

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, 2023, 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 a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2023, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of 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 ('ICAI') 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 these 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 flow 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 these 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 controls.
- Obtain an understanding of internal controls 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 these 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 these 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 section 143(11) of the Act, we give in the "Annexure 1" a Statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account with provision 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; certain ancillary application, supporting computation and an application acting as a repository are hosted on servers located outside India, as stated in note 33 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 Standalone 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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company 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, 2023; and
 - (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; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



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- iv. a) The management has represented that, to the best of their knowledge and belief, other than as disclosed in 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 ("Ultimate Beneficiaries") identified in any manner whatsoever by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The management has represented that, to the best of its knowledge and belief, 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 ("Ultimate Beneficiaries") identified in any manner whatsoever by or on behalf of the Funding Party or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. No dividend has been declared or paid during the year by the Company.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W-0300004

per Sumit Mehra

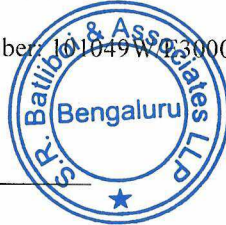
Partner

Membership Number: 096547

UDIN: 23096547BGYOCP1408

Place of Signature: Bengaluru

Date: July 26, 2023



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 and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order")**

- (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.

(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 point of sale devices 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, 2023.

(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 been sanctioned working capital limits in excess of Rs. five crores in aggregate from financial institution during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the Standalone Ind-AS Financial Statements, the statements filed by the Company with such financial institutions are in agreement with the unaudited books of accounts of the Company. As per the sanction letter, there was no requirement to submit quarterly returns with the financial institution.

- (iii) (a) During the year the Company has provided loans as follows:

Aggregate amount provided during the year	
- Subsidiaries	5,199 Lakhs
- Others	14,800 Lakhs
Balance outstanding as at balance sheet date in respect of above cases	
- Subsidiaries	5,290 Lakhs
- Others	15,562 Lakhs

(b) During the year 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 during the year to companies where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.

(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) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) There are no loans, investments, guarantees, and security in respect of which provisions of Sections 185 and 186 of the Act are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) The 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, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) There are no dues of goods and services tax, provident fund, employees' state insurance, sales-tax, service tax, customs duty, excise duty, value added tax, cess, and other statutory dues which have not been deposited on account of any dispute.
- (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 provisions of sections 42 and 62 of the Companies Act, 2013 in respect of the 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 notes 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.
- (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 incurred cash losses amounting to Rs. 21,152 Lakhs in the current year and amounting to Rs. 149,456 Lakhs in the immediately preceding financial year respectively.
- (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 the Standalone Ind-AS Financial Statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Standalone Ind-AS Financial Statements, our knowledge of the Board of



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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 audit 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 audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) The provisions of Section 135(5) to the Act in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx) of the Order is not applicable to the Company.

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

Chartered Accountants

ICAI firm registration number: 101049W/E300004

per **Sumit Mehra**

Partner

Membership Number: 096547

UDIN: 23096547BGYOCP1408

Place of Signature: Bengaluru

Date: July 26, 2023



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 Companies Act, 2013 (the "Act")

We have audited the internal financial controls over financial reporting of Phonepe Private Limited (the "Company") as of March 31, 2023 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 controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Standalone Ind-AS Financial Statements based on our audit. We conducted our audit in accordance with 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 the 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 over financial reporting 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 over financial reporting with reference to these Standalone Ind-AS Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting 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 judgment, 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 internal financial controls over financial reporting with reference to these Standalone Ind-AS Financial Statements.



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

A company's internal financial control over financial reporting 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 control over financial reporting 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 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 Over Financial Reporting with reference to these Standalone Ind-AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting 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 over financial reporting with reference to these Standalone Ind-AS Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting 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 over financial reporting with reference to these Standalone Ind-AS Financial Statements and such internal financial controls over financial reporting with reference to these Standalone Ind-AS Financial Statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Sumit Mehra
Partner

Membership Number: 096547

UDIN: 23096547BGYOCP1408

Place of Signature: Bengaluru

Date: July 26, 2023



Phonepe Private Limited

Standalone Ind-AS Financial Statements

Year ended March 31, 2023

Phonepe Private Limited
Standalone Balance Sheet as at March 31, 2023
All amounts are Rs. in Lakhs, unless otherwise stated

		As at March 31, 2023	As at March 31, 2022
Assets	Notes		
Non-current assets			
Property, plant and equipments	3(i)	164,293	63,275
Capital work-in-progress	3(ii)	26,929	16,357
Goodwill	4	1,627	1,627
Other intangible assets	4	13	194
Right-of-use assets	5	32,091	11,815
Investment in equity accounted investee		9,675	9,675
Financial assets			
(i) Investments	6(i)	220,911	38,197
(ii) Other financial assets	6(v)	3,116	1,894
Other non-current assets	7	11,977	3,893
		470,632	146,927
Current assets			
Financial assets			
(i) Investments	6(i)	444,899	188,653
(ii) Trade receivables	6(ii)	19,466	26,192
(iii) Cash and cash equivalents	6(iii)	60,411	19,383
(iv) Loans	6(iv)	20,596	148
(v) Other financial assets	6(v)	123,430	114,803
Other current assets	7	120,248	106,137
		789,050	455,316
Total assets		1,259,682	602,243
Equity and liabilities			
Equity			
Equity share capital	8	4,345	4,039
Other equity		838,893	232,837
Equity attributable to the equity holders of the Company		843,238	236,876
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	9(ii)	25,610	8,649
Deferred tax liability (net)	12	45	-
Provisions for employee benefits	11	15,837	2,021
		41,492	10,670
Current liabilities			
Financial liabilities			
(i) Trade payables	9(i)		
Total outstanding dues of micro enterprises and small enterprises		296	420
Total outstanding dues of creditors other than micro enterprises and small enterprises		237,814	248,901
(ii) Lease liabilities	9(ii)	7,370	3,028
(iii) Other financial liabilities	9(iii)	75,982	51,147
Other current liabilities	10	47,030	46,312
Provisions for employee benefits	11	6,460	4,889
		374,952	354,697
Total equity and liabilities		1,259,682	602,243
Summary of significant 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 and on behalf of Board of Directors of

For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 100429W/P/00004

Phonepe Private Limited

per Sumit Mehra
Partner
Membership no.: 096547

Sameer Nigam
Whole-time Director
DIN: 02292840

Rahul Chari Vardha
Whole-time Director
DIN: 03052804

Ankit G Popat
Company Secretary
Membership No.: A20774

Place: Bengaluru
Date: July 26, 2023

Place: Bengaluru
Date: July 26, 2023

Place: Bengaluru
Date: July 26, 2023

Place: Bengaluru
Date: July 26, 2023



Phonepe Private Limited

Standalone Statement of Profit and Loss for the year ended March 31, 2023

All amounts are Rs. in Lakhs, unless otherwise stated

	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Revenue from operations	13	285,917	164,037
Finance and other income	14	16,582	4,300
Total income (i)		302,499	168,337
Expenses			
Payment processing charges		63,891	19,920
Employee benefits expense	15	279,516	169,456
Depreciation and amortization expense	16	49,747	20,168
Finance costs	17	2,141	548
Other expenses	18	117,986	135,823
Total expenses (ii)		513,281	345,915
Loss before tax [(i) - (ii)]		(210,782)	(177,578)
Tax expense			
Deferred tax (credit)	12	-	-
Loss for the year		(210,782)	(177,578)
Other comprehensive income			
Items that may not be reclassified to			
Standalone Statement of Profit and Loss in subsequent periods			
Re-measurement gain/ (loss) on defined benefit plan, net of taxes		107	(266)
Fair value gain accounted on equity instrument, net of taxes		352	-
Total other comprehensive income/ (loss) for the year		459	(266)
Total comprehensive loss for the year		(210,323)	(177,844)
Basic and diluted loss per share computed on the basis of loss for the year attributable to equity holders of the Company (Rs. per share)	21	(515)	(476)
Summary of significant 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 and on behalf of Board of Directors of

For S.R. Batliboi & Associates LLP

Chartered Accountants

Firm registration number:

101049W/E300004

per **Sumit Mehra**

Partner

Membership no.: 096547

Place: Bengaluru
Date: July 26, 2023

Phonepe Private Limited

Sanjeev Nigam

Whole-time Director

DIN: 02292840

Place: Bengaluru
Date: July 26, 2023

Rahul Chari Vardha

Whole-time Director

DIN: 03052804

Place: Bengaluru
Date: July 26, 2023

Ankit G Popat

Company Secretary

Membership No.: A20774

Place: Bengaluru
Date: July 26, 2023



Phonepe Private Limited
Standalone Statement of Changes in Equity for the year ended March 31, 2023
All amounts are Rs. in Lakhs, unless otherwise stated

a. Equity share capital

As at March 31, 2023	Changes in equity share capital during the year	As at March 31, 2023
Equity share capital (refer note 8)	4,039	4,039
Total	4,039	4,039

As at March 31, 2022

Equity share capital (refer note 8)	3,643	3,643
Total	3,643	3,643

b. Other equity

As at March 31, 2023

	Capital reserve	Securities premium	Share-based payment reserve	Other reserve	Retained earnings	Other comprehensive income	Total reserve
Balance as at April 1, 2022	-	1,043.43	-	-	(810,465)	(136)	232,837
Loss for the year	-	-	-	-	-	-	-
Remeasurement gain on net defined benefit liability	-	-	-	-	(210,782)	-	(210,782)
Equity instruments through other comprehensive income, net of taxes	-	-	-	-	-	107	107
Total comprehensive loss for the year	-	-	-	-	-	352	352
Security premium on rights issue of equity shares	-	611.85	-	-	(210,782)	459	(210,323)
Settlement/ compensation related to employee share-based payments (Refer note 22)	-	-	218,306	(27,437)	-	-	190,869
Stake purchase in common control entity (Refer note 27)	13,653	-	-	-	-	-	13,653
Balance as at March 31, 2023	13,653	1,655.29	218,306	(27,437)	(1,021,247)	323	838,893



Phonepe Private Limited
Standalone Statement of Changes in Equity for the year ended March 31, 2023
All amounts are Rs. in Lakhs, unless otherwise stated

b. Other equity (Contd.)

