

INDEPENDENT AUDITOR'S REPORT

To the Members of Phonepe Private Limited

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

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind-AS Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

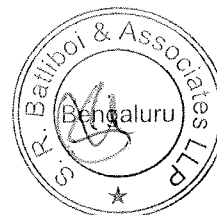
We conducted our audit of these Standalone Ind-AS Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of these Standalone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

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

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

Our opinion on these Standalone Ind-AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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



Responsibility of Management for these Standalone Ind-AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Ind-AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended,. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind-AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

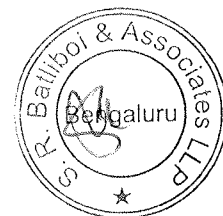
The Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

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

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



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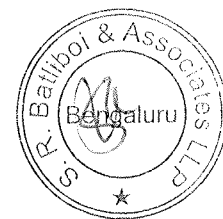
- Evaluate the overall presentation, structure and content of these Standalone Ind-AS Financial Statements, including the disclosures, and whether these Standalone Ind-AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account with provisions of daily backups, as required by law, have been kept by the Company, in electronic mode on servers physically located in India, so far as it appears from our examination of those books, except for the matters stated in paragraph (i) (vi) below on reporting Rule 11(g), certain ancillary application, supporting computation and an application acting as a repository are hosted on servers located outside India as stated in note 32 to the Standalone Ind-AS Financial Statements, although manual records/backups of these are retained by the Company;
 - (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including the Statement of Other comprehensive income, the Standalone Statement of Cash Flows and Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Standalone Ind-AS Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to these Standalone Ind-AS Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2024;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;



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- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 29 to the Standalone Ind-AS Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 29 to the Standalone Ind-AS Financial Statements, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. No dividend has been declared or paid during the year by the Company.
- vi. Based on our examination, as specified in the note 33 to Standalone Ind-AS Financial Statements, the Company has used certain accounting software(s) for maintaining its books of account which does not have the feature of recording audit trail (edit log). The Company has also used certain other accounting software which are operated by third-party software service providers, for maintaining its books of account and for such applications, the System and Organization Control (SOC) reports do not include information related to audit trail. In the absence of audit trail facility and information not made available in SOC reports, we are unable to comment upon tampering of audit trail feature.

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

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

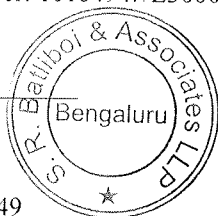
per **Sumit Mehra**
Partner

Membership Number: 096547

UDIN: 24096547BKELXL1649

Place of Signature: Bengaluru

Date: July 17, 2024



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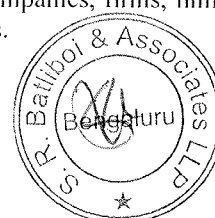
Annexure '1' referred to in clause 1 of paragraph Report on Other Legal and Regulatory Requirements of our Report of even date

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (a) (B) The Company has maintained proper records showing full particulars of intangibles assets.
- (i) (b) Property, plant and equipment were physically verified by the management during the year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, the existence of Electronic Data Capture machines and Smart speakers lying with customers is considered on the basis of the 'active user status' of the customers which is tracked from the Company's IT systems. No material discrepancies were identified on such verification.
- (c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.
- (d) The Company has not revalued its property, plant and equipment (including Right-of-use assets) or intangible assets during the year ended March 31, 2024.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Based on the records examined by us in the normal course of audit, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) (a) During the year the Company has provided loans as follows:

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

- (b) During the year the investments made and the terms and conditions of the grant of all loans to companies are not prejudicial to the Company's interest.
- (c) The Company has granted loans to company where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular. In respect of loans granted to companies during the year, the schedule of repayment of principal and payment of interest has not been stipulated in the agreement considering such loans are repayable on demand.
- (d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.



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(e) There were no loans or advance in the nature of loan granted to companies, firms, limited liability partnerships or any other parties which had fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(f) As disclosed in note 6(iv) to the Standalone Ind-AS Financial Statements, the Company has granted loans, repayable on demand to companies. Of these following are the details of the aggregate amount of loans to related parties as defined in clause (76) of section 2 of the Act:

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

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

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

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

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

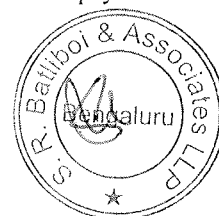
Name of the Statute	Nature of the Dues	Amount (INR)	Period to which the amount relates	Due Date
The Employee's Provident Funds and Miscellaneous Provisions Act, 1952	Employee's Provident Fund	3 Crores	Various Dates	Various Dates

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

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

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

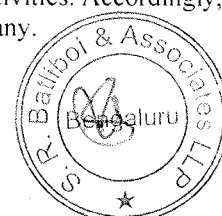
(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.



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- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company
- (d) On an overall examination of the Standalone Ind-AS Financial Statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the Standalone Ind-AS Financial Statement of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associate.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has complied with the provisions of section 42 and 62 of the Act in respect of private placement and preferential allotment of shares during the year. The funds raised have been used for the purposes for which the funds were raised.
- (xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Act has been filed by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.
- (xii) The Company is not a Nidhi Company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 188 of the Act where applicable and the details have been disclosed in the note 19 to the Standalone Ind-AS Financial Statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (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.



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- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group (as defined in the regulations made by Reserve Bank of India), hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the financial year but had incurred the cash losses amounting to Rs. 212 Crores in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 28 to these Standalone Ind-AS Financial Statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying these Standalone Ind-AS Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the Auditor's Report that Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the Auditor's Report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.
- (xx) The Company has been incurring losses during immediately preceding three financial years hence the provisions of Section 135 to the Act in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the reporting on clause 3(xx) of the Order is not applicable to the Company for the year.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

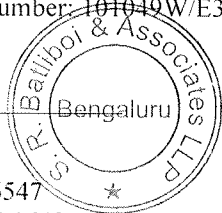
per **Sumit Mehra**
Partner

Membership Number: 096547

UDIN: 24096547BKELXL1649

Place of Signature: Bengaluru

Date: July 17, 2024



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Annexure 2

To the Independent Auditor's Report of even date on these Standalone Ind-AS Financial Statements of Phonepe Private Limited

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

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

Management's Responsibility for Internal Financial Controls

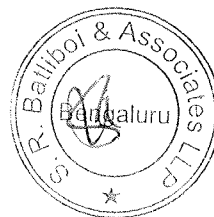
The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act, 2013.

Auditor's Responsibility

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

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

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



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

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

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

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to these Standalone Ind-AS Financial Statements and such internal financial controls with reference to these Standalone Ind-AS Financial Statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004


per **Sumit Mehra**

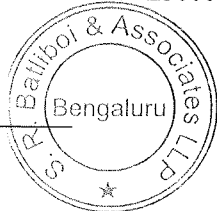
Partner

Membership Number: 096547

UDIN: 24096547BKELXL1649

Place of Signature: Bengaluru

Date: July 17, 2024



Phonepe Private Limited

Standalone Ind-AS Financial Statements

Year ended March 31, 2024



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

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

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

Firm registration number: 101049W/E300004

For and on behalf of Board of Directors of

Phonepe Private Limited


per Sumit Mehra
Partner
Membership no.: 096547

Place: Bengaluru
Date: July 17, 2024


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


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




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

Phonepe Private Limited

Standalone Statement of Profit and Loss for the year ended March 31, 2024

All amounts are Rs. in Crores, unless otherwise stated

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

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

As per our report of even date

For and on behalf of Board of Directors of

For S.R. Batliboi & Associates LLP

Chartered Accountants

Firm registration number:

101049W/E300004

Phonepe Private Limited


per Sumit Mehra
Partner
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Ankit G Popat
Company Secretary
Membership No.: A20774

Place: Bengaluru
Date: July 17, 2024

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Date: July 17, 2024



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

a. Equity share capital

As at March 31, 2024

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

As at March 31, 2023

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

b. Other equity

As at March 31, 2024

Balance as at April 1, 2023

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



Phonepe Private Limited

Standalone Statement of Changes in Equity for the year ended March 31, 2024

All amounts are Rs. in Crores, unless otherwise stated

b. Other equity (Contd.)

