trade receivables – credit impaired	12	6	4	7	1	0	30
	127	**86**	**4**	**7**	**1**	**0**	**225**

Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

6. Financial assets (Contd.)

(iii) Cash and cash equivalents and Bank balances

	As at March 31, 2024	As at March 31, 2023
a) Cash and cash equivalents		
Balance with banks	695	100
Short term deposits *	4	504
Total	**699**	**604**

* The deposits with bank comprise time deposits, which can be withdrawn at any time with prior notice (ranging from 0 - 31 days) and without any penalty on the principal and accordingly considered as cash and cash equivalents for cash flow purposes.

	As at March 31, 2024	As at March 31, 2023
Cash and cash equivalents as per Ind-AS 7 (Statement of cash flows)	699	604
b) Bank balances other than Cash and cash equivalents		
Short term deposits *	3,572	373
	3,572	**373**

* Represents deposits with original maturity of more than 3 months, having remaining maturity of less than 12 months from the reporting date.

(iv) Loans

	Current	
	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Loans to employees	4	5
Intercorporate loans - related parties (refer note 19)	626	53
Secured, considered good		
Intercorporate loans - others	-	148
Secured, credit impaired		
Intercorporate loans - others	-	8
	630	**214**
Allowance for impairment	-	(8)
Total	**630**	**206**

Disclosure required under Section 186(4) of the Companies Act, 2013

Included in loans are certain intercorporate loans the particulars of which are disclosed below as required by Section 186(4) of the Companies Act, 2013:

Name of the loanee	Rate of Interest	Due date	Secured/ unsecured	As at March 31, 2024	As at March 31, 2023
Camden Town Technologies Private Limited #	16.4% p.a.	On demand	Secured	-	156
Indus Appstore Private Limited (refer note 19) * (formerly known as 'OSLabs Technology (India) Private Limited')	7.8% p.a.	On demand	Unsecured	302	53
Phonepe Lending Services Private Limited (refer note 19) * (formerly known as 'Phonepe Credit Services Private Limited' and 'Explorium Innovative Technologies Private Limited')	7.8% p.a.	On demand	Unsecured	324	-

* The loans will be utilized for meeting liabilities and/ working capital requirements by recipients. The maximum amount outstanding for the above mentioned loans at any point of time during the current and previous financial year are equivalent to the outstanding balance as at the respective year end.

Camden Town Technologies Private Limited had given first charge over its trademarks and copy right works against the above loan. The loan was fully adjusted against the purchase consideration of the intangible asset.

Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

(v) Other financial assets

	Non-current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good				
Interest accrued on fixed deposits and loans	-	-	259	4
Restricted cash [refer note 6(v)(a) below]	1	0	334	331
Other receivables [refer note 6(v)(b) below]	-	-	183	267
Unwithdrawn commission [refer note 6(v)(c) below]	-	-	406	255
Security deposits	42	31	6	4
Unsecured, credit impaired				
Security deposits	-	-	-	0
Other receivables	-	-	26	15
	43	**31**	**1,214**	**876**
Allowance for impairment of doubtful assets	-	-	(26)	(15)
Total	**43**	**31**	**1,188**	**861**

(v)(a) Restricted cash (current) above consists of Rs. 334 (March 31, 2023: Rs. 331) in escrow account for wallet operations and fixed deposits amounting to Rs. 1 (March 31, 2023 : Rs. 0) given as collateral against bank guarantees.

(v)(b) includes receivables from related parties (refer note 19).

(v)(c) The Company holds nodal account balances for transactions processed through payment gateway services and/ or unified payment interface, as applicable, which are required by the Reserve Bank of India (RBI). The nodal bank account is an internal account of the bank. The Company does not have the ability to withdraw funds from the nodal accounts except for limited purposes as defined in the circular given by the RBI. Further, the Company cannot create a lien on the nodal accounts and acts merely as an administrator. The Company does not have an obligation to pay to the counterparty for amounts held in the said nodal accounts and hence, the amount does not represent an asset or liability for the Company. The balance held in such nodal accounts include commission attributable to the Company. As at the year end, the commission to be withdrawn is disclosed under other financial assets in the Standalone Ind-AS Financial Statements.

7. Other assets

	Non-current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good				
Advances to vendors [net of provision Rs. 1 (March 31, 2023 : Rs. 0)]	-	-	355	215
Capital advances	11	46	-	-
Balances with statutory authorities * # [net of provision Rs. 8 (March 31, 2023 : Rs. 2)]	2	11	750	909
Prepaid expenses	20	22	104	79
Income tax receivables (net)	54	41	-	-
Total	**87**	**120**	**1,209**	**1,203**

*Balances with statutory authorities includes Goods and Services tax (GST) input credit, including GST paid on gross value of electronic recharge transactions. The Company recognises revenue on facilitation of electronic recharge transactions to the extent of net consideration it expects to receive on such transactions.

Includes Rs. 2 (March 31, 2023 : Nil) paid under protest on account of Central Goods and Services Tax Act, 2017.

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

8. Equity share capital

	As at March 31, 2024	As at March 31, 2023
Authorized share capital		
10,00,00,000 (March 31, 2023: 10,00,00,000) equity shares of Rs.10 each	100	100
Issued, subscribed and fully paid-up share capital		
4,42,74,361 (March 31, 2023: 4,34,53,661) equity shares of Rs.10 each	44	43
Total issued, subscribed and fully paid-up share capital	**44**	**43**

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	As at March 31, 2024		As at March 31, 2023	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs. 10 each fully paid up				
At the beginning of the year	43,453,661	43	40,386,345	40
Issued during the year	820,700	1	3,067,316	3
Outstanding at the end of the year	**44,274,361**	**44**	**43,453,661**	**43**

c. Terms and rights attached to equity shares

The Company has only one class of equity share having par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the 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 shareholders. The Company declares and pays dividends in Indian rupees, if any. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

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

	As at March 31, 2024		As at March 31, 2023	
	No. of shares	% holding	No. of shares	% holding
Equity shares of Rs.10 each fully paid up				
FIT Holdings S.A.R.L.	37,151,789	83.91%	37,151,789	85.50%
Headstand Pte. Ltd. (Formerly 'Phonepe Private Limited') (incorporated in Singapore) ("Headstand Pte. Ltd.")	2,966,664	6.70%	2,966,664	6.83%
General Atlantic Singapore PPIL Pte. Ltd.	2,275,528	5.14%	1,454,828	3.35%

As per the records of the Company, including its register of shareholders / members and other declarations received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

e. Shares reserved for issue under share based options

Refer note 22 for details of shares reserved for issue under share based options.

f. Shares held by holding/ intermediate holding company/ ultimate holding company/ fellow subsidiary

	As at March 31, 2024	As at March 31, 2023
FIT Holdings S.A.R.L. 37,151,789 (March 31, 2023: 37,151,789) equity shares of Rs.10 each	37	37
Headstand Pte. Ltd. (Refer note 8d above and note 19) Nil (March 31, 2023: 2,966,664) equity shares of Rs.10 each	-	3

g. Details of shares held by promoters

As at March 31, 2024

Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares	% change during the year
FIT Holdings S.A.R.L. (refer note 8(d) above) [Subsidiary of Walmart Inc. (ultimate holding company)]	37,151,789	-	37,151,789	83.91%	0%
Total	**37,151,789**	**-**	**37,151,789**	**83.91%**	**100%**

As at March 31, 2023

Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares	% change during the year
FIT Holdings S.A.R.L. (refer note 8(d) above) [Subsidiary of Walmart Inc. (ultimate holding company)]	-	37,151,789	37,151,789	85.50%	100%
Total	**-**	**37,151,789**	**37,151,789**	**85.50%**	**100%**

Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

9. Financial liabilities

(i) Trade payables

	As at March 31, 2024	As at March 31, 2023
Trade payables	115	73
Accrued liabilities	342	2,308
Total	**457**	**2,381**

Dues to suppliers who are registered as micro and small enterprises under "The Micro, Small and Medium and Enterprises Development Act, 2006 (MSMED Act)" as at March 31, 2024 is Rs. 6 (March 31, 2023: Rs. 3).