As at March 31, 2022	Reserves and Surplus		Other reserve	Retained earnings	Other comprehensive income	Total reserve
	Capital reserve	Securities premium				
Balance as at April 1, 2021	-	711.11	-	(632.887)	130	78.393
Loss for the year	-	-	-	-	-	-
Remeasurement (loss) on net defined benefit liability	-	-	-	(177.578)	-	(177.578)
Total comprehensive loss for the year	-	-	-	-	(266)	(266)
Security premium on rights issue of equity shares	-	332.218	-	(177.578)	(266)	(177.844)
Balance as at March 31, 2022	-	1,043.438	-	(810.465)	(136)	232.837

The accompanying notes are an integral part of these Standalone 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

Chartered Accountants

Firm registration number: 101040001023000000

[Signature]
per Sumit Mehra
Partner
Membership no.: 096547



Phonepe Private Limited

[Signature]
Sanjay Nigam
Whole-time Director
DIN: 02292840

Place: Bengaluru
Date: July 26, 2023

[Signature]
Rahul Chari Vardha
Whole-time Director
DIN: 03052804

Place: Bengaluru
Date: July 26, 2023

[Signature]

Ankit G Popat
Company Secretary
Membership No.: A20774

Place: Bengaluru
Date: July 26, 2023



Phonepe Private Limited**Standalone Statement of Cash Flows for the year ended March 31, 2023**

All amounts are Rs. in Lakhs, unless otherwise stated

	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flows from operating activities:		
Loss before tax	(210,782)	(177,578)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation and amortization expenses	49,747	20,168
(Gain) on sale of overnight mutual funds	(795)	(32)
(Gain) on sale of liquid mutual funds	(2,209)	(681)
Fair value (gain) on financial instruments at fair value through statement of profit and loss	(849)	(113)
Interest income	(9,798)	(3,049)
Interest expense	120	36
Interest on lease liabilities	1,909	512
Interest income on fair valuation & others	(162)	(87)
Unrealised foreign exchange loss	9,299	5,533
Provision for allowances for doubtful debts and advances	1,170	2,109
Dividend income	-	(204)
(Gain)/ loss on sale of property, plant and equipments	(91)	2
Assets written off	349	-
Share-based payment expense	128,167	-
Operating (loss) before working capital changes	(33,925)	(153,384)
Movements in working capital:		
Increase in trade payables	63,883	114,559
Increase in other current financial liabilities	4,232	9,957
Increase in other current liabilities	718	27,188
Increase in current provisions	1,571	1,937
Increase in non-current provisions	759	426
Decrease/ (increase) in trade receivables	7,143	(17,649)
(Increase) in current loans	(358)	(4)
Decrease/ (increase) in other current financial assets	7,872	(30,192)
(Increase) in other current assets	(14,114)	(43,979)
(Increase) in non-current financial assets	(1,060)	(1,217)
(Increase) in other non current assets	(1,010)	(498)
Payout towards share-based expenses	(26,224)	-
Cash used in operations	9,487	(92,856)
Income tax (paid)	(2,474)	(1,333)
Net cash from/ (used in) operating activities (A)	7,013	(94,189)
Cash flow from investing activities		
Purchase of property, plant and equipment including capital work in progress	(138,593)	(31,195)
Purchase of intangible assets	(25)	(6)
Proceeds from sale of property, plant and equipment	123	21
Investment in subsidiaries	(109,575)	(36,977)
Acquisition of a subsidiary	(57,638)	-
Purchase of non-controlling interest in a subsidiary	(1,451)	-
Investment in equity accounted investee	-	(9,675)
Investment in debt financial instruments	(234,817)	(68,615)
Investment in liquid mutual funds	(454,792)	(162,500)
Proceeds from sale of liquid mutual funds	440,652	50,680
Gain on sale of overnight mutual funds	795	32
Short term loan provided (subsidiaries and third party) (net)	(19,877)	-
Dividend income	-	204
Interest received	4,315	2,887
Net cash (used in) investing activities (B)	(570,883)	(255,144)



Phonepe Private Limited**Standalone Statement of Cash Flows for the year ended March 31, 2023**

All amounts are Rs. in Lakhs, unless otherwise stated

	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flow from financing activities		
Payment of lease liabilities	(7,176)	(2,455)
Interest paid	(89)	-
Proceeds from short-term borrowings	69,933	12,215
Repayment of short-term borrowings	(69,933)	(12,226)
Proceeds from issue of equity share capital	612,481	333,017
Transaction costs on issue of shares	(318)	(333)
Net cash generated from financing activities (C)	604,898	330,218
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	41,028	(19,115)
Cash and cash equivalents at the beginning of the year	19,383	38,498
Cash and cash equivalent at the end of the year [Note 6(iii)]	60,411	19,383

Summary of significant 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 and on behalf of Board of Directors of

For S.R. Batliboi & Associates LLP**Phonepe Private Limited**

Chartered Accountants

Firm registration number: 101049W/E3600004

per Sumit Mehra

Partner

Membership no.: 096547

Place : Bengaluru

Date: July 26, 2023



Sameer Nigam

Whole-time Director

DIN: 02292840

Place: Bengaluru

Date: July 26, 2023

Rahul Chari Vardha

Whole-time Director

DIN: 03052804

Place: Bengaluru

Date: July 26, 2023

Ankit G Popat

Company Secretary

Membership No.: A20774

Place: Bengaluru

Date: July 26, 2023



Phonepe Private Limited**Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023**

All amounts are Rs. in Lakhs, unless otherwise stated

1. Corporate information

Phonepe Private Limited (herein after referred to as 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 4,5,6,7, 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 and c) provision of allied services associated with PhonePe application. The Company was engaged in distribution of insurance products in India as Corporate Agent under registration code CA0656 prior to surrender of its registration in September 2021. The services are provided to customers through PhonePe application.

The Standalone Ind-AS Financial Statements were authorized for issue by the Board of Directors of the Company on July 26, 2023.

2. Summary of significant accounting policies**2.1 Basis of preparation**

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 in accordance with Ind-AS 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 (INR or Rs.) and all values in the tables are reported in Lakhs of Indian rupees (Rupees in Lakhs) except share data, unless otherwise stated. Certain notes and disclosures in the Standalone Ind-AS Financial Statements have been represented as Zero/ Nil ("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

Business combinations 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 Company. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. When the Company 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 Company 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 acquire. 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.

Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognised in Standalone Statement of Profit and Loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Common control transactions

Business combinations involving entities or businesses under common control shall be accounted for using the pooling of interest method where the Company is transferee. 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 financial statements in which they appeared in the financial statements of the transferor company. The excess between the amount of consideration paid over the share capital of the transferor company is recognised as a negative amount and the same is disclosed as capital reserve on business combination.

The financial information in the financial statements in respect of prior periods is restated from the beginning of the preceding period in the 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 financial statements is restated from the date of business combination.

The gain/loss on transfer of business within common control entities is recognised in the other equity under Capital reserve by the transferor entity.

Investment in subsidiaries

The Company has accounted for its investment in subsidiary at cost less impairment loss, if any.

Investment in associate/ equity accounted investee

An associate is an entity over which the Company 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 Company's investments in its associate is accounted at cost less impairment losses.

2.3 Functional and foreign currency**Functional and presentation currency**

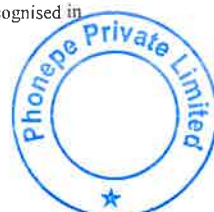
The Company has determined the currency of the primary economic environment in which the entity resides in and operates as the functional currency. The functional currency of the Company is determined as Indian Rupees (₹) or INR. The Standalone Ind-AS Financial Statements have been presented in ₹ or INR, as it best represents the operating business performance and underlying transactions.

Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at spot exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the Standalone Statement of Profit and Loss.

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. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

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Phonepe Private Limited**Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023**

All amounts are Rs. in Lakhs, unless otherwise stated

2.4(i) Property, plant and equipments**(a) Recognition and measurement**

All items of property, plant and equipment are initially measured at cost and subsequently it is measured at cost less accumulated depreciation and impairment loss, if any. Costs include expenditures 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. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. 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 until construction and installation are complete and the asset is ready for its intended use.

The residual value, estimated useful life and method of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if appropriate. The estimated useful lives of assets are as follows:

Category of assets	Estimated useful life
Computers	3 years
Computer servers (included under "Computers")	5 years
Point of sale machines (included under "Computers")	1.5 years
Office equipment	5 years
Furniture and fixtures	5 years
Electric installations	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.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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 equipments in these Standalone Ind-AS Financial Statements.

2.4(ii) 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 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 OCI and accumulated in equity as capital reserve.

Goodwill is tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The goodwill impairment test is performed at the level of cash-generating unit or groups of cash-generating units which represent the lowest level at which goodwill is monitored for internal management purposes.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in Standalone Statement of Profit and Loss. Impairment loss recognised for goodwill are not reversed in subsequent periods.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in business combination are measured at fair value 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.

Intangible assets with indefinite useful lives or not yet available for use are not amortised, but instead tested for impairment annually and written down to recoverable value as required. Intangible assets with finite lives are amortised over the estimated useful life. 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. The amortisation expense on intangible assets with finite lives is recognised in the Standalone Statement of Profit and Loss in the expense category consistent with the nature of the intangible assets. Gains or loss arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in Standalone Statement of Profit and Loss when the asset is derecognised.

The useful lives of the 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
Other intangible assets	3 years

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Phonepe Private Limited

Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023

All amounts are Rs. in Lakhs, 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 or 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 or 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:

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 or Loss. The losses arising from impairment are recognised in the Standalone Statement of Profit or 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 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 or 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.

Financial guarantee

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

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently it is measured at the higher of:

- (i) the amount of the loss allowance determined in accordance with expected credit loss model, and
- (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind-AS 115.

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Phonepe Private Limited

Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023

All amounts are Rs. in Lakhs, 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 profit or 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 with the net amount reported in the Standalone Balance Sheet only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realise the assets and settle the liabilities 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 or 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 short-term deposits comprise cash at banks, demand deposits and short-term highly liquid investments with an original maturity of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Company's cash management.