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

c. Nature and purpose of reserves

Capital reserve

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

Securities premium

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

Share-based payment reserve

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

Other reserve

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

Retained earnings

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

Other comprehensive Income reserve

i. Any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments.

ii. Cumulative gains and losses arising on the revaluation of equity instruments on the balance sheet date measured at fair value through other comprehensive income.

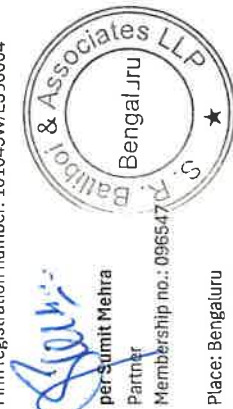
The accompanying notes are an integral part of these Standalone Ind-AS Financial Statements.

As per our report of even date.

For S. R. Batliboi & Associates LLP

Chartered Accountants

Firm registration number: 101049W/E3J0004



per Sumit Mehra
Partner
Membership no.: 096547

Place: Bengaluru
Date: July 17, 2024

For and on behalf of Board of Directors of

Phonepe Private Limited

CEO &
Sameer Nigam
Whole-time Director
DIN: 02292840

Place: Bengaluru
Date: July 17, 2024

Rahul Chari
Whole-time Director
DIN: 03052804

Place: Bengaluru
Date: July 17, 2024

Ankit G Popat
Company Secretary
Membership No.: A20774

Place: Bengaluru
Date: July 17, 2024



Refer A-C.

Phonepe Private Limited

Standalone Statement of Cash Flows for the year ended March 31, 2024

All amounts are Rs. in Crores, unless otherwise stated

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

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

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

As per our report of even date.

For S.R. Batliboi & Associates LLP

Chartered Accountants

Firm registration number: 101049W/E300004

For and on behalf of Board of Directors of

Phonepe Private Limited

per Sumit Mehra

Partner

Membership no.: 096547

Place : Bengaluru

Date: July 17, 2024



Sameer Nigam

CEO & Whole-time Director

DIN: 02292840

Place: Bengaluru

Date: July 17, 2024

Rahul Chari

Whole-time Director

DIN: 03052804

Place: Bengaluru

Date: July 17, 2024

Ankit G Popat

Company Secretary

Membership No.: A20774

Place: Bengaluru

Date: July 17, 2024



Phonepe Private Limited

Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024

All amounts are Rs. in Crores, unless otherwise stated

1. Corporate information

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

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

2. Summary of material accounting policies

2.1 Basis of preparation of financial information and statement of compliance

These Standalone Ind-AS Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under the Companies (Indian accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind-AS compliant Schedule III), as applicable to these Standalone Ind-AS Financial Statements.

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

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

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

2.2 Business Combination

Common control transactions

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

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

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

Investment in subsidiaries and associate

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

2.3 Functional and foreign currency

Functional and presentation currency

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

Transactions and balances

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

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

Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

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2.4(i) Property, plant and equipment

(a) Recognition and measurement

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

(b) Depreciation

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

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

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

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

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

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

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

2.5 Goodwill and other Intangible assets

Goodwill

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

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

Cash generating units

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

Other intangible assets

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

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

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

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



2.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments in the form of financial assets and financial liabilities are generally presented separately. Financial instruments are recognized on the Standalone Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

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

Financial assets are classified into following categories:

- Financial assets carried at amortised cost
- Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)
- Financial assets at Fair Value Through profit and loss (FVTPL)

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

Financial assets

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

Subsequent measurement

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

Trade and other receivables

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

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it meets both the following criteria:

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

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

Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI):

A financial asset is subsequently measured at FVTOCI if it meets both of the following criteria:

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

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

Financial assets at Fair Value Through profit and loss (FVTPL) :

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

Financial liabilities

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

Financial liabilities measured at amortized cost

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



De-recognition of financial assets and liabilities

Financial assets

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

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

Financial liabilities

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

Offsetting of financial instruments

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

2.7 Impairment

Financial assets

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

Non - financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to dispose and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

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

2.8 Cash and cash equivalents

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

2.9 Restricted cash

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

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2.10 Provisions

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

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

2.11 Employee benefits

Defined benefit plan

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

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

Defined contribution plan

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

Compensated absences

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

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

Share based payments

Equity-settled transactions:

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

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

Cash-settled transactions:

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

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

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2.12 Leases

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

Company as a lessee:

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

i) Right-of-use assets

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

ii) Lease liabilities

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

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

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

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

2.13 Revenue from contracts with customers

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

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

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

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

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

(a) Sale of services

(i) Payments and allied services

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

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

(ii) Other operating revenue

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

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

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



(b) Finance and other income

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

2.14 Marketing expenses

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

2.15 Finance cost

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

2.16 Income Tax

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

Current income tax

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

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

Deferred tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in Standalone Ind-AS Financial Statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction. Deferred income tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax loss can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting period.

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

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

2.17 Fair value measurement

A number of financial instruments are measured at fair value as of each reporting date after initial recognition. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest by using quoted market rates, discounted cash flow analyses and other appropriate valuation models. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair values are being measured or disclosed in the Standalone Ind-AS Financial Statements are categorized within the fair value hierarchy, described as follows:

- Level 1– This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of mutual fund investments.
- Level 2 – This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.



2.18 Contingencies

Contingent Liability:

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

Contingent Asset:

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

2.19 Earnings per share

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

2.20 Current and non-current classification

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

- It is expected to be 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.

The Company classifies all other assets as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

2A . Critical accounting estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Standalone Ind-AS Financial Statements are included in the following notes:

(a) Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

(b) Employees benefits plan

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

(c) Employee share options

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



Phonepe Private Limited

Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024

All amounts are Rs. in Crores, unless otherwise stated

2B Standards issued but not yet effective

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

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

3(i) Property, plant and equipment

	Computers	Leasehold improvements	Others*	Total
At cost				
As at April 1, 2022	988	9	6	1,003
Additions	1,433	-	7	1,440
Assets written off	(2)	-	-	(2)
Disposals/ adjustments	(7)	-	-	(7)
As at March 31, 2023	2,412	9	13	2,434
Additions	1,275	4	3	1,282
Assets written off	(9)	-	-	(9)
Disposals/ adjustments	(3)	(0)	(0)	(3)
As at March 31, 2024	3,675	12	16	3,703
Accumulated depreciation				
As at April 1, 2022	362	6	2	370
Charge for the year	423	2	2	427
Assets written off	(1)	-	-	(1)
Disposals/ adjustments	(5)	-	-	(5)
As at March 31, 2023	779	8	4	791
Charge for the year	897	1	3	901
Assets written off	(6)	-	-	(6)
Disposals/ adjustments **	7	(0)	(0)	6
As at March 31, 2024	1,677	9	6	1,692
Net Block				
As at March 31, 2023	1,633	1	9	1,643
As at March 31, 2024	1,998	3	10	2,011