Trade payables and accrued liabilities include amounts payable to related parties (refer note 19).

Trade payables are non-interest bearing and are normally settled basis the agreed credit terms.

Trade payables ageing schedule

As at March 31, 2024	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	5	1	0	0	0	6
Total outstanding dues of creditors other than micro enterprises and small enterprises	80	27	2	-	-	109
Total	**85**	**28**	**2**	**0**	**0**	**115**

As at March 31, 2023	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	2	1	-	-	-	3
Total outstanding dues of creditors other than micro enterprises and small enterprises	64	6	0	0	0	70
Total	**66**	**7**	**0**	**0**	**0**	**73**

Details relating to Outstanding dues to Micro and Small Enterprises

	As at March 31, 2024	As at March 31, 2023
(a) the principal amount remaining unpaid to any supplier at the end of the accounting year	5	2
(b) the interest due thereon remaining unpaid to any supplier at the end of the accounting year	1	0
(c) the amount of interest paid in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) (MSMED Act), along with the amount of the payment made to the supplier beyond the appointed day during the acocunting year	-	-
(d) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(e) the amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(f) the amount of further interest remaining due and payable even in the succeeding years, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act	0	0
Total	**6**	**3**

Micro and Small enterprises have been identified by the Company on the basis of the information available.

Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
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(ii) Lease liabilities

	Non current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Lease liabilities	266	256	111	74
Total	**266**	**256**	**111**	**74**

The Company leases buildings including data centres which have a renewal option in the normal course of the business. Extension and termination options are included in such leases across the Company. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor. The Company assesses at the time of lease commencement whether it is reasonably certain to exercise the extension or termination option. The Company re-assesses whether it is reasonably certain to exercise options if there is a significant event or significant change in circumstances within its control.

Possible future cash outflows amounting to Rs. 139 (March 31, 2023: Rs. 78) were not included in lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated). Leases that the Company has entered into as a lessee but that have not yet commenced result in possible future payment outflows totalling Rs. 1 (March 31, 2023: Nil).

The maturity analysis of lease liabilities are disclosed in note 24.

The following are the amounts recognized in the Standalone Statement of Profit and Loss:

	For the year March 31, 2024	For the year March 31, 2023
Interest on lease liabilities (refer note 16)	30	19
Amortization of right-of-use assets (refer note 17)	105	69
Expenses relating to short-term leases (refer note 18)	11	8
Variable lease payments not included in the measurement of lease liabilities (refer note 18)	7	4

(iii) Other financial liabilities

	Current	
	As at March 31, 2024	As at March 31, 2023
Payable towards wallet balances	294	296
Capital creditors *	218	423
Other liabilities	160	41
Total	**672**	**760**

* Dues to suppliers who are registered as micro and small enterprises under "The Micro, Small and Medium and Enterprises Development Act, 2006 (MSMED Act)" as at March 31, 2024 is Rs. 10 (March 31, 2023: Rs. 0).

10. Other current liabilities

	As at March 31, 2024	As at March 31, 2023
Payable to statutory authorities*	534	470
Deferred Revenue**	26	-
Total	**560**	**470**

* Payable to statutory authorities includes GST obligation, including GST on gross value of electronic recharge transactions carried out through PhonePe platform. The Company recognises revenue on facilitation of electronic recharge transactions to the extent of net consideration it expects to receive on such transactions.

** Changes in deferred revenue are as follows:

	Year ended March 31, 2024	Year ended March 31, 2023
Balance as at the beginning of the year	-	-
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	26	-
Balance as at the end of the year	**26**	**-**

11. Provisions

	Non current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Provision for gratuity (refer note 20)	36	27	5	4
Provision for compensated absences	-	-	81	61
Share appreciation rights (refer note 22)	-	132	-	-
Total	**36**	**159**	**86**	**65**

Phonepe Private Limited
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12. Income tax

a) Reconciliation of tax expense and the accounting loss	**As at March 31, 2024**	**As at March 31, 2023**
Accounting loss before taxes	**(1,166)**	**(2,108)**
At India's statutory income tax rate of 25.17% (March 31, 2023 : 25.17%)	(293)	(531)
Adjustments:		
Deferred tax assets not recognised on tax loss and unabsorbed depreciation	361	526
Permanent differences	(7)	(1)
Deferred tax assets not recognised on timing differences	(60)	5
Deferred tax expense	**1**	**(1)**

b) Deferred tax liability (net)

	For the year ended March 31, 2024			
Particulars	**As at April 01, 2023**	**Recognised in the Standalone Statement of Profit and Loss**	**Recognised in Other Comprehensive Income**	**As at March 31, 2024**
Tax effect of items resulting in taxable temporary differences				
Property, plant and equipment and intangible assets	(77)	24	-	(53)
Right-of-use assets	(81)	(9)	-	(90)
Unrealised gain on investments	(2)	2	-	-
Investments in equity shares (unquoted) (at FVOCI)	(0)	-	(1)	(1)
Tax effect of items resulting in deductible temporary differences				
Carried forward loss allowed to be offset against future profits	78	(31)	-	48
Lease liabilities	81	14		95
Deferred tax asset /(liability)	**(0)**	**0**	**(1)**	**(1)**

	For the year ended March 31, 2023			
Particulars	**As at April 01, 2022 ***	**Recognised in the Standalone Statement of Profit and Loss**	**Recognised in Other Comprehensive Income**	**As at March 31, 2023**
Tax effect of items resulting in taxable temporary differences				
Property, plant and equipment and intangible assets	(49)	(28)	-	(77)
Right-of-use assets	(30)	(51)	-	(81)
Unrealised gain on investments	(0)	(2)	-	(2)
Intangible assets acquired under business combinations	-		-	-
Investments in equity shares (unquoted) (at FVOCI)	-	-	(0)	(0)
Tax effect of items resulting in deductible temporary differences				
Carried forward loss allowed to be offset against future profits	49	29	-	78
Lease liabilities	30	51		81
Deferred tax asset /(liability)	**-**	**-**	**(0)**	**(0)**

* Ministry of Corporate Affairs ("MCA"), under the Companies (Indian Accounting Standards) Amendment Rules, 2023, issued an amendment to Ind-AS 12 Income Taxes related Assets and Liabilities arising from a Single Transaction such as leases and decommissioning obligations. This amendment is effective from the beginning of comparative period presented i.e. April 01, 2022. There is a change in Deferred tax component disclosure from net to gross for right to use assets and lease liabilities for the Group.