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, 2023**

All amounts are Rs. in Lakhs, unless otherwise stated

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The expense relating to a provision is presented in the Standalone Statement of Profit and Loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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 departure 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 cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and loss, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognised immediately in the Standalone Balance Sheet with a corresponding debit or credit to other reserves through OCI in the period in which they occur. Re-measurements are not reclassified to Standalone Statement of Profit and Loss in subsequent periods.

Past service costs are recognised in the Standalone Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation under employee benefit expenses' in Standalone Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and loss on curtailments and non-routine settlements.

Defined contribution plan

The Company makes contributions to the Provident Fund scheme, a defined contribution benefit scheme. 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

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The 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.

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.

Share based payments**Equity-settled transactions**

Eligible employees of the Company receive remuneration in the form of equity share options of Flipkart Private Limited, Singapore under Flipkart Stock Option Plan 2012 ("FSOP 2012"), Headstand Pte. Ltd. (formerly 'Phonepe Private Limited') (incorporated in Singapore) ("Headstand Pte. Ltd.") under PhonePe Stock Option Plan 2020 ("PSOP 2020") or PhonePe Founder Awards ("PFA 2020") or under the Company's PhonePe Stock Option Plan 2022 ("PSOP 2022"), as consideration for services rendered. The cost of these equity-settled share-based payment transactions with employees is measured by reference to the fair value of the options using option pricing model at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in the Standalone Statement of Profit and Loss, with a corresponding liability recorded for amount payable to Flipkart Private Limited, Singapore and Headstand Pte. Ltd. for FSOP 2012, PSOP 2020 and PFA 2020 respectively and stock option reserve for PSOP 2022. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

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.

Share appreciation rights

Liability for the Company's employee share appreciation rights (SAR), granted pursuant to the Company's Employee SAR Plan I & II is measured initially at the fair value of the liability using Finterty model. 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 Provision for employee benefits, in the Standalone Balance Sheet.

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Phonepe Private Limited

Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023

All amounts are Rs. in Lakhs, 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 Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

ii) Lease liabilities

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

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

The lease agreements entered with various lessors normally include one or more extension options. The Company reassess whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a change in circumstances that:

(a) is within the control of the lessee; and

(b) affects whether the lessee is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

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 (which we refer as unbilled revenue).

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

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 primarily includes advertising services involving exhibition of advertisements on our platform or on impressions (i.e., the number of times that an advertisement appears in our platforms) and distribution of coupons. 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.

(ii) Commission from sale of Insurance

The Company earns brokerage 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. The Company presents revenue net of applicable taxes in the Standalone Statement of Profit and Loss.

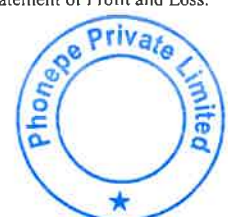
(iii) Other operating revenue

The Company may receive government grants/ subsidies that require compliance with certain conditions related to the entity's operating activities or are provided to the entity by way of financial assistance on the basis of certain qualifying criteria.

Government grants are recognised when there is reasonable assurance that the grant will be received upon the Company entity complying with the conditions attached to the grant. Such grant income is presented as other operating revenue, under revenue from operations, in the Standalone Statement of Profit and Loss.



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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 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 comprise of interest on lease liabilities and interest on dues to micro and small enterprises.

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 or 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 Semi-closed wallet

The Company 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.

2.18 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.

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2.19 Contingencies

A contingent liability is:

A possible obligation 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, or a present obligation that arises from past events but is not recognised because :

- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) The amount of the obligation cannot be measured with sufficient reliability.

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.

Contingent liabilities and assets are not recognised on the Standalone Balance Sheet of the Company, except for contingent liabilities assumed in a business combination that are present obligations arising from past events and which the fair values can be reliably determined.

2.20 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 adjusted for treasury shares held, 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.

2.21 Cash flows statement

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

2.22 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 realised 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.
- An entity shall classify 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

An entity shall classify all other liabilities as non-current.

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

2.23 Dividend

The Company recognises a liability to pay dividend to equity holders when the distribution is authorised by shareholders and the distribution is no longer at the discretion of the Company. The corresponding amount is recognised directly in equity.

2A . Significant 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.

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Phonepe Private Limited

Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023

All amounts are Rs. in Lakhs, unless otherwise stated

2A . Significant accounting estimates and judgements (Contd.)

(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 22 to the Standalone Ind-AS Financial Statements.

2B Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from 1 April 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements. The Company does not expect this amendment to have any significant impact in its Standalone Ind-AS Financial Statements.

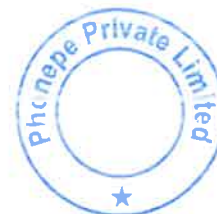
Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its Standalone Ind-AS Financial Statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

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

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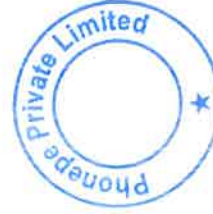


Phonepe Private Limited
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All amounts are Rs. in Lakhs, unless otherwise stated

3(i). Property, plant and equipments

	Computers	Office equipment	Leasehold improvements	Furniture & fixture	Electrical installations	Total
At cost						
As at April 1, 2021	61,246	157	846	5	28	62,282
Additions	37,738	436	-	8	-	38,182
Disposals/ adjustments	(207)	(1)	-	(1)	-	(209)
As at March 31, 2022	98,777	592	846	12	28	100,255
Additions	143,340	670	-	13	-	144,023
Assets written off	(182)	-	-	-	-	(182)
Disposals/ adjustments	(734)	-	-	-	-	(734)
As at March 31, 2023	241,201	1,262	846	25	28	243,362
Accumulated depreciation						
As at April 1, 2021	19,145	49	346	3	15	19,558
Charge for the year	17,249	91	263	1	4	17,608
Disposals/ adjustments	(184)	(1)	-	(1)	-	(186)
As at March 31, 2022	36,210	139	609	3	19	36,980
Charge for the year	42,271	171	174	4	4	42,624
Assets written off	(80)	-	-	-	-	(80)
Disposals/ adjustments	(455)	-	-	-	-	(455)
As at March 31, 2023	77,946	310	783	7	23	79,069
Net Block						
As at March 31, 2022	62,567	453	237	9	9	63,275
As at March 31, 2023	163,255	952	63	18	5	164,293

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023
All amounts are Rs. in Lakhs, unless otherwise stated

3(ii). Capital work-in-progress (CWIP) ageing schedule

As at March 31, 2023

	Amount in CWIP for a period of			
	Less than 1 year	1-1 years	2-3 years	3-4 years
Projects in progress	26,929	-	-	-
	<u>26,929</u>	<u>-</u>	<u>-</u>	<u>-</u>
				<u>Total</u>
				26,929

As at March 31, 2022

	Amount in CWIP for a period of			
	Less than 1 year	1-1 years	2-3 years	3-4 years
Projects in progress	16,357	-	-	-
	<u>16,357</u>	<u>-</u>	<u>-</u>	<u>-</u>
				<u>Total</u>
				16,357

As at March 31, 2023 and March 31, 2022, there are no projects/ CWIP assets which are overdue for capitalisation/ have exceeded estimated cost.

4. Goodwill and other intangible assets*

	Computer software	Other intangible assets	Total	Goodwill	Grand total
At cost					
As at April 1, 2021	802	2,626	3,428	1,627	5,055
Additions	6	-	6	-	6
Disposals	-	-	-	-	-
As at March 31, 2022	<u>808</u>	<u>2,626</u>	<u>3,434</u>	<u>1,627</u>	<u>5,061</u>
Additions	25	-	25	-	25
Disposals	-	-	-	-	-
As at March 31, 2023	<u>833</u>	<u>2,626</u>	<u>3,459</u>	<u>1,627</u>	<u>5,086</u>
As at April 1, 2021	369	2,626	2,995	-	2,995
Charge for the year	245	-	245	-	245
Disposals	-	-	-	-	-
As at March 31, 2022	<u>614</u>	<u>2,626</u>	<u>3,240</u>	<u>-</u>	<u>3,240</u>
Charge for the year	206	-	206	-	206
Disposals	-	-	-	-	-
As at March 31, 2023	<u>820</u>	<u>2,626</u>	<u>3,446</u>	<u>-</u>	<u>3,446</u>
Net Block					
As at March 31, 2022	<u>194</u>	<u>-</u>	<u>194</u>	<u>1,627</u>	<u>1,821</u>
As at March 31, 2023	<u>13</u>	<u>-</u>	<u>13</u>	<u>1,627</u>	<u>1,640</u>

* The management has identified the Company as a whole as one CGU.



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4. Goodwill and other intangible assets (Contd.)

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

- Estimated cash flow of 5 years based on formal/ approved internal management budgets with extrapolation for the remaining period, wherever the budgets were shorter than 5 years' period
- The cash flow has been extrapolated for the next 21 years based on the estimated cash flows of initial 5 years.
- Terminal value arrived by extrapolating last forecasted year cash flow to perpetuity using long term growth rates. These long-term growth rates take into consideration external macroeconomics sources of data.
- The discount rate used is based on the CGU's weighted average cost of capital. The management also believes there is no major change in environment where the CGU operates.
- Value in use is calculated using after tax assumptions. The use of after tax assumptions does not result in a value in use that is materially different from the value in use that would result if the calculation was performed using before tax assumptions.

List of key assumptions used in the value in use calculations for the CGU is as given below.