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

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Phonepe Private Limited

Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024

All amounts are Rs. in Crores, unless otherwise stated

3(ii) Capital work-in-progress

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

Capital work-in-progress (CWIP) ageing schedule

As at March 31, 2024

	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	2-3 years	3-4 years
Projects in progress	83	-	-	-
As at March 31, 2023	83	-	-	83

As at March 31, 2023

	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	2-3 years	3-4 years
Projects in progress	269	-	-	-
As at March 31, 2022	269	-	-	269

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

4. Goodwill and Other intangible assets*

	Computer software	Intellectual property rights	Total	Goodwill	Grand total
At cost					
As at April 1, 2022	8	26	34	16	50
Additions	0	-	0	-	0
Disposals	-	-	-	-	-
As at March 31, 2023	8	26	34	16	50
Additions (refer note 6(iv))	0	216	216	-	216
Disposals	-	(214)	(214)	-	(214)
As at March 31, 2024	8	28	36	16	52
Accumulated amortisation and impairment					
As at April 1, 2022	6	26	32	-	32
Charge for the year	2	-	2	-	2
Disposals	-	-	-	-	-
As at March 31, 2023	8	26	34	-	34
Charge for the year	0	22	22	-	22
Disposals	-	(21)	(21)	-	(21)
As at March 31, 2024	8	27	35	-	35
Net Block					
As at March 31, 2023	0	-	0	16	16
As at March 31, 2024	-	1	1	16	17

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



4. Goodwill and other intangible assets (Contd.)

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

Value in use calculation:

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

Discount rates:

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

Growth rate estimates:

Growth rate is based on the Company's projection of business and growth of the industry in which the respective CGU is operating.

Assumptions

Long term growth rate
Discount rate

	For the year ended	
	March 31, 2024	March 31, 2023
	5%	5%
	19%	19%

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

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Phonepe Private Limited

Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024

All amounts are Rs. in Crores, unless otherwise stated

5. Right-of-use assets

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

	Buildings	Data Centers	Motor vehicles	Total RoU Assets
Gross carrying value at cost				
As at April 1, 2022	136	20	0	156
Additions	150	122	-	272
Disposals/ adjustments	(1)	(0)	-	(1)
As at March 31, 2023	285	142	0	427
Additions	58	84	-	142
Disposals/ adjustments	(5)	-	-	(5)
As at March 31, 2024	338	226	0	564
Accumulated amortisation				
As at April 1, 2022	37	1	0	38
Charge for the year	41	28	-	69
Disposals/ adjustments	(1)	(0)	-	(1)
As at March 31, 2023	77	29	0	106
Charge for the year	63	42	-	105
Disposals/ adjustments	(5)	-	-	(5)
As at March 31, 2024	135	71	0	206
Net carrying value				
As at March 31, 2023	208	113	-	321
As at March 31, 2024	203	155	-	358

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

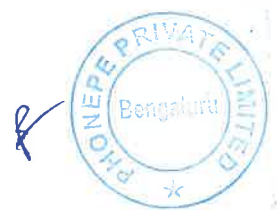
6. Financial assets

(i) Investments

	Non-current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
At amortised cost				
Investment in non-convertible debentures (quoted)	-	-	-	15
Investment in commercial papers (quoted)	-	-	1,110	3,136
Sub-total (a)	-	-	1,110	3,151
At fair value (through OCI)				
Investment in equity shares (unquoted)				
National Payments Corporation of India	15	12	-	-
fully paid equity shares 61,320 (March 31, 2023 - 61,320)	15	12	-	-
Sub-total (b)	15	12	-	-
At fair value (through profit and loss)				
Investment in liquid mutual funds (quoted)	-	-	-	1,298
Sub-total (c)	-	-	-	1,298
At cost				
Investment in wholly-owned subsidiaries (fully paid) (unquoted)				
Phonepe Technology Services Private Limited				
2,95,00,000 equity shares of Rs. 10 each	30	4	-	-
(March 31, 2023 - 45,00,000 equity shares of Rs. 10 each)				
Phonepe Insurance Broking Services Private Limited				
1,06,30,00,000 equity shares of Rs. 10 each	1,063	837	-	-
(March 31, 2023 - 83,70,00,000 equity shares of Rs. 10 each)				
Phonepe Wealth Broking Private Limited				
70,01,50,000 equity shares of Rs. 10 each	700	493	-	-
(March 31, 2023 - 49,31,50,000 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')	99	10	-	-
9,99,00,000 equity shares of Rs. 10 each				
(March 31, 2023 - 99,00,000 equity shares of Rs. 10 each)				
Phonepe Finance Private Limited				
1,49,00,000 equity shares of Rs. 10 each	15	15	-	-
(March 31, 2023 - 1,49,00,000 equity shares of Rs. 10 each)				
Phonepe Lending Services Private Limited				
(formerly known as 'Explorium Innovative Technologies Private Limited'	76	76	-	-
and 'Phonepe Credit Services Private Limited')				
11,780 equity shares of face value of Rs. 10 each				
(March 31, 2023 - 11,780 equity shares of Rs. 10 each)				
Indus Appstore Singapore Pte. Ltd.				
(formerly known as 'OS Labs Pte. Ltd.')	762	762	-	-
21,55,502 equity shares (March 31, 2023 - 21,55,502)				
Sub-total (d)	2,745	2,197	-	-
Investment in associate (quoted)				
C.E. Info Systems Ltd				
1,01,97,966 equity shares of face value of Rs. 2 each (March 31, 2023 -	97	97	-	-
1,01,97,966 of face value of Rs. 2 each)				
Sub-total (e)				
Total - (a)+(b)+(c)+(d)+(e)	2,857	2,306	1,110	4,449

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

Book value of quoted investments	97	97	1,110	4,449
Market value of quoted investments	1,901	1,012	1,108	4,448
Unquoted investments	2,760	2,209	-	-



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

6. Financial assets (Contd.)

(ii) Trade receivables

	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good*	474	195
Unsecured, credit impaired	52	30
	526	225
Allowance for impairment of trade receivables	(52)	(30)
Total	474	195

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

	As at March 31, 2024	As at March 31, 2023
Opening balance	(30)	(34)
Provision made during the year	(37)	(15)
Provision reversed during the year	15	19
Write-off	0	0
Closing balance	(52)	(30)

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

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

*includes receivables from related parties (refer note 19).