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
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12. Income tax (Contd.)

Under the Income-tax Act, 1961, unabsorbed business losses expire 8 years after the year in which they originate and unabsorbed depreciation can be carried forward indefinitely. Unrecognised deferred tax assets relate primarily to business losses, unabsorbed depreciation and temporary differences, if any, which do not qualify for recognition as per the applicable accounting standards. The Company has not recognised any deferred tax assets on the unabsorbed business losses and unabsorbed depreciation amounting to Rs.8,929 (March 31, 2023: Rs. 7,910) and Rs. 1,960 (March 31, 2023: Rs. 1,137) respectively. These unexpired business losses will expire based on the year of origination as follows:

For the year ended	Unabsorbed business loss
March 31, 2025	-
March 31, 2026	-
March 31, 2027	1,676
March 31, 2028	1,656
March 31, 2029	1,599
Thereafter	3,998
	8,929

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax loss is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent loss, the Company has recognised deferred tax asset only to the extent that it has sufficient taxable temporary differences or there are other evidences that sufficient taxable profit will be available against which such deferred tax asset can be realised.

c) Reflected in the Standalone Balance Sheet as follows:

	As at March 31, 2024	As at March 31, 2023
Deferred tax liability	(144)	(160)
Deferred tax assets	143	159
Deferred tax (liability)/ assets, net	**(1)**	**(1)**

d) Deferred tax liability relates to

	As at March 31, 2024	As at March 31, 2023
Investments in equity shares (unquoted) (at FVOCI)	1	0
Total	**1**	**0**

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

13. Revenue from operations	**As at March 31, 2024**	**As at March 31, 2023**
Payments and allied services [refer note 19]	4,833	2,720
Other services	7	-
	4,840	**2,720**
Other operating revenue [refer note 13 (i) below]	70	139
Total	**4,910**	**2,859**

(i) Other operating revenue includes the subsidy received by the Company in accordance with the circular issued by the Reserve Bank of India ("the Regulator") on qualifying expenditure incurred towards deployment of payment acceptance devices amounting to Rs. 70 (March 31, 2023 - Rs. 139).

(ii) Disaggregation of revenue
The Company primarily engages in payment services under which Phonepe users settle merchant payments using PhonePe Platform. In the below table, revenue from contracts with customers is disaggregated by categories of business operations.

Type of business operations	**As at March 31, 2024**	**As at March 31, 2023**
Payments and allied services	4,833	2,720
Other services	7	-
Total revenue from contracts with customers	**4,840**	**2,720**

Timing of revenue recognition	**As at March 31, 2024**	**As at March 31, 2023**
Services transferred at a point in time	4,432	2,720
Services transferred over a period of time	408	-
Total revenue from contracts with customers	**4,840**	**2,720**

(iii) Contract balances

Trade receivables [refer note 6(ii)]	474	195
Total contract balances	**474**	**195**

14. Finance and other income	**As at March 31, 2024**	**As at March 31, 2023**
Interest income on deposits	267	35
Interest, others (refer note 19)*	172	65
Foreign exchange gain (net)	151	-
Gain on sale of investments	53	30
Dividend income (refer note 19)	3	-
Unrealised gain on investments	-	9
Gain on sale of other intangible assets and property, plant and equipment (net)	22	1
Miscellaneous income (refer note 19)**	58	26
Total	**726**	**166**

* Interest, others includes interest income on financial assets carried at amortised cost amounting to Rs. 161 (March 31, 2023: Rs. 63).
** Includes an amount of compensation received, in the nature of insurance claims of Rs. 2 (March 31, 2023: Nil), for items of property, plant and equipment.

15. Employee benefits expense	**As at March 31, 2024**	**As at March 31, 2023**
Salaries, wages and bonus (refer note 19)	1,031	813
Contribution to provident and other funds	28	14
Gratuity (refer note 20)	13	10
Staff welfare	87	45
Share based payments (refer note 19 and 22)	1,876	1,914
Total	**3,035**	**2,796**

Phonepe Private Limited
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	As at March 31, 2024	As at March 31, 2023
16. Finance costs		
Interest expense on financial liabilities at amortised cost:		
- Interest on working capital demand loan	1	1
- Interest on lease liabilities [refer note 9(ii)]	30	19
- Interest, others	4	1
Total	**35**	**21**

	As at March 31, 2024	As at March 31, 2023
17. Depreciation and amortization expense		
Depreciation of property, plant and equipment (refer note 3(i))	901	426
Amortization of intangible assets (refer note 4)	22	2
Amortization of right-of-use assets (refer note 5)	105	69
Total	**1,028**	**497**

	As at March 31, 2024	As at March 31, 2023
18. Other expenses		
Advertisement & sales promotions (refer note 19)	476	362
Information technology infrastructure (refer note 19)	353	195
Subcontract expenses and customer support	335	298
License and service (refer note 19)	138	117
Travelling and logistics (refer note 19)	64	30
Bad debts written-off and provisions for doubtful debts and advances	35	13
Provision/ amount written off against property, plant and equipment	14	3
Legal and professional (refer note 19)	46	43
Repairs and maintenance	33	11
Rent (refer note 19)	18	17
Rates and taxes	10	1
Auditor's remuneration *	3	1
Electricity and water	7	5
Insurance	4	1
Foreign exchange loss (net)	-	91
Miscellaneous (refer note 19)	2	1
Total	**1,538**	**1,189**

	As at March 31, 2024	As at March 31, 2023
*** Auditor's remuneration**		
As auditor:		
Statutory audit fees	2	1
Tax audit fees	0	0
Limited reviews	1	-
In other capacity:		
Other services	0	0
Out of pocket expenses	0	0
Total	**3**	**1**

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

19. Related party disclosures

Names of related parties and related party relationship

a) Related parties where control exists

Relationship	**Name of the entity**	**Country of incorporation**
Ultimate holding company	Walmart Inc.	United States of America
Immediate holding company	FIT Holdings S.A.R.L. (w.e.f. December 23, 2022) Refer note 8	Luxembourg
Intermediate holding company	Flipkart Private Limited (upto December 23, 2022)	Singapore
Immediate holding company	Headstand Pte. Ltd. (upto December 23, 2022) Refer note 8	Singapore

b) Related parties with whom transactions have taken place during the current and previous year