Assumptions

Long term growth rate
Discount rate

	For the year ended March 31, 2023	For the year ended March 31, 2022
	5%	5%
	19%	18%

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, 2023
All amounts are Rs. in Lakhs, unless otherwise stated

5. Right-of-use assets

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

	B ₁ ildings	Data Centres	Motor vehicles	Total RoU Assets
Gross carrying value at cost				
As at April 01, 2021	3,368		22	3,390
Additions	10,233	2,010	-	12,243
Disposals	-	-	-	-
As at March 31, 2022	13,601	2,010	22	15,633
Additions	14,972	12,222	-	27,194
Disposals/ adjustments	(107)	(19)	-	(126)
As at March 31, 2023	28,466	14,213	22	42,701
Accumulated amortisation				
As at April 1, 2021	1,489	-	14	1,503
Charge for the year	2,250	57	8	2,315
Disposals/ adjustments	-	-	-	-
As at March 31, 2022	3,739	57	22	3,818
Charge for the year	4,059	2,858	-	6,917
Disposals/ adjustments	(106)	(19)	-	(125)
As at March 31, 2023	7,692	2,896	22	10,610
Net carrying value				
As at March 31, 2022	9,862	1,953	-	11,815
As at March 31, 2023	20,774	11,317	-	32,091

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023

All amounts are Rs. in Lakhs, unless otherwise stated

6. Financial assets
(i) Investments

	Non-Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
At amortised cost				
Investment in non-convertible debentures (unquoted)	-	-	1,501	22,071
Investment in commercial papers (unquoted)	-	-	313,587	53,969
Sub-total (a)	-	-	315,088	76,040
At fair value (through OCI)				
Investment in equity shares (unquoted)				
National Payments Corporation of India	1,167	770	-	-
61,320 units (March 31, 2022 - 61,320 units)				
Sub-total (b)	1,167	770	-	-
At fair value (through profit or loss)				
Investment in liquid mutual funds (quoted)	-	-	129,811	112,613
Sub-total (c)	-	-	129,811	112,613
At cost				
Investment in subsidiaries (unquoted)				
Phonepe Technologies Services Private Limited				
4,500,000 equity shares of Rs. 10 each	450	450	-	-
(March 31, 2022 - 4,500,000 equity shares of Rs. 10 each)				
Phonepe Insurance Broking Services Private Limited				
837,000,000 equity shares of Rs. 10 each	83,700	27,500	-	-
(March 31, 2022 - 275,000,000 equity shares of Rs. 10 each)				
Phonepe Wealth Broking Private Limited				
493,150,000 equity shares of Rs. 10 each	49,315	2,990	-	-
(March 31, 2022 - 29,900,000 equity shares of Rs. 10 each)				
Pincode Shopping Solutions Private Limited				
(formerly known as 'Phonepe Shopping Solutions Private Limited' and				
'Phonepe Payment Technology Services Private Limited')	990	990	-	-
9,900,000 equity shares of Rs. 10 each				
(March 31, 2022 - 9,900,000 equity shares of Rs. 10 each)				
Phonepe Finance Private Limited				
14,900,000 equity shares of Rs. 10 each	1,490	990	-	-
(March 31, 2022 - 9,900,000 equity shares of Rs. 10 each)				
Phonepe Credit Services Private Limited				
(formerly known as 'Explorium Innovative Technologies Private Limited')	7,603	4,507	-	-
11,780 equity shares of face value of Rs. 10 each				
(March 31, 2022 - 9,279 equity shares of Rs. 10 each)				
OSLabs Pte. Ltd. (refer note 27)				
2,155,502 equity shares (March 31, 2022 - nil)	76,196	-	-	-
Sub-total (d)	219,744	37,427	-	-
Total - (a)+(b)+(c)+(d)	220,911	38,197	444,899	188,653

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

Quoted investments at market value	-	-	129,811	112,613
Unquoted investments	220,911	38,197	315,088	76,040
Total	220,911	38,197	444,899	188,653

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023
All amounts are Rs. in Lakhs, unless otherwise stated

6. Financial assets (Contd.)

(ii) Trade receivables

	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good*	19,466	26,192
Unsecured, credit impaired	3,026	3,443
	22,492	29,635
Allowance for impairment of trade receivables	(3,026)	(3,443)
Total	19,466	26,192

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

	As at March 31, 2023	As at March 31, 2022
Opening balance	(3,443)	(1,389)
Provision made during the year	(1,491)	(2,740)
Provision reversed during the year	1,868	595
Write-off	40	91
Closing balance	(3,026)	(3,443)

Trade receivables are non-interest bearing and are generally due on presentment. 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 amounting to Rs. 758 (March 31, 2022: Rs. 959) (refer note 19)

Trade receivables Ageing Schedule

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	11,544	7,921	1	-	-	-	19,466
Undisputed Trade Receivables – credit impaired	1,154	613	424	694	95	46	3,026
	12,698	8,534	425	694	95	46	22,492

As at March 31, 2022

	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	11,693	14,499	-	-	-	-	26,192
Undisputed Trade Receivables – credit impaired	711	1,921	811	-	-	-	3,443
	12,404	16,420	811	-	-	-	29,635

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Phonepe Private Limited

Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023

All amounts are Rs. in Lakhs, unless otherwise stated

6. Financial assets (Contd.)

(iii) Cash and cash equivalents

	As at March 31, 2023	As at March 31, 2022
Balance with banks	9,961	18,983
Short term deposits [refer note 6(iii)(a) and 6(iii)(b) below]	50,450	400
Total	60,411	19,383

	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents as per Ind-AS 7 (Statement of cash flows)	60,411	19,383

(iii)(a) 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.

(iii)(b) The weighted average effective interest rate for deposits and balance of escrow core portion (classified under restricted cash) for the year ended March 31, 2023 for the Company was 5.85% per annum (March 31, 2022: 4.95% per annum).

(iv) Loans

	Current	
	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Loans and advances to employees	506	148
Intercompany loans - related party (refer note 19 and 29(i))	5,290	-
Secured, considered good		
Intercompany loans - others (refer note 29(i))	14,800	-
Secured, credit impaired		
Intercompany loans - others (refer note 29(i))	762	-
	21,358	148
Allowance for impairment of doubtful assets	(762)	-
Total	20,596	148

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

Included in loans are certain intercompany loans the particulars of which are disclosed below as required by Sec 186(4) of the Companies Act 2013:

Name of the loanee	Rate of Interest	Due date	Secured/ unsecured	As at March 31, 2023	As at March 31, 2022
Camden Town Technologies Private Limited	16.4% p.a.	June 07, 2023	Secured	15,562	-
OS Labs Technology (India) Private Limited (refer note 19)	7.8% p.a.	August 02, 2023	Unsecured	5,290	-

Camden Town Technologies Private Limited has given first charge over its trademarks and copy right works against the above loan. The loans will be utilized for meeting liabilities and/ working capital requirements (as the case may be) by the recipients. Refer note 32a.

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023
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(v) Other financial assets

	Non-Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good				
Interest accrued on fixed deposits	-	-	442	165
Restricted cash [refer note 6(v)(a) below]	25	-	33,124	30,563
Other receivables [refer note 6(v)(b) below]	-	-	26,694	5,157
Unwithdrawn commission [refer note 6(v)(c) below]	-	-	25,496	18,799
Security deposits	3,091	1,894	374	117
Bank deposits [refer note 6(iii)(b) above]	-	-	37,300	60,002
Unsecured, credit impaired				
Security deposits	-	-	12	12
Other receivables	-	-	1,500	678
	3,116	1,894	124,942	115,493
Allowance for impairment of doubtful assets	-	-	(1,512)	(690)
Total	3,116	1,894	123,430	114,803

(v)(a) Restricted cash above consists of Rs. 33,124 (March 31, 2022: Rs. 30,553) in escrow account for wallet operations and fixed deposits amounting to Rs. 25 (March 31, 2022 : Rs. 10) given as collateral against bank guarantees.

(v)(b) includes receivables from related parties amounting to Rs. 20,663 (March 31, 2022: Rs. 2,642) (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, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good				
Advances	4,001	-	21,431	19,000
[net of provision Rs. 48 (March 31, 2022 : 45)]				
Balances with statutory authorities*	1,132	1,132	90,925	81,948
[net of provision Rs. 196 (March 31, 2022 : 127)]				
Prepaid expenses	2,169	1,159	7,872	4,389
Advance income tax	4,075	1,602	-	-
Total	11,977	3,893	120,248	106,137

*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.

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023
All amounts are Rs. in Lakhs, unless otherwise stated

8. Equity share capital

	As at March 31, 2023	As at March 31, 2022
Authorized share capital		
100,000,000 (March 31, 2022: 100,000,000) equity shares of Rs.10 each	10,000	10,000
Issued, subscribed and fully paid-up share capital		
43,453,661 (March 31, 2022: 40,386,345) equity shares of Rs.10 each	4,345	4,039
Total issued, subscribed and fully paid-up share capital	4,345	4,039

a. During the previous year ended March 31, 2022, the authorised share capital was increased by Rs. 5,000 i.e. 50,000,000 equity shares of Rs. 10 each.

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

	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs. 10 each fully paid up				
At the beginning of the year	40,386,345	4,039	36,432,374	3,643
Issued during the year	3,067,316	306	3,953,971	396
Outstanding at the end of the year	43,453,661	4,345	40,386,345	4,039

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. The dividend proposed 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, 2023		As at March 31, 2022	
	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	85.50%	-	-
Headstand Pte. Ltd. (Formerly 'Phonepe Private Limited') (incorporated in Singapore) ("Headstand Pte. Ltd.")*	2,966,664	6.83%	40,336,245	99.88%

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.

* The erstwhile immediate holding company i.e., Headstand Pte. Ltd. sold its controlling stake in the Company to FIT Holdings S.A.R.L. and other parties on December 23, 2022. Consequently, with effect from December 23, 2022, the Company has become a subsidiary of FIT Holdings S.A.R.L. and Walmart Inc. continues to be the ultimate holding company.

e. Shares reserved for issue under options

Refer note 22 for details of shares reserved for issue under the 'PSOP 2022'.

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

	As at March 31, 2023	As at March 31, 2022
FIT Holdings S.A.R.L.		
37,151,789 (March 31, 2022: Nil) equity shares of Rs.10 each	3,715	-
Headstand Pte. Ltd.		
2,966,664 (March 31, 2022: 40,336,245) equity shares of Rs.10 each	297	4,034
Quickroutes International Private Limited		
Nil (March 31, 2022: 50,100) equity shares of Rs. 10 each	-	5

g. Details of shares held by promoters

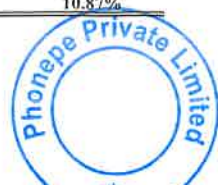
As at March 31, 2023

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%

As at March 31, 2022

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
Headstand Pte. Ltd. [Subsidiary of Walmart Inc. (ultimate holding company)]	36,382,274	3,953,971	40,336,245	99.88%	10.87%
Total	36,382,274	3,953,971	40,336,245	99.88%	10.87%

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9. Financial liabilities

(i) Trade payables

	Current	
	As at March 31, 2023	As at March 31, 2022
Trade payables	238,110	249,321
Total	238,110	249,321

Dues to suppliers who are registered as micro and small enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)" as at March 31, 2023 is Rs 296 (March 31, 2022: 420).