Trade receivables Ageing Schedule

As at March 31, 2024

	Outstanding for following periods from due date of payment						
	Current but not due	Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	418	56	-	-	-	-	4/4
Undisputed Trade receivables – credit impaired	10	19	13	8	1	1	52
	428	75	13	8	1	1	526

As at March 31, 2023

	Outstanding for following periods from due date of payment						
	Current but not due	Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	115	80	0	-	-	-	195
Undisputed Trade receivables – credit impaired	12	6	4	7	1	0	30
	127	86	4	7	1	0	225



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

6. Financial assets (Contd.)

(iii) Cash and cash equivalents and Bank balances

	As at March 31, 2024	As at March 31, 2023
a) Cash and cash equivalents		
Balance with banks	695	100
Short term deposits *	4	504
Total	699	604

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

	As at March 31, 2024	As at March 31, 2023
Cash and cash equivalents as per Ind-AS 7 (Statement of cash flows)	699	604

b) Bank balances other than Cash and cash equivalents

Short term deposits *	3,572	373
	3,572	373

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

(iv) Loans

	Current	
	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Loans to employees	4	5
Intercompany loans - related parties (refer note 19)	626	53
Secured, considered good		
Intercompany loans - others	-	148
Secured, credit impaired		
Intercompany loans - others	-	8
	630	214
Allowance for impairment	-	(8)
Total	630	206

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

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

Name of the loanee	Rate of Interest	Due date	Secured/ unsecured	As at March 31, 2024	As at March 31, 2023
Camden Town Technologies Private Limited #	16.4% p.a.	On demand	Secured	-	156
Indus Appstore Private Limited (refer note 19) * (formerly known as 'OS Labs Technology (India) Private Limited')	7.8% p.a.	On demand	Unsecured	302	53
Phonepe Lending Services Private Limited (refer note 19) *					
(formerly known as 'Phonepe Credit Services Private Limited' and 'Explorium Innovative Technologies Private Limited')	7.8% p.a.	On demand	Unsecured	324	-

* The loans will be utilized for meeting liabilities and/ working capital requirements by recipients. The maximum amount outstanding for the above mentioned loans at any point of time during the current and previous financial year are equivalent to the outstanding balance as at the respective year end.

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



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

(v) Other financial assets

	Non-current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good				
Interest accrued on fixed deposits and loans	-	-	259	4
Restricted cash [refer note 6(v)(a) below]	1	0	334	331
Other receivables [refer note 6(v)(b) below]	-	-	183	267
Unwithdrawn commission [refer note 6(v)(c) below]	-	-	406	255
Security deposits	42	31	6	4
Unsecured, credit impaired				
Security deposits	-	-	-	0
Other receivables	-	-	26	15
	43	31	1,214	876
Allowance for impairment of doubtful assets	-	-	(26)	(15)
Total	43	31	1,188	861

(v)(a) Restricted cash (current) above consists of Rs. 334 (March 31, 2023: Rs. 331) in escrow account for wallet operations and fixed deposits amounting to Rs. 1 (March 31, 2023 : Rs. 0) given as collateral against bank guarantees.

(v)(b) includes receivables from related parties (refer note 19).

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

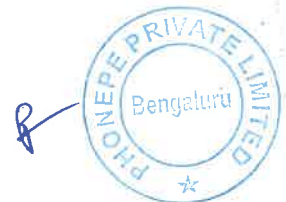
7. Other assets

	Non-current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good				
Advances to vendors	-	-	355	215
[net of provision Rs. 1 (March 31, 2023 : Rs. 0)]				
Capital advances	11	46	-	-
Balances with statutory authorities * #	2	11	750	909
[net of provision Rs. 8 (March 31, 2023 : Rs. 2)]				
Prepaid expenses	20	22	104	79
Income tax receivables (net)	54	41	-	-
Total	87	120	1,209	1,203

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

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

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Phonepe Private Limited

Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024

All amounts are Rs. in Crores, unless otherwise stated

8. Equity share capital

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

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

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

c. Terms and rights attached to equity shares

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

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

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

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

e. Shares reserved for issue under share based options

Refer note 22 for details of shares reserved for issue under share based options.

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

	As at March 31, 2024	As at March 31, 2023
FIT Holdings S.A.R.L.		
37,151,789 (March 31, 2023: 37,151,789) equity shares of Rs.10 each	37	37
Headstand Pte. Ltd. (Refer note 8d above and note 19)	-	3
Nil (March 31, 2023: 2,966,664) equity shares of Rs.10 each		

g. Details of shares held by promoters

As at March 31, 2024

Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares	% change during the year
FIT Holdings S.A.R.L. (refer note 8(d) above)					
[Subsidiary of Walmart Inc. (ultimate holding company)]	37,151,789	-	37,151,789	83.91%	0%
Total	37,151,789	-	37,151,789	83.91%	100%

As at March 31, 2023

Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares	% change during the year
FIT Holdings S.A.R.L. (refer note 8(d) above)					
[Subsidiary of Walmart Inc. (ultimate holding company)]	-	37,151,789	37,151,789	85.50%	100%
Total	-	37,151,789	37,151,789	85.50%	100%



Phonepe Private Limited

Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024

All amounts are Rs. in Crores, unless otherwise stated

9. Financial liabilities

(i) Trade payables

	As at March 31, 2024	As at March 31, 2023
Trade payables	115	73
Accrued liabilities	342	2,308
Total	457	2,381

Dues to suppliers who are registered as micro and small enterprises under "The Micro, Small and Medium and Enterprises Development Act, 2006 (MSMED Act)" as at March 31, 2024 is Rs. 6 (March 31, 2023: Rs. 3).

Trade payables and accrued liabilities include amounts payable to related parties (refer note 19).

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

Trade payables ageing schedule

As at March 31, 2024	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	5	1	0	0	0	6
Total outstanding dues of creditors other than micro enterprises and small enterprises	80	27	2	-	-	109
Total	85	28	2	0	0	115

As at March 31, 2023	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	2	1	-	-	-	3
Total outstanding dues of creditors other than micro enterprises and small enterprises	64	6	0	0	0	70
Total	66	7	0	0	0	73

Details relating to Outstanding dues to Micro and Small Enterprises

	As at March 31, 2024	As at March 31, 2023
(a) the principal amount remaining unpaid to any supplier at the end of the accounting year	5	2
(b) the interest due thereon remaining unpaid to any supplier at the end of the accounting year	1	0
(c) the amount of interest paid in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) (MSMED Act), along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
(d) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(e) the amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(f) the amount of further interest remaining due and payable even in the succeeding years, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act	0	0
Total	6	3

Micro and Small enterprises have been identified by the Company on the basis of the information available.



Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024

All amounts are Rs. in Crores, unless otherwise stated

(ii) Lease liabilities

	Non current		Current	
	As at	As at	As at	As at
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Lease liabilities	266	256	111	74
Total	266	256	111	74

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

Possible future cash outflows amounting to Rs. 139 (March 31, 2023: Rs. 78) were not included in lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated). Leases that the Company has entered into as a lessee but that have not yet commenced result in possible future payment outflows totalling Rs. 1 (March 31, 2023: Nil).

The maturity analysis of lease liabilities are disclosed in note 24.

The following are the amounts recognized in the Standalone Statement of Profit and Loss:

	For the year March 31, 2024	For the year March 31, 2023
Interest on lease liabilities (refer note 16)	30	19
Amortization of right-of-use assets (refer note 17)	105	69
Expenses relating to short-term leases (refer note 18)	11	8
Variable lease payments not included in the measurement of lease liabilities (refer note 18)	7	4

(iii) Other financial liabilities

	Current	
	As at	As at
	March 31, 2024	March 31, 2023
Payable towards wallet balances	294	296
Capital creditors *	218	423
Other liabilities	160	41
Total	672	760

* Dues to suppliers who are registered as micro and small enterprises under "The Micro, Small and Medium and Enterprises Development Act, 2006 (MSMED Act)" as at March 31, 2024 is Rs. 10 (March 31, 2023: Rs. 0).

10. Other current liabilities

	As at March 31, 2024	As at March 31, 2023
Payable to statutory authorities*	534	470
Deferred Revenue**	26	-
Total	560	470

* Payable to statutory authorities includes GST obligation, including GST on gross value of electronic recharge transactions carried out through PhonePe platform. The Company recognises revenue on facilitation of electronic recharge transactions to the extent of net consideration it expects to receive on such transactions.