Relationship	**Name of the entity**	**Country of incorporation**
Ultimate holding company	Walmart Inc.	United States of America
Immediate holding company	FIT Holdings S.A.R.L. (w.e.f. December 23, 2022)	Luxembourg
Intermediate holding company	Flipkart Private Limited (upto December 23, 2022)	Singapore
Immediate holding company	Headstand Pte. Ltd. (upto December 23, 2022)	Singapore
Fellow subsidiaries	Headstand Pte. Ltd. (w.e.f December 23, 2022 upto June 08, 2023)	Singapore
	Flipkart Private Limited (w.e.f December 23, 2022)	Singapore
	Flipkart Internet Private Limited	India
	Flipkart India Private Limited	India
	Flipkart Health Limited	India
	Myntra Designs Private Limited	India
	Myntra Jabong India Private Limited	India
	Instakart Services Private Limited	India
	F1 Info Solutions & Services Private Limited	India
	Cleartrip Private Limited	India
	Wildcraft India Private Limited	India
Wholly owned subsidiaries	Phonepe Technology Services Private Limited #	India
	Phonepe Insurance Broking Services Private Limited # ("Phonepe Insurance")	India
	Phonepe Wealth Broking Private Limited and its subsidiaries#	India
	Wealth Technology & Services Private Limited (w.e.f. August 04, 2022)	India
	Quantech Capital Investment Advisors Private Limited (w.e.f. September 28, 2022)	India
	Pincode Shopping Solutions Private Limited (formerly known as 'Phonepe Shopping Solutions Private Limited' and 'Phonepe Payment Technology Services Private Limited')#	India
	Phonepe Finance Private Limited#	India
	Phonepe Lending Services Private Limited (formerly known as 'Phonepe Credit Services Private Limited' and 'Explorium Innovative Technologies Private Limited')#	India
	Indus Appstore Singapore Pte Ltd.# (formerly known as 'OSLabs Pte Ltd.') (w.e.f. July 28, 2022)	Singapore
	Indus Appstore Private Limited# (formerly known as 'OSLabs (India) Private Limited')	India
Associate	CE Info Systems Limited (formerly known as "CE Info Systems Private Limited") ("CE Info Systems")	India
Associate of immediate holding company	Indus Appstore Singapore Pte.Ltd. (formerly known as 'OSLabs Pte Ltd') (upto July 28, 2022)	Singapore

Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

c) Key management personnel

Sameer Nigam	Whole-time Director
Rahul Chari	Whole-time Director
Judith Jane McKenna	Director (w.e.f January 06, 2023 upto January 31, 2024)
Leigh Douglas Hopkins	Director (w.e.f January 06, 2023)
Rohit Bhagat	Director (w.e.f January 06, 2023)
Binny Bansal	Director (w.e.f January 06, 2023)
Donna Catherine Morris	Director (w.e.f January 24, 2024)
John David Rainey Jr	Director (w.e.f January 24, 2024)
Tarun Bajaj	Director (w.e.f January 24, 2024)
Adarsh Nahata	Whole-time Director (upto December 22, 2022)

The Company along with its direct and indirect subsidiaries of Phonepe Private Limited (incorporated in India) and Headstand Pte Ltd (upto December 23, 2022) are together considered as the Group for the purpose of disclosures in the Standalone Ind-AS Financial Statements.

19. Related party disclosures (Contd.)

d) Related party transactions
The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

		For the year ended	
Relationship	**Nature of Transactions**	**March 31, 2024**	**March 31, 2023**
Transactions			
Ultimate holding company	Cost Cross charges	3	3
Intermediate holding company	ESOP Cross charges	-	262
	Other reimbursements	-	8
Immediate holding company	Cost Cross charges	-	1
	ESOP Cross charges	-	891
	Other Income	-	21
	Other reimbursements	-	22
	Allotment of shares	-	2,402
	Reversal of ESOP liability on account of migration	-	1,214
	Equity investment	-	576
Wholly owned subsidiaries	Equity investment	547	1,096
	Cost Cross charges	-	0
	Purchase/ sale of intangible assets (net)	213	-
	ESOP Cross Charges	317	114
	Other Income	61	7
	Other reimbursements	-	0
	Payments and allied services	45	12
	Loans provided	598	52
	Loans repaid	29	1
	Intra-group employee transfers asset / (liability) (net)	11	1

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
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19. Related party disclosures (Contd.)

d) Related party transactions (Contd.)

		For the year ended	
Relationship	**Nature of Transactions**	**March 31, 2024**	**March 31, 2023**
Fellow subsidiaries	Reversal of ESOP liability on account of migration	2,107	-
	ESOP cross charges	44	3
	Payments and allied services	9	34
	Other expenses	4	4
Associate	Dividend income	3	-
	Other expenses	7	6

The following table provides the compensation paid to key management personnel, which comprises directors and executive officers for the relevant financial year:

		For the year ended	
		March 31, 2024	**March 31, 2023**
Key management personnel (refer note below)	Remuneration - salary and other benefits*	5	7
	Remuneration - share based payments (including SARs)	226	917
	Legal and professional	2	-

* Remuneration does not include the provisions made for gratuity and compensated absences, as they are determined for the Company as a whole.

19. Related party disclosures (Contd.)

		For the year ended	
Relationship	**Nature of Outstanding balances**	**March 31, 2024**	**March 31, 2023**
Transactions			
Ultimate holding company	Trade and Other receivables	2	1
Fellow subsidiaries	Trade and Other payables	2	2,070
	Trade and Other receivables	4	25
Wholly owned subsidiaries	Trade and Other payables	15	4
	Trade and Other receivables	124	189
	Loans and advances	626	53
Associate	Trade and Other payables	0	2

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
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20. Gratuity plan

The Company operates a gratuity plan covering qualifying employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on separation at 15 days of last drawn salary for each completed year of service. In case of death while in service, the gratuity is payable irrespective of vesting. The plan is not funded by the Company. The gratuity plan is governed by the Payment of Gratuity Act, 1972.

Changes in interest rate risk
A decrease in government bond yields will increase plan liabilities.

Salary escalation 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.

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 summarize the components of net benefit expense recognized in the Standalone Statement of Profit and Loss and the funded status and amounts recognized in the Standalone Balance Sheet:

	As at March 31, 2024	As at March 31, 2023
Standalone Statement of Profit and Loss		
Current service cost	11	9
Interest cost	2	1
	13	**10**
Remeasurement loss/ (gains) in Other Comprehensive Income		
Actuarial (gains)/ losses arising from changes in -		
- experience adjustments	2	(1)
- financial assumptions	1	0
- demographic assumptions	0	0
	3	**(1)**
Net benefit expense	**16**	**9**
Standalone Balance Sheet		
Defined benefit obligation (DBO) - Current (refer note 11)	5	4
Defined benefit obligation (DBO) - Non-Current (refer note 11)	36	27
Net defined benefit liability	**41**	**31**
Change in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	31	22
Current service cost	11	9
Acquisition/ transfers (net) - cost*	(5)	(0)
Interest cost	2	1
Amount recognised in OCI	3	(1)
Benefits paid	(1)	(0)
Closing defined benefit obligation	**41**	**31**

*Acquisition/ transfers (net) - cost for the year ended March 31, 2024 and March 31, 2023 pertains to transfer of employees between the entities within the group.
The principal assumptions used in determining gratuity and leave benefit obligations for the Company's plan are as follows:

Particulars	**As at March 31, 2024**	**As at March 31, 2023**
Discount rate	7.20%	7.30%
Expected rate of return on assets	NA	NA
Salary escalation rate	10% until July 2024 and 8% thereafter	12% until July 2023 and 8% thereafter
Mortality rate	100% of Indian Assured Lives Mortality (IALM) 2012-14*	100% of Indian Assured Lives Mortality (IALM) 2012-14*
Withdrawal rate	Managers - 13.8% Non-Managers Sales - 38.1% Non-Managers - Non- Sales - 17.9%	Managers and above 15%, Others -26%

* As published by IRDA and adopted as standard mortality table as recommended by Institute of Actuaries of India effective April 1, 2019.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Phonepe Private Limited
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20. Gratuity plan (Contd.)