Trade payables include amounts payable to related parties amounting to Rs. 207,683 (March 31, 2022: Rs. 224,952) (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, 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	220	1	-	-	-	221
Total outstanding dues of creditors other than micro enterprises and small enterprises	6,373	606	5	11	14	7,009
Total	6,593	607	5	11	14	7,230

As at March 31, 2022	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	325	47	1	1	-	374
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,142	163	12	-	17	4,334
Total	4,467	210	13	1	17	4,708

Trade payables ageing schedule excludes unbilled/ accrued payables amounting to Rs. 230,880 (March 31, 2022 - Rs. 244,613)

Details relating to Outstanding dues to Micro and Small Enterprises

	Current	
	As at March 31, 2023	As at March 31, 2022
(a) the principal amount remaining unpaid to any supplier at the end of the year	221	374
(b) the interest due thereon remaining unpaid to any supplier at the end of the year	29	25
(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	-	-
(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	-	-
(e) the amount of interest accrued and remaining unpaid at the end of the year	-	-
(f) the amount of 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	46	21
Total	296	420

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Phonepe Private Limited
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(ii) Lease liabilities

	Non current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Lease liabilities	25,610	8,649	7,370	3,028
Total	25,610	8,649	7,370	3,028

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.

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 ended March 31, 2023	For the year ended March 31, 2022
Interest on lease liabilities (refer note 17)	1,909	512
Amortization of right-of-use assets (refer note 16)	6,917	2,315
Expenses relating to short-term leases (refer note 18)	811	1,045
Variable lease payments not included in the measurement of lease liabilities (refer note 18)	377	213

(iii) Other financial liabilities

	Current	
	As at March 31, 2023	As at March 31, 2022
Payable towards wallet balances	29,561	27,691
Capital creditors**	42,334	21,731
Other liabilities	4,087	1,725
Total	75,982	51,147

** Dues to suppliers who are registered as micro and small enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)" as at March 31, 2023 is Rs 9 (March 31, 2022: Rs. 1).

10. Other current liabilities

	As at March 31, 2023	As at March 31, 2022
Payable to statutory authorities^	47,030	46,312
Total	47,030	46,312

^ 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.

11. Provision for employee benefits

	Non current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Provision for gratuity (refer note 20)	2,674	2,021	396	212
Provision for compensated absences	-	-	6,064	4,677
Share appreciation rights (refer note 22)	13,163	-	-	-
Total	15,837	2,021	6,460	4,889

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Phonepe Private Limited

Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023

All amounts are Rs. in Lakhs, unless otherwise stated

12. Income tax

a) Reconciliation of tax expense and the accounting loss

	As at March 31, 2023	As at March 31, 2022
Accounting loss before taxes	(210,782)	(177,578)
At India's statutory income tax rate of 25.17% (March 31, 2022 : 25.17%)	(53,054)	(44,696)
Adjustments:		
Deferred tax assets not recognised on tax loss and unabsorbed depreciation	52,602	45,047
Adjustment on account of permanent differences	(58)	(3)
Deferred tax assets not recognised on timing differences	510	(348)
	-	-

b) Deferred tax liability (net)

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
Deferred tax (liability)				
Depreciation on property, plant and equipment	(4,866)	(2,769)	-	(7,635)
Amortisation on right-to-use asset	(35)	35	-	-
Unrealised gain on investments	(29)	(185)	-	(214)
Investments in equity shares (unquoted) (at FVOCI)	-	-	(45)	(45)
Deferred tax asset				
Carried forward loss allowed to be offset against future profits	4,930	2,919	-	7,849
Deferred tax asset/(liability)	-	-	(45)	(45)

For the year ended March 31, 2022				
Particulars	As at April 01, 2021	Recognised in the Standalone Statement of Profit and Loss	Recognised in Other Comprehensive Income	As at March 31, 2022
Deferred tax (liability)				
Depreciation on property, plant and equipment	(3,201)	(1,665)	-	(4,866)
Amortisation on right-to-use asset	-	(35)	-	(35)
Unrealised gain on investments	-	(29)	-	(29)
Deferred tax asset				
Carried forward loss allowed to be offset against future profits	3,201	1,729	-	4,930
Deferred tax asset/(liability)	-	-	-	-

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12. Income tax (Contd.)

Under the Income-tax Act, 1961, unabsorbed business loss 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 Company has not recognised any deferred tax assets on the unabsorbed business loss and unabsorbed depreciation amounting to Rs. 790,942 (March 31, 2022: Rs. 738,339) and Rs. 113,765 (March 31, 2022: Rs. 59,938) respectively. These unexpired business loss will expire based on the year of origination as follows:

For the year ended	Unabsorbed business loss
March 31, 2024	-
March 31, 2025	-
March 31, 2026	-
March 31, 2027	155,380
March 31, 2028	165,633
Thereafter	469,929
	790,942

The Income-tax Act, 1961 places a restriction on carrying forward the unabsorbed business losses in the event of a change in the shareholding of a company resulting in a change of more than 49% in the beneficial voting rights in the company. Although the direct shareholding of the Company has changed by more than 49% during the current financial year (refer note 8), ultimate holding company continues to hold more than 51% of the shares of the Company.

The Company proposes to carry forward tax losses from the financial year ended March 31, 2019 based on the High court ruling, wherein the ultimate holding company remains the same. There is no impact in the Company's accounting for income taxes due to the uncertainty of carried forward of these tax losses.

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, 2023	As at March 31, 2022
Deferred tax liability	(7,894)	(4,930)
Deferred tax assets	7,849	4,930
Deferred tax (liability)/ assets, net	(45)	-

d) Deferred tax liability relates to

	As at March 31, 2023	As at March 31, 2022
Investments in equity shares (unquoted) (at FVOCI)	45	-
Total	45	-

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023

All amounts are Rs. in Lakhs, unless otherwise stated

13. Revenue from operations

Payments and allied services [refer note 13(i) and 19]

Other operating revenue [refer note 13 (ii) below]

Total

As at March 31, 2023	As at March 31, 2022
272,032	163,787
272,032	163,787
13,885	250
285,917	164,037

(i) Commission and processing fees from sale of insurance for the previous year ended March 31, 2022 amounts to Rs. 334 and Rs. 30 respectively. The Company was engaged in distribution of insurance products in India as Corporate Agent prior to surrender of its registration in September 2021. This reporting requirement under regulation 31(2) of the Insurance Regulatory and Development Authority of India (Registration of the Corporate Agents) Regulations, 2015 ("Regulation") is therefore provided for the financial year ended March 31, 2022.

(ii) Other operating revenue includes the subsidy received by the Company 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.13,885 (March 31, 2022 - Rs. 250).

(iii) 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

Payments and allied services

Total revenue from contracts with customers

As at March 31, 2023	As at March 31, 2022
272,032	163,787
272,032	163,787

Timing of revenue recognition

Services transferred at a point in time

Total revenue from contracts with customers

As at March 31, 2023	As at March 31, 2022
272,032	163,787
272,032	163,787

(iv) Contract balances

Trade receivables [refer note 6(ii)]

Total contract balances

19,466	26,192
19,466	26,192

14. Finance and other income

Interest income on deposits

Interest, others (refer note 19)

Gain on sale of investments

Dividend income (refer note 19)

Unrealised gain on investments

Gain on sale of property, plant and equipment (net)

Other income (refer note 19)

Total

As at March 31, 2023	As at March 31, 2022
3,533	1,662
6,536	1,387
3,004	713
-	204
849	113
91	-
2,569	221
16,582	4,300

15. Employee benefits expense

Salaries, wages and bonus (refer note 19)

Contribution to provident and other funds

Gratuity expense (refer note 20)

Staff welfare expenses

Share based payments to employees (refer note 19 and note 22)

Total

As at March 31, 2023	As at March 31, 2022
81,214	49,312
1,404	794
1,023	666
4,509	2,028
191,366	116,656
279,516	169,456

16. Depreciation and amortization expense

Depreciation of property, plant and equipment

Amortization of intangible assets

Amortization of right-of-use assets

Total

As at March 31, 2023	As at March 31, 2022
42,624	17,608
206	245
6,917	2,315
49,747	20,168

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Phonepe Private Limited**Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023**

All amounts are Rs. in Lakhs, unless otherwise stated

17. Finance costs

	As at March 31, 2023	As at March 31, 2022
Interest on working capital demand loan	89	11
Interest on lease liabilities [refer note 9(ii)]	1,909	512
Interest, others	143	25
Total	2,141	548

18. Other expenses

	As at March 31, 2023	As at March 31, 2022
Rent expenses (refer note 19)	1,672	1,404
Customer support expenses	2,251	2,237
Outside contracted expenses	27,613	31,143
Legal and consultancy expenses (refer note 19)	4,270	2,472
Auditor's remuneration (refer note 18.1)	116	81
Rates and taxes	138	1,028
Information technology infrastructure expenses (refer note 19)	19,472	13,953
Electricity and water expenses	453	206
Travelling and conveyance expenses (refer note 19)	2,954	1,059
Marketing expenses (refer note 19)	35,323	66,941
Bad debts and advances written off	76	91
Allowances for bad and doubtful debts and advances	1,170	2,109
Loss on sale of property, plant and equipment	-	2
Provision/ amount written off against property, plant and equipment	349	-
Insurance charges	144	-
Repairs and maintenance expenses	1,095	692
License and service expenses (refer note 19)	11,677	6,807
Foreign exchange loss (net)	9,150	5,519
Miscellaneous expenses (refer note 19)	63	79
Total	117,986	135,823

18.1 Auditor's remuneration**As auditor:**

Statutory audit fees	113	78
Tax audit fees	3	3

In other capacity:

Other services	0	0
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Total	116	81
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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) Refer note 8	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)	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
	Phonepe Wealth Private Limited #	India
	Wal-Mart India 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 and 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 Credit Services Private Limited (formerly known as 'Explorium Innovative Technologies Private Limited')#	India
	OSLabs Pte Ltd (Singapore)# and its subsidiary (w e f. July 29, 2022)	Singapore
	OSLabs Technology (India) Private Limited#	India
Equity accounted investee	CE Info Systems Limited (formerly known as "CE Info Systems Private Limited") ("CE Info Systems")	India
Associate of immediate holding company	OSLabs Pte Ltd (upto July 28, 2022)	Singapore

c) Key management personnel

Sameer Nigam	Whole-time Director
Rahul Chari	Whole-time Director
Adarsh Nahata	Whole-time Director (upto December 22, 2022)
Judith Jane McKenna	Director (w e f January 06, 2023)
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)