** Changes in deferred revenue are as follows:

Balance as at the beginning of the year

Increase due to invoicing during the year, excluding amounts recognised as revenue during the year

Balance as at the end of the year

Year ended March 31, 2024	Year ended March 31, 2023
-	-
26	-
26	-

11. Provisions

	Non current		Current	
	As at	As at	As at	As at
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Provision for gratuity (refer note 20)	36	27	5	4
Provision for compensated absences	-	-	81	61
Share appreciation rights (refer note 22)	-	132	-	-
Total	36	159	86	65



Phonepe Private Limited

Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024

All amounts are Rs. in Crores, unless otherwise stated

12. Income tax

a) Reconciliation of tax expense and the accounting loss

	As at March 31, 2024	As at March 31, 2023
Accounting loss before taxes	(1,166)	(2,108)
At India's statutory income tax rate of 25.17% (March 31, 2023 : 25.17%)	(293)	(531)
Adjustments:		
Deferred tax assets not recognised on tax loss and unabsorbed depreciation	361	526
Permanent differences	(7)	(1)
Deferred tax assets not recognised on timing differences	(60)	5
Deferred tax expense	1	(1)

b) Deferred tax liability (net)

For the year ended March 31, 2024				
Particulars	As at April 01, 2023	Recognised in the Standalone Statement of Profit and Loss	Recognised in Other Comprehensive Income	As at March 31, 2024
Tax effect of items resulting in taxable temporary differences				
Property, plant and equipment and intangible assets	(77)	24	-	(53)
Right-of-use assets	(81)	(9)	-	(90)
Unrealised gain on investments	(2)	2	-	-
Investments in equity shares (unquoted) (at FVOCI)	(0)	-	(1)	(1)
Tax effect of items resulting in deductible temporary differences				
Carried forward loss allowed to be offset against future profits	78	(31)	-	48
Lease liabilities	81	14	-	95
Deferred tax asset /(liability)	(0)	0	(1)	(1)

For the year ended March 31, 2023				
Particulars	As at April 01, 2022 *	Recognised in the Standalone Statement of Profit and Loss	Recognised in Other Comprehensive Income	As at March 31, 2023
Tax effect of items resulting in taxable temporary differences				
Property, plant and equipment and intangible assets	(49)	(28)	-	(77)
Right-of-use assets	(30)	(51)	-	(81)
Unrealised gain on investments	(0)	(2)	-	(2)
Intangible assets acquired under business combinations	-	-	-	-
Investments in equity shares (unquoted) (at FVOCI)	-	-	(0)	(0)
Tax effect of items resulting in deductible temporary differences				
Carried forward loss allowed to be offset against future profits	49	29	-	78
Lease liabilities	30	51	-	81
Deferred tax asset /(liability)	-	-	(0)	(0)

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

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Phonepe Private Limited**Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024**

All amounts are Rs. in Crores, unless otherwise stated

12. Income tax (Contd.)

Under the Income-tax Act, 1961, unabsorbed business losses expire 8 years after the year in which they originate and unabsorbed depreciation can be carried forward indefinitely. Unrecognised deferred tax assets relate primarily to business losses, unabsorbed depreciation and temporary differences, if any, which do not qualify for recognition as per the applicable accounting standards. The Company has not recognised any deferred tax assets on the unabsorbed business losses and unabsorbed depreciation amounting to Rs.8,929 (March 31, 2023: Rs. 7,910) and Rs. 1,960 (March 31, 2023: Rs. 1,137) respectively. These unexpired business losses will expire based on the year of origination as follows:

For the year ended	Unabsorbed business loss
March 31, 2025	-
March 31, 2026	-
March 31, 2027	1,676
March 31, 2028	1,656
March 31, 2029	1,599
Thereafter	3,998
	8,929

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

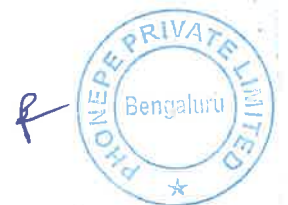
c) Reflected in the Standalone Balance Sheet as follows:

	As at March 31, 2024	As at March 31, 2023
Deferred tax liability	(144)	(160)
Deferred tax assets	143	159
Deferred tax (liability)/ assets, net	(1)	(1)

d) Deferred tax liability relates to

	As at March 31, 2024	As at March 31, 2023
Investments in equity shares (unquoted) (at FVOCI)	1	0
Total	1	0

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024

All amounts are Rs. in Crores, unless otherwise stated

13. Revenue from operations

	As at March 31, 2024	As at March 31, 2023
Payments and allied services [refer note 19]	4,833	2,720
Other services	7	-
	<u>4,840</u>	<u>2,720</u>
Other operating revenue [refer note 13 (i) below]	70	139
Total	<u>4,910</u>	<u>2,859</u>

(i) Other operating revenue includes the subsidy received by the Company in accordance with the circular issued by the Reserve Bank of India ("the Regulator") on qualifying expenditure incurred towards deployment of payment acceptance devices amounting to Rs. 70 (March 31, 2023 - Rs. 139).

(ii) Disaggregation of revenue

The Company primarily engages in payment services under which Phonepe users settle merchant payments using PhonePe Platform. In the below table, revenue from contracts with customers is disaggregated by categories of business operations.

Type of business operations	As at March 31, 2024	As at March 31, 2023
Payments and allied services	4,833	2,720
Other services	7	-
Total revenue from contracts with customers	<u>4,840</u>	<u>2,720</u>

Timing of revenue recognition	As at March 31, 2024	As at March 31, 2023
Services transferred at a point in time	4,432	2,720
Services transferred over a period of time	408	-
Total revenue from contracts with customers	<u>4,840</u>	<u>2,720</u>

(iii) Contract balances

Trade receivables [refer note 6(ii)]	474	195
Total contract balances	<u>474</u>	<u>195</u>

14. Finance and other income

	As at March 31, 2024	As at March 31, 2023
Interest income on deposits	267	35
Interest, others (refer note 19)*	172	65
Foreign exchange gain (net)	151	-
Gain on sale of investments	53	30
Dividend income (refer note 19)	3	-
Unrealised gain on investments	-	9
Gain on sale of other intangible assets and property, plant and equipment (net)	22	1
Miscellaneous income (refer note 19)**	58	26
Total	<u>726</u>	<u>166</u>

* Interest, others includes interest income on financial assets carried at amortised cost amounting to Rs. 161 (March 31, 2023: Rs. 63).