Sensitivity analysis of assumptions used	**As at March 31, 2024**	**As at March 31, 2023**
Discount rate	7.20%	7.30%
Decrease in DBO due to 0.5% increase in discount rate	(1)	(1)
Increase in DBO due to 0.5% decrease in discount rate	2	1
Salary escalation rate	10% until July 2024 and 8% thereafter	12% until July 2023 and 8% thereafter
Increase in DBO due to 0.5% increase in salary escalation rate	1	(0)
Decrease in DBO due to 0.5% decrease in salary escalation rate	(0)	(1)
Attrition rate		
Decrease in DBO due to 50% increase in attrition rate	(2)	(2)
Increase in DBO due to 50% decrease in attrition rate	3	1
Mortality Rate		
Increase in DBO due to 10% increase in mortality rate	0	(1)
Decrease in DBO due to 10% decrease in mortality rate	0	(1)

Method used for sensitivity analysis: The sensitivity analysis above determine their individual impact on the plan's end of year defined benefit obligation. In reality, the plan is subject to multiple external experience items which may move the defined benefit obligation in similar or opposite directions, while the plan's sensitivity to such changes can vary over time.

Expected benefit payments	**As at March 31, 2024**	**As at March 31, 2023**
Within 1 year	5	4
2 - 5 years	23	19
More than 5 years	42	27

The weighted average duration of the defined benefit obligation is 6 years.

Expected best estimate for the benefit contribution for the next annual reporting period is Rs. Nil.

21. Earnings per share (EPS)	**As at March 31, 2024**	**As at March 31, 2023**
The following reflects the loss and share data used in computation of basic LPS:		
Loss for the year	(1,166)	(2,108)
Weighted average number of equity shares	44,194,711	40,879,161
Basic and diluted earnings per share computed on total loss (Rs. per share)	(263.83)	(515.67)

22. Share based payments

The expense/ settlement recognised for employee services received during the year is shown in the following table

	As at March 31, 2024	**As at March 31, 2023**
Expense arising from cash-settled share-based payment transactions (refer 22 (a), (b) and (h) below)	288	77
Expense arising from equity-settled share-based payment transactions (refer 22 (b), (c), (d) and (f) below)	1,306	1,779
Settlement related to equity-settled share based payment transactions(refer 22 (g) below)	-	58
Modification related to equity-settled share based payment transactions (refer 22 (h) below)	282	-
Total expense recognized in the Standalone Statement of Profit and Loss (i)	**1,876**	**1,914**
Settlement related to equity-settled share based payment transactions recognised in Other equity (refer 22 (a) and (g) below) (ii)	-	274
Modification related to equity-settled share based payment transactions recognised in Other equity (refer 22 (b) and (h) below) (iii)	459	-
Total impact of share-based payment transactions (i)+(ii)+(iii)	**2,335**	**2,188**

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
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22. Share based payments (Contd.)

a. Phonepe Share Appreciation Rights Plan

The Company's eligible employees or former employees are granted share appreciation rights (SARs), to be settled in cash under Phonepe SAR Plan I & Plan II ("SARs Plan 2022"). The SARs granted vest on the grant date, as the same is issued against the vested equity stock options. The liability for the SARs is measured, initially and at the end of each reporting period until settled, at the fair value of the SARs.

SARs:
The following table illustrates the movement of the SARs during the financial year:

	As at March 31, 2024 (Number)	As at March 31, 2023 (Number)
Outstanding as at the beginning of the year	81,082	-
- Granted	9,718	81,082
- Repurchased	(88,824)	-
Outstanding as at the end of the year	**1,976**	**81,082**
Vested as at the year end	**1,976**	**81,082**
Exercisable at the year end	**-**	**-**

i. During the current year ended March 31, 2024, certain former employees of the Company were granted SARs under SARs Plan II against the equity stock options held under PSOP 2022 plan.

Fair value of SARs granted
The liability for the SARs is measured, initially and at the end of each reporting period until settled, at the fair value of the SARs by applying a Finnerty model taking into account the terms and conditions upon which the SARs were granted. The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. Weighted average fair value of the SARs granted to the employees of the Company during the year is Rs. 16,234 per option (March 31, 2023: Rs. 16,234).

The following table lists the inputs to the option pricing models for the year ended	As at March 31, 2024	As at March 31, 2023
Dividend yield (% p.a.)	0%	0%
Expected volatility (% p.a.)	50.6% - 53.9%	50.60%
Expected life of option (years)	2.7 years - 3 years	3 years

ii. On December 05, 2023, the Company's Board of Directors approved the liquidation of all outstanding SARs amounting to Rs 181 issued under SARs Plans 2022. These SARs continue to be treated as cash-settled in the Standalone Ind-AS Financial Statements.

b. PhonePe Stock Option Plan, India ('PSOP 2022')

Eligible employees of the Company are granted share options of the Company under the PhonePe Stock Option Plan ('PSOP 2022'). Time-based stock options granted under PSOP 2022 would vest from one year and not more than four years from the date of grant of such options. Vesting of options would be subject to continued employment with the Phonepe Group or such other criteria determined by the Board and thus the options would vest on passage of time. The specific vesting schedule and conditions subject to which vesting would take place would be outlined in the document given to the option grantee at the time of grant of options. The options will lapse and be cancelled on its expiry date i.e., ten years after the date of the relevant Stock Option Agreement, or such other expiry date as may be specified in the relevant Stock Option Agreement. The exercise price of the time-based share options is Rs. 10 per option.

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

Time based options:

	As at March 31, 2024 (Number)	As at March 31, 2023 (Number)
Outstanding as at the beginning of the year	3,588,251	-
- Granted	330,776	81,402
- Migrated #	-	3,528,301
- Replaced with SARs*	(9,718)	(876)
- Forfeited unvested	(77,084)	(24,669)
- Repurchased	(284,441)	-
- Transfers (net)**	(832,734)	4,093
Outstanding as at the end of the year	**2,715,050**	**3,588,251**
Vested as at the year end	**1,756,735**	**-**

During the previous year ended March 31, 2023, the employees of the Company were granted 35,28,301 share options of the Company on the basis of derived ratio on account of migration from PSOP 2020 plan.

* During the current year ended March 31, 2024, certain former employees of the Company were granted SARs under SARs Plan 2022 against the equity stock options held under PSOP 2022 plan.