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

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023
All amounts are Rs. in Lakhs, unless otherwise stated

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:

Relationship	Nature of Transactions	For the year ended	
		March 31, 2023	March 31, 2022
Transactions			
Ultimate holding company	Cross charge of employee benefits expense	(274)	(216)
	Cross charge of other expenses	(11)	(7)
			-
Intermediate holding Company	Cross charge of Employee Stock Option Plan (ESOP) expense (refer note 22)	26,224	1,032
	Reimbursement of payables	755	1,183
Immediate holding company (refer note 8)	Issue/allotment of shares	240,232	333,017
	Cross charge of ESOP expense (refer note 22)	89,091	115,624
	Reversal of ESOP liability on account of migration (refer note 22)	(121,443)	-
	Reimbursement of expenses/ payables	2,226	2,605
	Purchase on shares in Phonepe Insurance	-	500
	Purchase on shares in CE Info Systems	-	9,675
	Purchase of shares in OSLabs Pte. Ltd	57,638	-
	Cross charge of legal and consultancy expenses	(41)	-
	Cross charge of insurance expenses	(50)	-
	Other Income	2,098	-
Wholly owned subsidiaries	Equity investment	109,575	31,970
	Reimbursement of expense/ payables	7	(2,125)
	Other income	442	55
	Employee benefits expenses	(108)	(59)
	Payments and allied services	1,238	438
	License and service expenses	(43)	-
	Cross charge of ESOP expenses	11,370	-
	Marketing expenses	83	-
	Travelling and conveyance expenses	(55)	-
	Inter-corporate loan provided	5,199	-
	Interest income on loan	214	-
	Loan repaid	101	-
	Legal and consultancy expenses	(2)	-

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023
All amounts are Rs. in Lakhs, unless otherwise stated

19. Related party disclosures (Contd.)

d) Related party transactions (Contd.)

Relationship	Nature of Transactions	For the year ended	
		March 31, 2023	March 31, 2022
Fellow subsidiaries	Information technology infrastructure expenses	261	829
	Payments and allied services	3,418	3,318
	Reimbursement of expense/ payables	430	-
	Travelling and conveyance expenses	85	-
	Employee benefits expenses	62	485
	Other income	-	50
	License and service expenses	(68)	161
	Miscellaneous expenses	-	11
Equity accounted investee	Rent expenses	35	74
	License and service expenses	515	168
	Marketing expenses	-	2
	Dividend income	-	204

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, 2023	March 31, 2022
Key management personnel (refer note below)	Remuneration - salary and other benefits*	681	676
	Remuneration - share based payments	91,730	75,922
	Reimbursement of expenses	-	7

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

Name of related party	Nature of balance outstanding	As at	As at
		March 31, 2023	March 31, 2022
Headstand Pte. Ltd.	Trade payables	206,303	222,615
Flipkart Private Limited	Trade payables	-	1,074
Flipkart India Private Limited	Trade payables	51	51
Flipkart Internet Private Limited	Trade payables	629	617
Instakart Services Private Limited	Trade payables	-	332
Myntra Jabong India Private Limited	Trade payables	6	6
Phonepe Wealth Broking Private Limited	Trade payables	290	173
Phonepe Insurance Broking Services Private Limited	Trade payables	53	-
Phonepe Technology Services Private Limited	Trade payables	15	-
Phonepe Credit Services Private Limited (formerly known as 'Explorium Innovative Technologies Private Limited')	Trade payables	44	-
Cleartrip Private Limited	Trade payables	8	-
OS Labs Technology (India) Private Limited	Trade payables	39	-
Wealth Technology and Services Private Limited	Trade payables	0	-
Headstand Pte. Ltd.	Other receivables	2,205	209
Walmart Inc.	Other receivables	94	73
Flipkart India Private Limited	Trade receivables	-	6
Flipkart Internet Private Limited	Trade receivables	206	184
Flipkart Health Limited	Trade receivables	25	-
Myntra Designs Private Limited	Trade receivables	16	-
Myntra Designs Private Limited	Other receivables	-	59
Phonepe Insurance Broking Services Private Limited	Other receivables	5,732	2,122
Phonepe Insurance Broking Services Private Limited	Trade receivables	86	161
Phonepe Technology Services Private Limited	Other receivables	119	71
Phonepe Wealth Broking Private Limited	Other receivables	5,067	53
Phonepe Wealth Broking Private Limited	Trade receivables	425	597
Pincode Shopping Solutions Private Limited (formerly known as 'Phonepe Shopping Solutions Private Limited' and 'Phonepe Payment Technology Services Private Limited')	Other receivables	89	32
Phonepe Finance Private Limited	Other receivables	75	23
Phonepe Credit Services Private Limited (formerly known as 'Explorium Innovative Technologies Private Limited')	Other receivables	775	-
Quantech Capital Investment Advisors Private Limited	Other receivables	742	-
OS Labs Technology (India) Private Limited	Other receivables	3,398	-
Wealth Technology and Services Private Limited	Other receivables	2,367	-
CE Info Systems Limited (formerly known as "CE Info Systems Private Limited") ("CE Info Systems")	Trade payables	245	84
Cleartrip Private Limited	Trade receivables	-	11
OS Labs Technology (India) Private Limited	Intercompany loans	5,290	-

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023
All amounts are Rs. in Lakhs, unless otherwise stated

19. Related party disclosures (Contd.)

The following are the significant related party transactions during the year ended March 31, 2023 and 2022:

Name of related party	Nature of transactions	For the year ended	
		March 31, 2023	March 31, 2022
Walmart Inc.	Cross charge of employee benefits expense	(274)	(216)
	Cross charge of other expenses	(11)	(7)
FIT Holdings S.A.R.L.	Issue/allotment of shares	166,000	-
Headstand Pte. Ltd.	Issue/allotment of shares	74,232	333,017
	Cross charge of ESOP expense (refer note 22)	89,091	115,624
	Reversal of ESOP liability on account of migration (refer note 22)	(121,443)	-
	Reimbursement of expense/ payables	2,226	2,605
	Purchase on shares in Phonepe Insurance	-	500
	Purchase on shares in CE Info Systems	-	9,675
	Purchase of shares in OSLabs Pte. Ltd	57,638	-
	Cross charge of legal and consultancy expenses	(41)	-
	Cross charge of insurance expenses	(50)	-
	Other Income	2,098	-
Flipkart Private Limited	Cross charge of ESOP expense (refer note 22)	26,224	1,032
	Reimbursement of payables	755	1,183
Flipkart Internet Private Limited	Payments and allied services	1,464	2,013
	Information technology infrastructure expenses	180	829
	Employee benefits expenses	40	436
	Reimbursement of expense/ payables	430	-
	License and service expenses	(68)	161
	Travelling and conveyance expenses	77	-
Flipkart Health Limited	Payments and allied services	81	-
Instakart Services Private Limited	Payments and allied services	1,523	675
Myntra Designs Private Limited	Payments and allied services	320	264
	Information technology infrastructure expenses	81	-
FI Info Solutions & Services Private Limited	Miscellaneous expenses	-	11
	Payments and allied services	-	2
Myntra Jabong India Private Limited	Employee benefits expenses	-	5
Flipkart India Private Limited	employee benefits expenses	-	44
	Payments and allied services	-	107
Phonepe Wealth Private Limited	Other income	-	50
	Payments and allied services	-	246
Phonepe Technology Services Private Limited	Other income	5	3
	Employee benefits expenses	-	(23)
	Cross charge of ESOP expenses	74	-
Phonepe Insurance Broking Services Private Limited	Equity investment	56,200	27,000
	Reimbursement of expense/ payables	-	(2,095)
	Other income	-	1
	Payments and allied services	441	170
	License and service expenses	(13)	-
	Cross charge of ESOP expenses	3,519	-
Phonepe Wealth Broking Private Limited	Equity investment	46,325	2,990
	Reimbursement of expense/ payables	-	(10)
	Other income	123	48
	Payments and allied services	797	268
	License and service expenses	(30)	-
	Cross charge of ESOP expenses	2,253	-
Pincode Shopping Solutions Private Limited (formerly known as 'Phonepe Shopping Solutions Private Limited' and 'Phonepe Payment Technology Services Private Limited')	Equity investment	-	990
	Reimbursement of expense/ payables	-	(10)
	Other income	5	2
	Employee benefits expenses	(56)	(23)
Phonepe Finance Private Limited	Equity investment	500	990
	Reimbursement of expense/ payables	-	(10)
	Other income	3	1
	Employee benefits expenses	(52)	(13)

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023
All amounts are Rs. in Lakhs, unless otherwise stated

19. Related party disclosures (Contd.)

The following are the significant related party transactions during the year ended March 31, 2023 and 2022 (Contd.):

Name of related party	Nature of transactions	For the year ended	
		March 31, 2023	March 31, 2022
Phonepe Credit Services Private Limited (formerly known as 'Explorium Innovative Technologies Private Limited')	Reimbursement of expense/ payables	8	-
	Marketing expenses	50	-
	Travelling and conveyance expenses	(35)	-
	Other Income	100	-
	Equity Investment	1,645	-
	Cross charge of ESOP expenses	335	-
Wealth Technology and Services Private Limited	Other Income	47	-
	Travelling and conveyance expenses	(13)	-
	Cross charge of ESOP expenses	1,549	-
Quantech Capital Investment Advisors Private Limited	Other Income	6	-
	Reimbursement of expense/ payables	(1)	-
	Inter-corporate loan provided	100	-
	Interest, others	1	-
	Loan repaid	101	-
	Cross charge of ESOP expenses	735	-
OSLabs Pte. Ltd	Equity Investment	4,905	-
OSLabs Technology (India) Private Limited	Other Income	153	-
	Interest, others	213	-
	Marketing expenses	33	-
	Legal and consultancy expenses	(2)	-
	Travelling and conveyance expenses	(7)	-
	Inter-corporate loan provided	5,099	-
	Cross charge of ESOP expenses	2,905	-
Wal-Mart India Private Limited	Payments and allied services	-	2
Clearmp Private Limited	Payments and allied services	30	9
	Travelling and conveyance expenses	8	-
Wildcraft India Private Limited	Employee benefits expenses	18	-
CE Info Systems	Rent expenses	35	74
	License and service expenses	515	168
	Marketing expenses	-	2
	Dividend income	-	204

Note: Trademark license agreement was entered between Phonepe Private Limited (the "Company") and Meteor Sports LLP ("MSL"), a body corporate whose partners/ designated partners include certain Key management personnel of the Company on February 1, 2023 for a limited period of up to 3 months, for the purpose of displaying /including the Company's logo/trademark on MSL team's jersey design/merchandise/player's sport accessories and any other related advertisement/display properties during the Prime Volleyball League 2023 in India which ended on March 05, 2023. The provision of license for a limited period has been considered sufficient consideration for the purpose of the agreement.