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

15. Employee benefits expense

	As at March 31, 2024	As at March 31, 2023
Salaries, wages and bonus (refer note 19)	1,031	813
Contribution to provident and other funds	28	14
Gratuity (refer note 20)	13	-
Staff welfare	87	45
Share based payments (refer note 19 and 22)	1,876	1,914
Total	<u>3,035</u>	<u>2,796*</u>



Phonepe Private Limited

Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024

All amounts are Rs. in Crores, unless otherwise stated

16. Finance costs

Interest expense on financial liabilities at amortised cost:

- Interest on working capital demand loan
- Interest on lease liabilities [refer note 9(ii)]
- Interest, others

Total

As at March 31, 2024	As at March 31, 2023
1	1
30	19
4	1
35	21

17. Depreciation and amortization expense

Depreciation of property, plant and equipment (refer note 3(i))

Amortization of intangible assets (refer note 4)

Amortization of right-of-use assets (refer note 5)

Total

As at March 31, 2024	As at March 31, 2023
901	426
22	2
105	69
1,028	497

18. Other expenses

- Advertisement & sales promotions (refer note 19)
- Information technology infrastructure (refer note 19)
- Subcontract expenses and customer support
- License and service (refer note 19)
- Travelling and logistics (refer note 19)
- Bad debts written-off and provisions for doubtful debts and advances
- Provision/ amount written off against property, plant and equipment
- Legal and professional (refer note 19)
- Repairs and maintenance
- Rent (refer note 19)
- Rates and taxes
- Auditor's remuneration *
- Electricity and water
- Insurance
- Foreign exchange loss (net)
- Miscellaneous (refer note 19)

Total

As at March 31, 2024	As at March 31, 2023
476	362
353	195
335	298
138	117
64	30
35	13
14	3
46	43
33	11
18	17
10	1
3	1
7	5
4	1
-	91
2	1
1,538	1,189

*** Auditor's remuneration**

As auditor:

- Statutory audit fees
- Tax audit fees
- Limited reviews

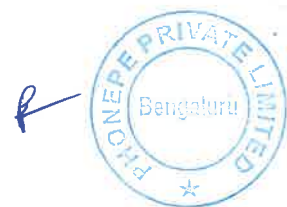
In other capacity:

- Other services
- Out of pocket expenses

Total

As at March 31, 2024	As at March 31, 2023
2	1
0	0
1	-
0	0
0	0
3	1

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All amounts are Rs. in Crores, unless otherwise stated

Names of related parties and related party relationship

Relationship	Name of the entity	Country of incorporation
Ultimate holding company	Walmart Inc.	United States of America
Immediate holding company	FIT Holdings S.A.R.L. (w.e.f. December 23, 2022) Refer note 8	Luxembourg
Intermediate holding company	Flipkart Private Limited (upto December 23, 2022)	Singapore
Immediate holding company	Headstand Pte. Ltd. (upto December 23, 2022) Refer note 8	Singapore

Relationship	Name of the entity	Country of incorporation
Ultimate holding company	Walmart Inc.	United States of America
Immediate holding company	FIT Holdings S.A.R.L. (w.e.f. December 23, 2022)	Luxembourg
Intermediate holding company	Flipkart Private Limited (upto December 23, 2022)	Singapore
Immediate holding company	Headstand Pte. Ltd. (upto December 23, 2022)	Singapore
Fellow subsidiaries	Headstand Pte. Ltd. (w.e.f December 23, 2022 upto June 08, 2023)	Singapore
	Flipkart Private Limited (w.e.f December 23, 2022)	Singapore
	Flipkart Internet Private Limited	India
	Flipkart India Private Limited	India
	Flipkart Health Limited	India
	Myntra Designs Private Limited	India
	Myntra Jabong India Private Limited	India
	Instakart Services Private Limited	India
	F1 Info Solutions & Services Private Limited	India
	Cleartrip Private Limited	India
	Wildcraft India Private Limited	India
Wholly owned subsidiaries	Phonepe Technology Services Private Limited #	India
	Phonepe Insurance Broking Services Private Limited # ("Phonepe Insurance")	India
	Phonepe Wealth Broking Private Limited and its subsidiaries#	India
	Wealth Technology & Services Private Limited (w.e.f. August 04, 2022)	India
	Quantech Capital Investment Advisors Private Limited (w.e.f. September 28, 2022)	India
	Pincode Shopping Solutions Private Limited (formerly known as 'Phonepe Shopping Solutions Private Limited' and 'Phonepe Payment Technology Services Private Limited')#	India
	Phonepe Finance Private Limited#	India
	Phonepe Lending Services Private Limited (formerly known as 'Phonepe Credit Services Private Limited' and 'Explorium Innovative Technologies Private Limited')#	India
	Indus Appstore Singapore Pte Ltd.# (formerly known as 'OSLabs Pte Ltd.') (w.e.f. July 28, 2022)	Singapore
	Indus Appstore Private Limited# (formerly known as 'OSLabs (India) Private Limited')	India
	CE Info Systems Limited (formerly known as "CE Info Systems Private Limited") ("CE Info Systems")	India
	Indus Appstore Singapore Pte Ltd. (formerly known as 'OSLabs Pte Ltd') (upto July 28, 2022)	Singapore
Associate		
Associate of immediate holding company		



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

c) Key management personnel

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

The Company along with its direct and indirect subsidiaries of Phonepe Private Limited (incorporated in India) and Headstand Pte Ltd (upto December 23, 2022) are together considered as the Group for the purpose of disclosures in the Standalone Ind-AS Financial Statements.

19. Related party disclosures (Contd.)

d) Related party transactions

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

Relationship	Nature of Transactions	For the year ended	
		March 31, 2024	March 31, 2023
Transactions			
Ultimate holding company	Cost Cross charges	3	3
Intermediate holding company	ESOP Cross charges	-	262
	Other reimbursements	-	8
Immediate holding company	Cost Cross charges	-	1
	ESOP Cross charges	-	891
	Other Income	-	21
	Other reimbursements	-	22
	Allotment of shares	-	2,402
	Reversal of ESOP liability on account of migration	-	1,214
	Equity investment	-	576
Wholly owned subsidiaries	Equity investment	547	1,096
	Cost Cross charges	-	0
	Purchase/ sale of intangible assets (net)	213	-
	ESOP Cross Charges	317	114
	Other Income	61	7
	Other reimbursements	-	0
	Payments and allied services	45	12
	Loans provided	598	52
	Loans repaid	29	1
	Intra-group employee transfers asset / (liability) (net)	11	1

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Phonepe Private Limited

Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024

All amounts are Rs. in Crores, unless otherwise stated

19. Related party disclosures (Contd.)

d) Related party transactions (Contd.)

Relationship	Nature of Transactions	For the year ended	
		March 31, 2024	March 31, 2023
Fellow subsidiaries	Reversal of ESOP liability on account of migration	2,107	-
	ESOP cross charges	44	3
	Payments and allied services	9	34
	Other expenses	4	4
Associate	Dividend income	3	-
	Other expenses	7	6

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

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

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

19. Related party disclosures (Contd.)

Relationship	Nature of Outstanding balances	For the year ended	
		March 31, 2024	March 31, 2023
Transactions			
Ultimate holding company	Trade and Other receivables	2	1
Fellow subsidiaries	Trade and Other payables	2	2,070
	Trade and Other receivables	4	25
Wholly owned subsidiaries	Trade and Other payables	15	4
	Trade and Other receivables	124	189
	Loans and advances	626	53
Associate	Trade and Other payables	0	2

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Phonepe Private Limited

Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024

All amounts are Rs. in Crores, unless otherwise stated

20. Gratuity plan

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

Changes in interest rate risk

A decrease in government bond yields will increase plan liabilities.

Salary escalation risk

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

Life expectancy

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

The following tables summarize the components of net benefit expense recognized in the Standalone Statement of Profit and Loss and the funded status and amounts recognized in the Standalone Balance Sheet:

	As at March 31, 2024	As at March 31, 2023
Standalone Statement of Profit and Loss		
Current service cost	11	9
Interest cost	2	1
	13	10
Remeasurement loss/ (gains) in Other Comprehensive Income		
Actuarial (gains)/ losses arising from changes in -		
- experience adjustments	2	(1)
- financial assumptions	1	0
- demographic assumptions	0	0
	3	(1)
Net benefit expense	16	9
Standalone Balance Sheet		
Defined benefit obligation (DBO) - Current (refer note 11)	5	4
Defined benefit obligation (DBO) - Non-Current (refer note 11)	36	27
Net defined benefit liability	41	31
Change in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	31	22
Current service cost	11	9
Acquisition/ transfers (net) - cost*	(5)	(0)
Interest cost	2	1
Amount recognised in OCI	3	(1)
Benefits paid	(1)	(0)
Closing defined benefit obligation	41	31

*Acquisition/ transfers (net) - cost for the year ended March 31, 2024 and March 31, 2023 pertains to transfer of employees between the entities within the group.