**Transfers (net) pertains to transfer of employees between the entities within the Group.

Fair value of time based share options granted

The fair value of share options granted that are classified as time-based options is estimated at the grant date using Finnerty model, taking into account the terms and conditions upon which the share options were granted. The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. Weighted average fair value of the options granted to the employees of the Company during the year is Rs. 16,234 per option (March 31, 2023: Rs. 16,234). As of March 31, 2024, the maximum weighted average contractual life of time-based options is 4 years.

The following table lists the inputs to the option pricing models for the year ended	As at March 31, 2024	As at March 31, 2023
Dividend yield (% p.a.)	0%	0%
Expected volatility (% p.a.)	50.6% - 53.9%	50.60%
Expected life of option (years)	2.7 years - 3 years	3 years

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

22. Share based payments (Contd.)

c. PhonePe Stock Option Plan, Singapore ('PSOP 2020')

Eligible employees of the Company have been granted share options of Phonepe Private Limited (incorporated in Singapore) under the PhonePe Stock Option Plan ('PSOP 2020'). Time-based stock options granted under PSOP 2020 would vest between one day and not more than four years from the date of grant of such options. Vesting of options would be subject to continued employment with the Group or such other criteria determined by the Board and thus the options would vest on passage of time. The specific vesting schedule and conditions attached to vesting are outlined in the document given to the option grantee at the time of grant of options. Weighted average fair value of the options granted to the employees of the Company during the year is USD Nil per option (March 31, 2023: USD 112.82). The exercise price of the time-based share options is Rs. Nil. No additional grants were given during the year ended March 31, 2024.

Time based options:
The following table illustrates the movement of the time based options during the financial year:

	As at March 31, 2024 (Number)	As at March 31, 2023 (Number)
Outstanding as at the beginning of the year	-	2,963,949
- Granted	-	3,015,009
- Replaced with SARs	-	(134,754)
- Migrated to PSOP 2022 plan #	-	(5,868,219)
- Forfeitures	-	(142,354)
- Repurchased	-	-
- Transfers (net)	-	166,369
Outstanding as at the end of the year	**-**	**-**
Vested as at the year end	-	-

During the previous year ended March 31, 2023, the employees of the Company were granted 35,28,301 share options of the Company on the basis of derived ratio on account of migration from PSOP 2020 plan.

Fair value of time based share options granted
The fair value of share options granted that are classified as time-based options is estimated at the grant date using Finnerty model, taking into account the terms and conditions upon which the share options were granted. The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. No fresh options were granted during current year, as PSOP 2020 plan is no longer in existence.

The following table lists the inputs to the option pricing models for the year ended	As at March 31, 2024	As at March 31, 2023
Dividend yield (% p.a.)	NA	0%
Expected volatility (% p.a.)	NA	42.60%-50.6%
Expected life of option (years)	NA	2.75 years -3 years

d. PhonePe Founder Awards, Singapore ('PFA 2020')

Certain eligible employees of the Company have been granted share options of Headstand Pte Ltd (incorporated in Singapore) under the PhonePe Founder Awards ('PFA 2020'). Time-based stock options granted under PFA 2020 would vest between one day and not more than five years from the date of grant of such options. Vesting of options would be subject to continued employment with any Group Company or such other criteria determined by the Board and thus the options would vest on passage of time. The specific vesting schedule and conditions attached to vesting are outlined in the document given to the option grantee at the time of grant of options. The exercise price of the time-based share options is Nil.

Performance-based share options are granted to certain eligible employees of the Company. Vesting conditions include market conditions linked to the Company's valuation with an underlying implied service period up to the date of achievement of the performance conditions. The performance awards will expire unvested at the end of twelve years from the grant date if the performance conditions are not met within this period. The exercise price of the performance-based share options is Nil.

No additional grants were given during the year ended March 31, 2024 and March 31, 2023.

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

22. Share based payments (Contd.)

d. PhonePe Founder Awards, Singapore ('PFA 2020') (Contd.)

Time based options:
The following table illustrates the movement of the time based options during the financial year:

	As at March 31, 2024 (Number)	As at March 31, 2023 (Number)
Outstanding as at the beginning of the year	3,129,445	3,129,445
- Granted	-	-
- Migrated to PFA 2023 plan (refer note 23(e))	(3,129,445)	-
Outstanding as at the end of the year	**-**	**3,129,445**
Vested as at the year end (refer note 23(e))	**-**	**1,877,668**

The following table lists the inputs to the option pricing models for the year ended	As at March 31, 2024	As at March 31, 2023
Expected life of option (years)	NA	1.72 years

Performance based options:
The following table illustrates the movement of the performance based options during the financial year:

	As at March 31, 2024 (Number)	As at March 31, 2023 (Number)
Outstanding as at the beginning of the year	2,738,265	2,738,265
- Granted	-	-
- Migrated to PFA 2023 plan (refer note 23(e))	(2,738,265)	-
Outstanding as at the end of the year	**-**	**2,738,265**
Vested as at the year end (refer note 23(e))	**-**	**782,361**

The following table lists the inputs to the option pricing models for the year ended	As at March 31, 2024	As at March 31, 2023
Expected life of option (years)	NA	10 years

e. Migration of share-based payment plan from PFA 2020 to PFA 2023
The PFA 2023 plan was approved by the Board of Directors of the Company during the current year ended March 31, 2024. Pursuant to such approval, options granted under PFA 2020 by its erstwhile immediate holding company got migrated to new plan namely PFA 2023 by the Company. The migration of share-based payment arrangement from PFA 2020 to PFA 2023 plan has been treated as a modification of an existing share-based payment plan. All the options granted under PFA 2020 shall automatically stand cancelled and fresh options were granted by the Company to the eligible employees on the basis of a pre-determined swap ratio.

The Company also signed PhonePe Founder Share Appreciation Rights Plan (PFSARs). The plan has a one-year period beginning on the grant date of the option provided under PFA 2023. As of the reporting date, March 31, 2024 probability of issuance of PFSARs is considered as remote.

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

f. PhonePe Founder Awards, India ('PFA 2023')

Certain eligible employees of the Company have been granted share options of Phonepe Private Limited (incorporated in India) under the PhonePe Founder Awards ('PFA 2023'). Time-based stock options granted under PFA 2023 would vest between one day and not more than five years from the date of grant of such options, subject to regulatory requirements. Vesting of options would be subject to terms and conditions set-out in PFA 2023. The stock options will lapse and be cancelled following the expiry of a predetermined period after the date of grant. The exercise price of the time-based share options is Rs. 10 per option.

Performance-based share options are granted to certain eligible employees of the Company. Vesting conditions include market conditions linked to the Company's valuation with an underlying implied service period up to the date of achievement of the performance conditions. The stock options will lapse and be cancelled following the expiry of a predetermined period after the date of grant. The exercise price of the performance-based share options is Rs. 10 per option.

Weighted average fair value of the options granted to the employees of the Company during the year is Rs. 19,968 per option (March 31, 2023: Rs. NA).