The necessary disclosures have been made and requisite approvals for this transaction have been obtained, in compliance with the applicable provisions of the Companies Act, 2013.

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Phonepe Private Limited**Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023**

All amounts are Rs. in Lakhs, unless otherwise stated

20. Gratuity plan

The Company operates a defined benefit gratuity plan for its 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. The plan is not funded by the Company. The gratuity plan is governed by the Payment of Gratuity Act, 1972.

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, 2023	As at March 31, 2022
Standalone Statement of Profit and Loss		
Current service cost	878	589
Interest cost	145	77
	1,023	666
Remeasurement (gains)/ loss in Other Comprehensive Income		
- Actuarial (gain)/ loss due to liability experience	(56)	205
- Actuarial (gain)/ loss due to liability assumption changes	(22)	42
- Actuarial (gain)/ loss due to demographic assumptions	(29)	19
	(107)	266
Net benefit expense	916	932
Standalone Balance Sheet		
Defined benefit obligation (DBO)	3,070	2,233
Net defined benefit liability	3,070	2,233
Change in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	2,233	1,415
Current service cost	878	589
Acquisition/ transfers (net) - cost*	(33)	(75)
Interest cost	145	77
Amount recognised in OCI	(107)	266
Benefits paid	(46)	(39)
Closing defined benefit obligation	3,070	2,233

*Acquisition/ transfers (net) - cost for the year ended March 31, 2023 and March 31, 2022 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, 2023	As at March 31, 2022
Discount rate	7.30%	6.60%
Expected rate of return on assets	NA	NA
Salary escalation rate	12% until July 2023 and 8% thereafter	25% for first year and 8% thereafter
Mortality rate	Indian Assured Lives Mortality (2012-14) (modified) Ult^	Indian Assured Lives Mortality (2012-14) (modified) Ult^
Withdrawal rate	Managers and above 15%, Others -26%	Managers and above 14%, Others -24%

^ 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.

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Phonepe Private Limited**Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023**

All amounts are Rs. in Lakhs, unless otherwise stated

20. Gratuity plan (Contd.)**Sensitivity analysis of assumptions used**

	As at March 31, 2023	As at March 31, 2022
Discount rate	7.30%	6.60%
Decrease in DBO due to 0.5% increase in discount rate	(80)	(66)
Increase in DBO due to 0.5% decrease in discount rate	85	69
Salary escalation rate	12% until July 2023 and 8% thereafter	25% for first year and 8% thereafter
Increase in DBO due to 0.5% increase in salary escalation rate	58	46
Decrease in DBO due to 0.5% decrease in salary escalation rate	(56)	(46)

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, 2023	As at March 31, 2022
Within 1 year	396	212
2 - 5 years	1,853	1,255
More than 5 years	2,656	2,112

The weighted average duration of the defined benefit obligation is 5 years.

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

21. Loss per share (LPS)

	As at March 31, 2023	As at March 31, 2022
Loss for the year	(210,782)	(177,578)
Weighted average number of equity shares (in lakhs)	409	373
Basic and diluted loss per share computed on total loss (Rs. per share) *	(515)	(476)

* The outstanding share options are anti dilutive as at March 31, 2023. Hence the same is ignored in the calculation of diluted loss per share.

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, 2023	As at March 31, 2022
Expense arising from cash-settled share-based payment transactions (refer 22 (a) below)	7,692	-
Expense arising from equity-settled share-based payment transactions (refer 22 (b), (c) and (d) below)	177,924	116,656
Settlement related to equity-settled share based payment transactions recognised in Standalone Statement of Profit and Loss (refer 22 (e) below) *	5,750	-
Total expense recognized in the Standalone Statement of Profit and Loss (i)	191,366	116,656
Settlement related to equity-settled share based payment transactions recognised in Other equity (ii)*	27,437	-
Total impact of share-based payment transactions (i)+(ii)	218,803	116,656

*Represents settlement towards options issued under PSOP 2020 and FSOP 2012 amounting to Rs. 6,962 and Rs. 26,225, respectively (refer note 19).

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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. 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, 2023 (Number)
Outstanding as at the beginning of the year	-
- Granted*	81,082
Outstanding as at the end of the year	81,082
 Vested as at the year end	 81,082
Exercisable at the year end	-

* During the current year ended March 31, 2023, certain existing and former employees of the Company were granted SARs towards migration of options granted under PSOP 2022 (876 SARs) and PSOP 2020 (80,206 SARs) on the basis of derived ratio of share options of the Company and Headstand Pte. Ltd..

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.

The following table lists the inputs to the option pricing models for the year ended

	As at March 31, 2023
Dividend yield (% p.a.)	0%
Expected volatility (% p.a.)	50.60%
Expected life of option (years)	3 years

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 exercise price of the time-based share options is Rs. 10.

Time based options:

	As at March 31, 2023 (Number)
Outstanding as at the beginning of the year	-
- Granted	81,402
- Migrated*	3,528,301
- Replaced with SARs**	(876)
- Forfeited unvested	(24,669)
- Transfers (net)***	4,093
Outstanding as at the end of the year	3,588,251
 Vested as at the year end	 -

* During the current year ended March 31, 2023, the employees of the Company were granted 3,528,301 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, 2023, employees of the Company were granted SARs of the Company in replacement of 876 options under PSOP 2022 on the basis of derived ratio.

***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. As of March 31, 2023, 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, 2023
Dividend yield (% p.a.)	0%
Expected volatility (% p.a.)	50.60%
Expected life of option (years)	3 years

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22. Share based payments (Contd.)

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

Eligible employees of the Company have been granted share options of Phone 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 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 Rs. Nil.

Time based options:

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

	As at March 31, 2023 (Number)	As at March 31, 2022 (Number)
Outstanding as at the beginning of the year	2,963,949	2,601,564
- Granted	3,015,009	791,941
- Replaced with SARs*	(134,754)	-
- Migrated to PSOP 2022 plan**	(5,868,219)	-
- Forfeitures	(142,354)	(131,399)
- Repurchased ***	-	(147,356)
- Transfers (net) #	166,369	(150,801)
Outstanding as at the end of the year	-	2,963,949
Vested as at the year end	-	1,445,455

* During the current year ended March 31, 2023, former employees of the Company were granted SARs of the Company in replacement of 134,754 vested options under PSOP 2020 on the basis of derived ratio.

** During the current year ended March 31, 2023, the employees of the Company were granted 3,528,301 share options of the Company on the basis of derived ratio to its employees as migration of share options of Headstand Pte. Ltd.

*** The buyback executed during the previous year ended March 31, 2022, based on ESOP Buyback Programme 2022 ("Buyback programme") was under exceptional circumstances and does not create a legal or constructive obligation to buyback ESOP on the Company. Accordingly, remaining ESOPs continued to be accounted for as equity settled by the Company.

#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 Finterty 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 Group during the year is US \$ 112.82 per option (March 31, 2022: US \$ 61.3 per option).

The following table lists the inputs to the option pricing models for the year ended

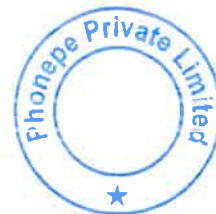
	As at March 31, 2023	As at March 31, 2022
Dividend yield (% p.a.)	0%	0%
Expected volatility (% p.a.)	42.60%-50.6%	42.60%
Expected life of option (years)	2.75 years -3 years	2.75 years

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

Certain key employees of the Company have been granted share options of Phone Private Limited (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 Rs. nil.

Performance-based share options are granted to certain key 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 Rs. Nil. Also refer Note 32.b.

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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, 2023 (Number)	As at March 31, 2022 (Number)
Outstanding as at the beginning of the year	3,129,445	3,129,445
- Granted	-	-
Outstanding as at the end of the year	3,129,445	3,129,445
Vested as at the year end	1,877,668	1,251,778

The following table lists the inputs to the option pricing models for the year ended

Expected life of option (years)

As at March 31, 2023	As at March 31, 2022
1.72 years	2.15 years

Performance based options:

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

	As at March 31, 2023 (Number)	As at March 31, 2022 (Number)
Outstanding as at the beginning of the year	2,738,265	2,738,265
- Granted	-	-
Outstanding as at the end of the year	2,738,265	2,738,265
Vested as at the year end	782,361	-

The following table lists the inputs to the option pricing models for the year ended

Expected life of option (years)

As at March 31, 2023	As at March 31, 2022
10 years	11 years

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

Eligible employees of the Company are granted share options of Flipkart Private Limited (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, 2023 and March 31, 2022.

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, 2023 (Number)	As at March 31, 2022 (Number)
Outstanding as at the beginning of the year	395,548	421,368
- Forfeited	-	(4,954)
- Repurchased	(358,705)	(20,866)
Outstanding as at the end of the year #	36,843	395,548
Vested as at the year end	36,843	395,548

Of the outstanding share options, none of the options (March 31, 2022: 15,382) are classified as cash-settled awards to be repurchased subsequently.

f. Migration of share-based payment plan from PSOP 2020 to PSOP 2022

The PSOP 2022 plan was approved by the Board of Directors of the Company during the current year ended March 31, 2023. Pursuant to such approval, options granted under PSOP 2020 by its erstwhile immediate holding company got migrated to new plan namely PSOP 2022 by the Company. The migration of share-based payment arrangement from PSOP 2020 to PSOP 2022 plan has been treated as a modification of an existing share-based payment plan. All the options granted under PSOP 2020 shall automatically stand cancelled and fresh options were granted by the Company to all the eligible employees on the basis of a pre-determined swap ratio.