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

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

* As published by IRDA and adopted as standard mortality table as recommended by Institute of Actuaries of India effective April 1, 2019.

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



Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024

All amounts are Rs. in Crores, unless otherwise stated

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

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

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

Expected benefit payments

	As at March 31, 2024	As at March 31, 2023
Within 1 year	5	4
2 - 5 years	23	19
More than 5 years	42	27

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

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

21. Earnings per share (EPS)

The following reflects the loss and share data used in computation of basic EPS:

	As at March 31, 2024	As at March 31, 2023
Loss for the year	(1,166)	(2,108)
Weighted average number of equity shares	44,194,711	40,879,161
Basic and diluted earnings per share computed on total loss (Rs. per share)	(263.83)	(515.67)

22. Share based payments

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

	As at March 31, 2024	As at March 31, 2023
Expense arising from cash-settled share-based payment transactions (refer 22 (a), (b) and (h) below)	288	77
Expense arising from equity-settled share-based payment transactions (refer 22 (b), (c), (d) and (f) below)	1,306	1,779
Settlement related to equity-settled share based payment transactions (refer 22 (g) below)	-	58
Modification related to equity-settled share based payment transactions (refer 22 (h) below)	282	-
Total expense recognized in the Standalone Statement of Profit and Loss (i)	<u>1,876</u>	<u>1,914</u>
Settlement related to equity-settled share based payment transactions recognised in Other equity (refer 22 (a) and (g) below) (ii)	-	274
Modification related to equity-settled share based payment transactions recognised in Other equity (refer 22 (b) and (h) below) (iii)	459	-
Total impact of share-based payment transactions (i)+(ii)+(iii)	<u>2,335</u>	<u>2,188</u>

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22. Share based payments (Contd.)**a. Phonepe Share Appreciation Rights Plan**

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

SARs:

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

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

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

Fair value of SARs granted

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

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

	As at March 31, 2024	As at March 31, 2023
Dividend yield (% p.a.)	0%	0%
Expected volatility (% p.a.)	50.6% - 53.9%	50.60%
Expected life of option (years)	2.7 years - 3 years	3 years

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

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

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

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Phonepe Private Limited

Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024

All amounts are Rs. in Crores, unless otherwise stated

Time based options:

	As at March 31, 2024 (Number)	As at March 31, 2023 (Number)
Outstanding as at the beginning of the year	3,588,251	-
- Granted	330,776	81,402
- Migrated #	-	3,528,301
- Replaced with SARs*	(9,718)	(876)
- Forfeited unvested	(77,084)	(24,669)
- Repurchased	(284,441)	-
- Transfers (net)**	(832,734)	4,093
Outstanding as at the end of the year	2,715,050	3,588,251
Vested as at the year end	1,756,735	-

During the previous year ended March 31, 2023, the employees of the Company were granted 35,28,301 share options of the Company on the basis of derived ratio on account of migration from PSOP 2020 plan.

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

**Transfers (net) pertains to transfer of employees between the entities within the Group.

Fair value of time based share options granted

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

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

	As at March 31, 2024	As at March 31, 2023
Dividend yield (% p.a.)	0%	0%
Expected volatility (% p.a.)	50.6% - 53.9%	50.60%
Expected life of option (years)	2.7 years - 3 years	3 years

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22. Share based payments (Contd.)**c. PhonePe Stock Option Plan, Singapore ('PSOP 2020')**

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

Time based options:

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

	As at March 31, 2024 (Number)	As at March 31, 2023 (Number)
Outstanding as at the beginning of the year	-	2,963,949
- Granted	-	3,015,009
- Replaced with SARs	-	(134,754)
- Migrated to PSOP 2022 plan #	-	(5,868,219)
- Forfeitures	-	(142,354)
- Repurchased	-	-
- Transfers (net)	-	166,369
Outstanding as at the end of the year	-	-
Vested as at the year end	-	-

During the previous year ended March 31, 2023, the employees of the Company were granted 35,28,301 share options of the Company on the basis of derived ratio on account of migration from PSOP 2020 plan.

Fair value of time based share options granted

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

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

	As at March 31, 2024	As at March 31, 2023
Dividend yield (% p.a.)	NA	0%
Expected volatility (% p.a.)	NA	42.60%-50.6%
Expected life of option (years)	NA	2.75 years -3 years

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

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

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

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

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22. Share based payments (Contd.)

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

Time based options:

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

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

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

Expected life of option (years)

As at March 31, 2024	As at March 31, 2023
NA	1.72 years

Performance based options:

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

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

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

Expected life of option (years)

As at March 31, 2024	As at March 31, 2023
NA	10 years

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

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

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

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Phonepe Private Limited**Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024**

All amounts are Rs. in Crores, unless otherwise stated

f. PhonePe Founder Awards, India ('PFA 2023')

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

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

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

Time based options:

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

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

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

Expected life of option (years)

As at March 31, 2024
1.19 years

Performance based options:

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

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

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

Expected life of option (years)

As at March 31, 2024
9 years

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Phonepe Private Limited

Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024

All amounts are Rs. in Crores, unless otherwise stated

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

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

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

Movement of share options during the financial year

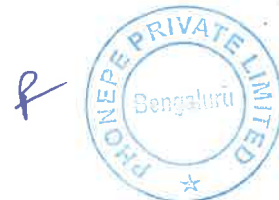
The following table illustrates the movement of the options during the financial year.

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

h. Modification of PSOP 2022 plan

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

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Phonepe Private Limited**Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024**

All amounts are Rs. in Crores, unless otherwise stated

23. Capital management

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

24. Financial risk management objectives and policies

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

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

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks, except as disclosed in note 24(c) foreign currency risk section.

a) Credit risk

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

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

Financial assets that are neither past due nor impaired

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

Financial assets that are neither past due nor impaired

Total neither past due nor impaired

As at March 31, 2024	As at March 31, 2023
3,389	5,983
3,389	5,983

Financial assets that are past due but not impaired

The aging analysis of the receivables has been considered from the date the invoice falls due. The age wise break up of receivables, net of allowances that are past due, is given below:

Past due 0 – 90 days
Past due over 90 days

Total past due and not impaired

As at March 31, 2024	As at March 31, 2023
55	74
1	5
56	79

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, 2024	As at March 31, 2023
52	30
-	8
26	15
78	53

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Phonepe Private Limited
Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024

All amounts are Rs. in Crores, unless otherwise stated

b) Liquidity risk

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

Considering the nature of business activity of the Company, the concentration of liquidity risk is low as business related merchant payments are to be made only on receipt of the amount from the customer. Further, access to sources of funding is sufficiently available.