Time based options:
The following table illustrates the movement of the time based options during the financial year:

	As at March 31, 2024 (Number)
Outstanding as at the beginning of the year	-
- Migrated (refer note 23(e))	1,855,276
- Granted	842,040
Outstanding as at the end of the year	**2,697,316**
Vested as at the year end (refer note 23 (e))	-

The following table lists the inputs to the option pricing models for the year ended	As at March 31, 2024
Expected life of option (years)	1.19 years

Performance based options:
The following table illustrates the movement of the performance based options during the financial year:

	As at March 31, 2024 (Number)
Outstanding as at the beginning of the year	-
- Migrated (refer note 23(e))	1,623,366
Outstanding as at the end of the year	**1,623,366**
Vested as at the year end (refer note 23 (e))	-

The following table lists the inputs to the option pricing models for the year ended	As at March 31, 2024
Expected life of option (years)	9 years

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Phonepe Private Limited
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g. Flipkart Stock Option Plan - ('FSOP 2012')

Eligible employees of the Company are granted share options of Flipkart Private Limited (erstwhile intermediate holding company) based upon performance, and long-term potential for the Company. The share options granted under FSOP 2012 shall vest between on day one and not more than five years from the date of grant of such options. Vesting of options would be subject to continued employment with the Phonepe Group and thus the options would vest on passage of time. The specific vesting schedule and conditions subject to which vesting would take place would be outlined in the document given to the option grantee at the time of grant of options.

The exercise price of the option is Rs. Nil. No additional grants were given during the year ended March 31, 2024 and March 31, 2023.

Movement of share options during the financial year
The following table illustrates the movement of the options during the financial year.

	As at March 31, 2024 (Number)	As at March 31, 2023 (Number)
Outstanding as at the beginning of the year	36,843	395,548
- Forfeited	-	-
- Repurchased	-	(358,705)
Outstanding as at the end of the year	**36,843**	**36,843**
Vested as at the year end	**36,843**	**36,843**

h. Modification of PSOP 2022 plan
During the year ended March 31, 2024, the Company's Board of Directors approved a modification to the PSOP 2022 plan, introducing liquidity to the maximum of 25% of the total options issued. During the year ended March 31, 2024, the Company repurchased 408,426 options in accordance with the Board resolution.

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
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23. Capital management

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or combination of short term/long term borrowings as may be appropriate. The Company does not have any borrowing as on March 31, 2024 (March 31, 2023 - Rs. Nil).

24. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks.
The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.
There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks, except as disclosed in note 24(c) foreign currency risk section.

a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, loans, cash and short-term deposits), the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company deals only with creditworthy counterparties. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Financial assets that are neither past due nor impaired
Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents and investment securities that are neither past due nor impaired are placed with reputable financial institutions or companies with high credit ratings and no history of default.

	As at March 31, 2024	As at March 31, 2023
Financial assets that are neither past due nor impaired	3,389	5,983
Total neither past due nor impaired	**3,389**	**5,983**

Financial assets that are past due but not impaired
The aging analysis of the receivables has been considered from the date the invoice falls due. The age wise break up of receivables, net of allowances that are past due, is given below:

	As at March 31, 2024	As at March 31, 2023
Past due 0 – 90 days	55	74
Past due over 90 days	1	5
Total past due and not impaired	**56**	**79**

Financial assets that are impaired

	As at March 31, 2024	As at March 31, 2023
Information regarding financial assets that are impaired is disclosed below:		
Trade receivables (note 6(ii))	52	30
Loans (note 6(iv))	-	8
Other financial assets (note 6(v))	26	15
Total past due and impaired	**78**	**53**

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
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b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility.

Considering the nature of business activity of the Company, the concentration of liquidity risk is low as business related merchant payments are to be made only on receipt of the amount from the customer. Further, access to sources of funding is sufficiently available.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	As at March 31, 2024			
	One year or less	**One to five years**	**Over five years**	**Total**
Financial liabilities				
Trade payables	457	-	-	457
Lease liabilities	135	292	-	427
Other financial liabilities	672	-	-	672
Cash-settled share based payment liability	-	951		951
Total undiscounted financial liabilities	**1,264**	**1,243**	**-**	**2,507**

	As at March 31, 2023			
	One year or less	**One to five years**	**Over five years**	**Total**
Financial liabilities				
Trade payables	2,381	-	-	2,381
Lease liabilities	94	287	-	381
Other financial liabilities	760	-	-	760
Total undiscounted financial liabilities	**3,235**	**287**	**-**	**3,522**

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments.

	As at March 31, 2024			
	One year or less	**One to five years**	**Over five years**	**Total**
Capital commitments	358	1	-	359
	358	**1**	**-**	**359**

	As at March 31, 2023			
	One year or less	**One to five years**	**Over five years**	**Total**
Capital commitments	595	-	-	595
	595	**-**	**-**	**595**

Changes in liabilities arising from financing activities:

	April 01, 2023	**New leases/ loans**	**Cash flows**	**Interest expense**	**March 31, 2024**
Lease liabilities	330	139	(122)	30	377
Short-term borrowings	-	830	(831)	1	-
	330	**969**	**(953)**	**31**	**377**

	April 01, 2022	**New leases/ loans**	**Cash flows**	**Interest expense**	**March 31, 2023**
Lease liabilities	117	266	(72)	19	330
Short-term borrowings	-	699	(700)	1	-
	117	**965**	**(772)**	**20**	**330**

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

c) Foreign currency risk

The Company's exposure to currency risk relates primarily to the Company's operating activities where the transactions are denominated in a currency other than the Company's functional currency.

The carrying amounts of the Company's foreign currency exposure at the end of the reporting period are as follows :

Particulars	As at March 31, 2024				
	USD	**AED**	**SGD**	**EUR**	**Total**
Financial assets	7	4	-	0	**11**
Financial liabilities	26	-	-	-	**26**
	As at March 31, 2023				
	USD	**AED**	**SGD**	**EUR**	**Total**
Financial assets	23	-	-	-	**23**
Financial liabilities	2,079	-	-	-	**2,079**

Foreign exchange rate sensitivity

The fluctuation in foreign currency exchange rates may have potential impact on the Standalone Statement of Profit and Loss and equity, where any transaction references more than one currency or where assets/ liabilities are denominated in a currency other than the functional currency of the Company.

As at March 31, 2024 and March 31, 2023, 5% increase /decrease in the exchange rate would result in Rs. 1 and Rs. 103 increase/ decrease in the loss before tax, respectively, of the Company.

d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company has investments in short term debt securities, deposits with counter parties having high quality credit ratings and loans bearing fixed interest rates. The Company is not exposed to any interest rate risk since it has exposure only to fixed interest bearing short term instruments.

25. Fair value hierarchy

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 (i.e. an exit price).

Financial instruments whose carrying amounts approximate fair value

The carrying values of trade and other receivables, other assets, cash and short term deposits, trade and other payables and balances with related parties, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature.

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
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25. Fair value hierarchy (Contd.)

Fair value of financial instruments that are carried at fair value (Refer note 6(i))

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	As at March 31, 2024			
Assets measured at fair value:	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs * (Level 3)**
Investments (FVTOCI)	15	-	-	15
	15	**-**	**-**	**15**

	As at March 31, 2023			
Assets measured at fair value:	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs * (Level 3)**
Investments (FVTOCI)	12	-	-	12
Investments (through profit and loss)	1,298	1,298	-	-
	1,310	**1,298**	**-**	**12**

* These security instruments have been valued using recently available transaction price and earnings.