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23. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company does not have any borrowing as on March 31, 2023 (March 31, 2022 - 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, 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 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(d) 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 trades only with recognised and creditworthy third parties. 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.

Financial assets that are neither past due nor impaired
Total neither past due nor impaired

As at March 31, 2023	As at March 31, 2022
598,286	312,348
598,286	312,348

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:

Past due 0 – 30 days
Past due 31 – 60 days
Past due 61 – 90 days
Past due over 90 days
Total past due and not impaired

As at March 31, 2023	As at March 31, 2022
5,278	9,022
1,727	4,183
460	1,428
456	576
7,921	15,209

Financial assets that are impaired

Information regarding financial assets that are impaired is disclosed below:

Trade receivables (note 6(ii))
Loans (note 6(iv))
Other financial assets (note 6(v))
Total past due and impaired

As at March 31, 2023	As at March 31, 2022
3,026	3,443
762	-
1,512	690
5,300	4,133

Trade receivables outstanding as at March 31, 2023 includes outstanding unbilled revenue amounting to Rs. 4,334 (March 31, 2022: 6,989).

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023

All amounts are Rs. in Lakhs, unless otherwise stated

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 credit 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, 2023			
	One year or less	One to five years	Over five years	Total
Financial liabilities				
Trade payables	238,110	-	-	238,110
Lease liabilities	9,432	28,707	-	38,139
Other financial liabilities	75,982	-	-	75,982
Total undiscounted financial liabilities	323,524	28,707	-	352,231

	As at March 31, 2022			
	One year or less	One to five years	Over five years	Total
Financial liabilities				
Trade payables	249,321	-	-	249,321
Lease liabilities	3,728	9,581	-	13,309
Other financial liabilities	51,147	-	-	51,147
Total undiscounted financial liabilities	304,196	9,581	-	313,777

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

	As at March 31, 2023			
	One year or less	One to five years	Over five years	Total
Capital commitments				
	59,528	-	-	59,528
	59,528	-	-	59,528

	As at March 31, 2022			
	One year or less	One to five years	Over five years	Total
Capital commitments				
	163,733	-	-	163,733
	163,733	-	-	163,733

Changes in liabilities arising from financing activities:

	April 01, 2022	New leases/ loans	Cash flows	Interest expense	March 31, 2023
Lease liabilities	11,677	26,570	(7,176)	1,909	32,980
Short-term borrowings	-	69,933	(70,022)	89	-
	11,677	96,503	(77,198)	1,998	32,980

	April 01, 2021	New leases/ loans	Cash flows	Interest expense	March 31, 2022
Lease liabilities	1,948	11,672	(2,455)	512	11,677
Short-term borrowings	-	12,215	(12,226)	11	-
	1,948	23,887	(14,681)	523	11,677

c) 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 and deposits with counter parties having high quality credit ratings, 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.

d) Foreign currency risk

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, 2023 and March 31, 2022, 5% increase /decrease in the exchange rate of Indian rupee with U.S. dollar would result in approximately Rs. 10,278 and Rs. 11,180 increase/ decrease in the loss before tax of the Company.

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023

All amounts are Rs. in Lakhs, unless otherwise stated

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.

Fair value of financial instruments that are carried at fair value (Refer note 6(ii))

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, 2023			
	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs *
		(Level 1)	(Level 2)	(Level 3)
Investments (FVTOCI)	1,167	-	-	1,167
Investments (through profit or loss)	129,811	129,811	-	-
	130,978	129,811	-	1,167

Assets measured at fair value:	As at March 31, 2022			
	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs *
		(Level 1)	(Level 2)	(Level 3)
Investments (FVTOCI)	770	-	-	770
Investments (through profit or loss)	112,613	112,613	-	-
	113,383	112,613	-	770

* 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, 2023	As at March 31, 2022
Opening balance	770	770
Investments made during the year	-	-
Fair value adjustments	397	-
Closing balance	1,167	770

Assets not measured at fair value:	As at March 31, 2023			
	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
Investments (at amortised cost)	315,088	-	315,088	-
	315,088	-	315,088	-

Assets not measured at fair value:	As at March 31, 2022			
	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
Investments (at amortised cost)	76,040	-	76,040	-
	76,040	-	76,040	-

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).

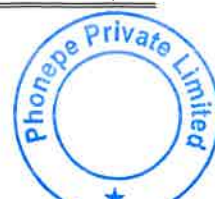
* This investment in equity instruments are not held for trading. Instead, they are held for medium or long term strategic purpose. Upon the application of Ind-AS 109, the Company has chosen to designate these investments in equity instruments at FVTOCI as the Directors believes this provides a more meaningful presentation for medium or long term strategic investments, than reflecting changes in fair value immediately in profit or loss.

26. Contingent liabilities and commitments

	As at March 31, 2023	As at March 31, 2022
a. Contingent liabilities	-	-
b. Commitments		
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	59,528	163,733
Total	59,528	163,733



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Phonepe Private Limited**Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023**

All amounts are Rs. in Lakhs, unless otherwise stated

27. Common control transaction

Pursuant to the share purchase agreement executed on October 03, 2022, the entire shareholding of Headstand Pte. Ltd. in OSLabs was acquired by the Company for a cash consideration of Rs. 57,638 with effect from July 28, 2022. The value of investments acquired from Headstand Pte. Ltd. has been recorded in accordance with the "Pooling of Interest Method" laid down by Appendix C of Indian Accounting Standard 103 (Ind-AS 103) - (Business combinations of entities under common control), notified under the Companies Act, 2013. Accordingly, the investment has been recorded in the books of account of the Company at their existing carrying amount and in the same form as was accounted for by Headstand Pte. Ltd. on July 28 2022, being the date on which control was initially obtained by Headstand Pte. Ltd. in OSLabs. The difference, between the cash consideration paid and the book value of investments held by the Headstand Pte. Ltd. amounting to Rs. 13,653 has been credited to capital reserve.

28. Ratio Analysis and its elements

Ratio	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	% Change	Reason for variances exceeding 25% as compared to previous year
Current ratio	Current Assets	Current liabilities	2.10	1.28	64%	Due to higher current assets
Return on Equity ratio	Net Profits after taxes	Weighted average shareholder's equity	(515.36)	(476.08)	8%	-
Trade Receivable Turnover Ratio	Revenue from operations	Average Trade Receivable	12.52	8.92	40%	Due to lower trade receivables
Trade Payable Turnover Ratio	Payment processing charges+other expenses-non-cash expenditure	Average Trade Payables	1.02	1.43	-28%	Due to higher trade payables
Net Capital Turnover Ratio	Revenue from operations	Working capital = Adjusted current assets – Current liabilities	0.72	1.63	-56%	Due to higher current assets at the year end
Net Profit ratio	Net Profit	Revenue from contract with customers	(0.74)	(1.08)	-32%	Due to lower expenditure
Return on Capital Employed	Earnings before interest and taxes	Capital Employed Tangible Net Worth	(0.37)	(0.75)	-51%	Due to higher net worth
Return on Investment	Income from investments	Time weighted average investments	5.53%	4.63%	19%	-

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 Ultimate Beneficiaries.

During the year ended March 31, 2023, 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. 26,685 has been paid by Phonepe Wealth Broking Private Limited towards acquisition of controlling stake and for further equity investment in Wealth Technology and Services Private Limited (an indirect subsidiary of the Company, CIN : U74999KA2016PTC173993) on various dates.

b. Amounts aggregating to Rs. 10,050 has been paid by Phonepe Wealth Broking Private Limited towards acquisition of controlling stake and for further equity investments in Quantech Capital Investment Advisors Private Limited (an indirect subsidiary of the Company, CIN : U67190KA2018PTC175882) on various dates.

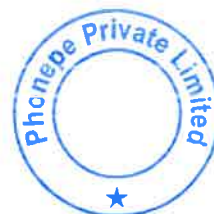
The above transactions are in compliance with the relevant provisions of the Companies Act, 2013 and the transactions are not violative of the Prevention of Money Laundering Act, 2002 (15 of 2003).

(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



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Phonepe Private Limited

Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2023

All amounts are Rs. in Lakhs, 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, 2023 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 reporting

The Company is engaged in the business of providing technologies for online payment solutions 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. Events after the reporting period

Subsequent to the year ended March 31, 2023,

a. The Company has acquired access to a technology platform and interconnected assets from Camden Town Technologies Private Limited, at a total cost of Rs. 21,360.

b. The Board of Directors of the Company approved the plan to migrate options granted under PFA 2020 to PhonePe Founder Awards (PFA 2023) for certain key employees of the Company, by issuing equity settled options under PFA 2023 on the basis of a derived ratio.

Above mentioned events are non-adjusting post-balance sheet events.

33. 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 applications, supporting computation and acting as a repository where servers are hosted outside India.

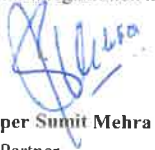
34. Previous year amounts in the Standalone Ind-AS Financial Statements, including notes thereto, have been re-classified wherever required to conform to the current year presentation / classification. These do not affect the previously reported net loss or equity.

As per our report of even date

For S.R. Batliboi & Associates LLP

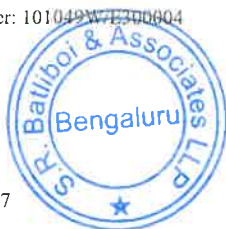
Chartered Accountants

Firm registration number: 101049W/E300604


per Sumit Mehra
Partner

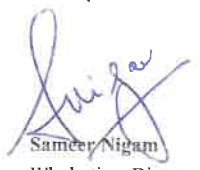
Membership no.: 096547

Place: Bengaluru
Date: July 26, 2023



For and on behalf of the Board of Directors of

Phonepe Private Limited


Sameer Nigam
Whole-time Director
DIN: 02292840

Place: Bengaluru
Date: July 26, 2023


Rahul Chari Vardha
Whole-time Director
DIN: 03052804

Place: Bengaluru
Date: July 26, 2023


Ankit G Popat
Company Secretary
Membership No.: A20774

Place: Bengaluru
Date: July 26, 2023