Analysis of financial instruments by remaining contractual maturities

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

	As at March 31, 2024			
	One year or less	One to five years	Over five years	Total
Financial liabilities				
Trade payables	457	-	-	457
Lease liabilities	135	292	-	427
Other financial liabilities	672	-	-	672
Cash-settled share based payment liability	-	951	-	951
Total undiscounted financial liabilities	1,264	1,243	-	2,507

	As at March 31, 2023			
	One year or less	One to five years	Over five years	Total
Financial liabilities				
Trade payables	2,381	-	-	2,381
Lease liabilities	94	287	-	381
Other financial liabilities	760	-	-	760
Total undiscounted financial liabilities	3,235	287	-	3,522

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

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

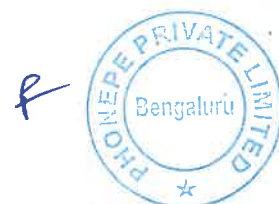
	As at March 31, 2023			
	One year or less	One to five years	Over five years	Total
Capital commitments				
	595	-	-	595
	595	-	-	595

Changes in liabilities arising from financing activities:

	April 01, 2023	New leases/ loans	Cash flows	Interest expense	March 31, 2024
Lease liabilities	330	139	(122)	30	377
Short-term borrowings	-	830	(831)	1	-
	330	969	(953)	31	377

	April 01, 2022	New leases/ loans	Cash flows	Interest expense	March 31, 2023
Lease liabilities	117	266	(72)	19	330
Short-term borrowings	-	699	(700)	1	-
	117	965	(772)	20	330

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Phonepe Private Limited**Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024**

All amounts are Rs. in Crores, unless otherwise stated

c) Foreign currency risk

The Company's exposure to currency risk relates primarily to the Company's operating activities where the transactions are denominated in a currency other than the Company's functional currency.

The carrying amounts of the Company's foreign currency exposure at the end of the reporting period are as follows :

Particulars	As at March 31, 2024				
	USD	AED	SGD	EUR	Total
Financial assets	7	4	-	0	11
Financial liabilities	26	-	-	-	26
Particulars	As at March 31, 2023				
	USD	AED	SGD	EUR	Total
Financial assets	23	-	-	-	23
Financial liabilities	2,079	-	-	-	2,079

Foreign exchange rate sensitivity

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

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

d) Interest rate risk

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

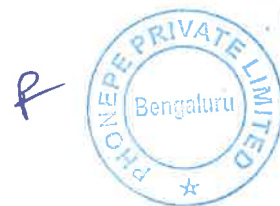
25. Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial instruments whose carrying amounts approximate fair value

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

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25. Fair value hierarchy (Contd.)

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:

As at March 31, 2024				
Assets measured at fair value:	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs *
		(Level 1)	(Level 2)	(Level 3)
Investments (FVTOCI)	15	-	-	15
	<u>15</u>	<u>-</u>	<u>-</u>	<u>15</u>
As at March 31, 2023				
Assets measured at fair value:	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs *
		(Level 1)	(Level 2)	(Level 3)
Investments (FVTOCI)	12	-	-	12
Investments (through profit and loss)	1,298	1,298	-	-
	<u>1,310</u>	<u>1,298</u>	<u>-</u>	<u>12</u>

* These security instruments have been valued using recently available transaction price and earnings.

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

	As at March 31, 2024	As at March 31, 2023
Opening balance	12	8
Fair value adjustments	3	4
Closing balance	<u>15</u>	<u>12</u>

As at March 31, 2024				
Assets not measured at fair value:	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments (at amortised cost)	1,110	-	1,110	-
	1,110	-	1,110	-
As at March 31, 2023				
Assets not measured at fair value:	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments (at amortised cost)	3,151	-	3,151	-
	3,151	-	3,151	-

Fair value hierarchy

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

26. Contingent liabilities and commitments

	As at March 31, 2024	As at March 31, 2023
a. Contingent	-	-
b. Commitments		
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	358	595
Leases not yet commenced to which the lessee is committed (refer note 9(ii))	1	-
Total	<u>359</u>	<u>595</u>

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



Phonepe Private Limited**Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024**

All amounts are Rs. in Crores, unless otherwise stated

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

28. Ratio Analysis and its elements

Ratio	Numerator	Denominator	As at March 31, 2024	As at March 31, 2023	% Change	Reason for variances exceeding 25% as compared to previous year
Current ratio	Current assets	Current liabilities	4.71	2.10	124%	Due to lower current liabilities
Return on Equity ratio	Net profits after taxes	Average shareholder's equity	-11.88%	-39.03%	-70%	Due to higher revenue from operations
Trade Receivable Turnover ratio	Revenue from operations	Average Trade Receivable	14.68	12.52	17%	NA
Trade Payable Turnover ratio	Payment processing charges+other expenses-non-cash expenditure	Average Trade Payables	1.87	1.02	83%	Due to lower trade payables
Net Capital Turnover ratio	Revenue from operations	Working capital = Current assets – Current liabilities	0.70	0.72	-3%	NA
Net Profit ratio	Net Profit	Revenue from operations	-23.75%	-73.73%	-68%	Due to higher revenue from operations
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth+Deferred tax liability	-10.11%	-24.80%	-59%	Due to higher equity
Return on Investment	Income from investments	Time weighted average investments	7.66%	5.53%	39%	Due to higher investments

29. Other Statutory Information

(i) Except for the equity investments in wholly owned subsidiaries mentioned below, the Company (Funding Party) has not advanced or loaned or invested funds to any persons or entities, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) to directly or indirectly lend or invest in other persons or entities (Ultimate Beneficiaries) on behalf of the Funding Party or provide any guarantee, security or the like to or on behalf of

During the year ended March 31, 2024, from the equity investments made by the Company in Phonepe Wealth Broking Private Limited (a wholly owned subsidiary; CIN : U65990KA2021PTC146954),

a. Amounts aggregating to Rs. 48 has been paid by Phonepe Wealth Broking Private Limited towards infusion of further equity investment in Wealth Technology & Services Private Limited (an indirect subsidiary of the Company, CIN : U74999KA2016PTC173993) on October 25, 2023 and March 28, 2024.

b. Amounts aggregating to Rs. 1 has been paid by Phonepe Wealth Broking Private Limited towards infusion of further equity investments in Quantech Capital Investment Advisors Private Limited (an indirect subsidiary of the Company, CIN : U67190KA2018PTC175882) on February 29, 2024.

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

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

(a) directly or indirectly lend or invest in other persons or entities (Ultimate Beneficiaries) identified in any manner whatsoever by or on behalf of the Funding Party or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

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Phonepe Private Limited

Notes to Standalone Ind-AS Financial Statements for the year ended March 31, 2024

All amounts are Rs. in Crores, unless otherwise stated

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

31. Segment information

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

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

33. Audit Trail

The Company has used certain accounting software(s) for maintaining its books of account which does not have the feature of recording audit trail (edit log). The Company has also used certain other accounting software which are operated by third-party software service providers, for maintaining its books of account and for such applications, the System and Organization Control (SOC) reports do not include information related to audit trail. In respect of one of the accounting software, there is feature of recording audit trail (edit log) facility which was not enabled throughout the year for all relevant transactions recorded in the software.

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

Firm registration number: 101049W/E300004


per Sumit Mehra
Partner
Membership no.: 096547



Place: Bengaluru
Date: July 17, 2024

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


Sameer Nigam
CEO & Whole-time Director
DIN: 02292840

Place: Bengaluru
Date: July 17, 2024


Rahul Chari
Whole-time Director
DIN: 03052804

Place: Bengaluru
Date: July 17, 2024


Ankit G Popat
Company Secretary
Membership No.: A20774

Place: Bengaluru
Date: July 17, 2024