Set out below is the movement of the carrying amounts of the Company's financial instruments classified under level 3:

	As at March 31, 2024	**As at March 31, 2023**
Opening balance	12	8
Fair value adjustments	3	4
Closing balance	**15**	**12**

	As at March 31, 2024			
Assets not measured at fair value:	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Investments (at amortised cost)	1,110	-	1,110	-
	1,110	**-**	**1,110**	**-**

	As at March 31, 2023			
Assets not measured at fair value:	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Investments (at amortised cost)	3,151	-	3,151	-
	3,151	**-**	**3,151**	**-**

Fair value hierarchy

The Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities,
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

* This investment in equity instruments are not held for trading. Instead, they are held for medium or long term strategic purpose. Upon the application of Ind-AS 109, the Company has chosen to designate these investments in equity instruments at FVTOCI as the Company believes this provides a more meaningful presentation for medium or long term strategic investments, than reflecting changes in fair value immediately in profit and loss.

26. Contingent liabilities and commitments

	As at March 31, 2024	**As at March 31, 2023**
a. Contingent	-	-
b. Commitments		
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	358	595
Leases not yet commenced to which the lessee is committed (refer note 9(ii))	1	-
Total	**359**	**595**

The Company has reviewed all the pending litigations and proceedings, and has adequately provided for where provisions are required and disclosed the contingent liabilities in its Standalone Ind-AS Financial Statements where financial outflow is not probable.

Phonepe Private Limited
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All amounts are Rs. in Crores, unless otherwise stated

27. The Company's Prepaid Payment Instruments ("PPIs") and Bharat Bill Payment Operating Unit ("BBPOU") Licences are subject to inspection by the Regulator. The Company is in receipt of Inspection Report, dated May 27, 2024, from the Regulator. The Company is in the process of submitting responses on the observations noted by the Regulator, based on its internal assessment, the Company is of the view that these will not have any material impact on the operations and financial results.

28. Ratio Analysis and its elements

Ratio	Numerator	Denominator	As at March 31, 2024	As at March 31, 2023	% Change	Reason for variances exceeding 25% as compared to previous year
Current ratio	Current assets	Current liabilities	4.71	2.10	124%	Due to lower current liabilities
Return on Equity ratio	Net profits after taxes	Average shareholder's equity	-11.88%	-39.03%	-70%	Due to higher revenue from operations
Trade Receivable Turnover ratio	Revenue from operations	Average Trade Receivable	14.68	12.52	17%	NA
Trade Payable Turnover ratio	Payment processing charges+other expenses-non-cash expenditure	Average Trade Payables	1.87	1.02	83%	Due to lower trade payables
Net Capital Turnover ratio	Revenue from operations	Working capital = Current assets – Current liabilities	0.70	0.72	-3%	NA
Net Profit ratio	Net Profit	Revenue from operations	-23.75%	-73.73%	-68%	Due to higher revenue from operations
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth+Deferred tax liability	-10.11%	-24.80%	-59%	Due to higher equity
Return on Investment	Income from investments	Time weighted average investments	7.66%	5.53%	39%	Due to higher investments

29. Other Statutory Information

(i) Except for the equity investments in wholly owned subsidiaries mentioned below, the Company (Funding Party) has not advanced or loaned or invested funds to any persons or entities, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) to directly or indirectly lend or invest in other persons or entities (Ultimate Beneficiaries) on behalf of the Funding Party or provide any guarantee, security or the like to or on behalf of the

During the year ended March 31, 2024, from the equity investments made by the Company in Phonepe Wealth Broking Private Limited (a wholly owned subsidiary; CIN : U65990KA2021PTC146954),
a. Amounts aggregating to Rs. 48 has been paid by Phonepe Wealth Broking Private Limited towards infusion of further equity investment in Wealth Technology & Services Private Limited (an indirect subsidiary of the Company, CIN : U74999KA2016PTC173993) on October 25, 2023 and March 28, 2024.
b. Amounts aggregating to Rs. 1 has been paid by Phonepe Wealth Broking Private Limited towards infusion of further equity investments in Quantech Capital Investment Advisors Private Limited (an indirect subsidiary of the Company, CIN : U67190KA2018PTC175882) on February 29, 2024.

The above transactions are in compliance with the relevant provisions of the Companies Act, 2013 and the transactions are not violative of the Prevention of Money Laundering Act , 2002 (15 of 2003).

(ii). The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
(a) directly or indirectly lend or invest in other persons or entities (Ultimate Beneficiaries) identified in any manner whatsoever by or on behalf of the Funding Party or
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(This space has been intentionally left blank)

Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024
All amounts are Rs. in Crores, unless otherwise stated

30. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of preparing the documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by November 30, 2024 as required under law. The Management is of the opinion that its international transactions are at arm's length so the aforesaid legislation will not have any impact on the Standalone Ind-AS Financial Statements, particularly on the amount of tax expense and that of provision for taxation.

31. Segment information

The Company is engaged in the business of providing technologies for online payment solutions and other allied services in India. The Company does not distinguish revenues, costs and expenses between different businesses in its internal reporting, and reports costs and expenses by nature as a whole, except where it is required as a regulatory requirement. The Board of Directors (chief operating decision maker) reviews the results when making decisions about allocating resources and assessing performance of the Company as a whole and hence, the Company has only one reportable segment. The Company operates and manages its business as a single segment. As the Company's long-lived assets are all located in India and most of the Company's revenues are derived from India, no geographical information is presented.

32. The Company maintains proper books of account with provision of daily back-up, in electronic mode on servers physically located in India in accordance with the provisions of Section 128 of the Companies Act, 2013 and the Companies (Accounts) Rules, 2014 (as amended). The Company maintains manual records/back-ups in India for certain ancillary application, supporting computation and acting as a repository where servers are hosted outside India.

33. Audit Trail

The Company has used certain accounting software(s) for maintaining its books of account which does not have the feature of recording audit trail (edit log). The Company has also used certain other accounting software which are operated by third-party software service providers, for maintaining its books of account and for such applications, the System and Organization Control (SOC) reports do not include information related to audit trail.
In respect of one of the accounting software, there is feature of recording audit trail (edit log) facility which was not enabled throughout the year for all relevant transactions recorded in the software.

34. Previous year amounts in the Standalone Ind-AS Financial Statements, including notes thereto, have been re-arranged wherever required to conform to the current year presentation / classification. These do not affect the previously reported net loss or equity.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors of
Phonepe Private Limited

per Sumit Mehra
Partner
Membership no.: 096547

Place: Bengaluru
Date: July 17, 2024

Sameer Nigam
CEO & Whole-time Director
DIN: 02292840

Place: Bengaluru
Date: July 17, 2024

Rahul Chari
Whole-time Director
DIN: 03052804

Place: Bengaluru
Date: July 17, 2024

Ankit G Popat
Company Secretary
Membership No.: A20774

Place: Bengaluru
Date: July 17, 2024

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