Walker Chandiok & Co LLP

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Independent Auditor's Report

To the Members of PayU Payments Private Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of PayU Payments Private Limited ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group') and its associate, as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us , the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associates and joint ventures, as at 31 March 2023, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated 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 opinion.

Emphasis of Matter

4. We draw attention to note 42 in the Consolidated Financial Statements, which describes that the Holding Company's application for authorisation to continue operating as a payment aggregator was returned for certain clarifications / action points as stated in the said note. The management has submitted the responses and also, subsequent to the balance sheet date on 10 April 2023, has submitted the revised application to Reserve Bank of India which is pending for further evaluation as on date. The management is confident of getting the authorisation in due course. Our opinion is not modified in respect of this matter.

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Information other than the Consolidated Financial Statements and Auditor's Report thereon

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

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

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

Responsibilities of Management for the Consolidated Financial Statements

6. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associate in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

7. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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10. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to 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 Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities or business activities within the Group, and its associate, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors.

11. 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.

Other Matter

12. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹ 150.78 lakhs for the year ended 31 March 2023, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid associate, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial statements certified by the management.

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Report on Other Legal and Regulatory Requirements

13. Based on our audit we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the Holding Company and its subsidiary company whose financial statements have been audited under the Act since none of such companies is a public company as defined under section 2(71) of the Act. Accordingly, reporting under section 197(16) is not applicable.

14. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.

15. As required by section 143(3) of the Act, based on our audit, 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 purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;

    c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

    e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary company and taken on record by the Board of Directors of the Holding Company and its subsidiary company, none of the directors of the Group companies are disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act;

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A' wherein we have expressed an unmodified opinion; and

    g) 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 32 to the consolidated financial statements;

        ii. The Holding Company and its subsidiary company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company during the year ended 31 March 2023;

            a. The respective managements of the Holding Company and its subsidiary company have represented to us that, to the best of their knowledge and belief, as disclosed in note 40(B)(d) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies to or in any person(s) or entity(ies), including foreign entities ('the 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 Holding Company, or any such subsidiary companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

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b. The respective managements of the Holding Company and its subsidiary company have represented to us that, to the best of their knowledge and belief, as disclosed in the note 40(B)(e) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary 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 by us, as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us or the other auditor to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

iv. The Holding Company and its subsidiary company have not declared or paid any dividend during the year ended 31 March 2023

v. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Neeraj Goel
Partner
Membership No.: 099514
UDIN: 23099514BGSCNK4595

Place: Gurugram
Date: 26 June 2023

ANNEXURE 1

List of entities included in the Consolidated Financial Statements

Subsidiary Company

1) PayU Innovation Private Limited

Associate Company

2) PayU Finance Private Limited (up to 22 December 2022)

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Annexure A

Independent Auditor's report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of PayU Payments Private Limited ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), its associate as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company, which are companies covered under the Act, as at that date.

Responsibilities of Management for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, and its associate company which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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. 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 the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. The audit of internal financial controls with reference to financial statements of the aforementioned subsidiary, which is a company covered under the Act, and reporting under Section 143(3)(i) is exempted vide MCA notification no. G.S.R. 583(E) dated 13 June 2017 read with corrigendum dated 14 July 2017. Consequently, our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matter(s) paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its associate, as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

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Annexure A to the Independent Auditor's Report of even date to the members of PayU Payments Private Limited on the consolidated financial statements for the year ended 31 March 2023

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion and based on the consideration of the report of the other auditor on internal financial controls with reference to financial statements of the associate company and, the Holding Company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements 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.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements in so far as it relates to one associate company, which is a company covered under the Act, in respect of which, the Group's share of net profit (including other comprehensive income) of ₹ 150.78 lakhs for the year ended 31 March 2023 has been considered in the consolidated financial statements. The internal financial controls with reference to financial statements of the associate company, which is a company covered under the Act, are unaudited and our opinion under Section 143(3)(i) of the Act on adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to the aforesaid associate, which is a company covered under the Act, is solely based on the corresponding internal financial controls with reference to financial statements certified by the management of such company. In our opinion and according to the information and explanations given to us by the management, these financial information is not material to the Group.

Our opinion is not modified in respect of the above matter with respect to our reliance on the internal financial controls with reference to financial statements certified by the management.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Neeraj Goel

Neeraj Goel
Partner
Membership No.: 099514
UDIN: 23099514BGSCNK4595

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

Place: Gurugram
Date: 26 June 2023

PayU Payments Private Limited
Consolidated Balance Sheet as at 31 March 2023

(₹ in Lakh, unless stated otherwise)

	Note	31 March 2023	31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3A	35.37	63.25
Right of use assets	3B	3,281.29	2,070.30
Intangibles under development	3C	-	143.09
Goodwill	3D	75,069.72	75,069.72
Intangible assets	3E	2,339.79	2,615.66
Investment	4A	-	40,350.70
Financial assets			
-Investment	4B	770.43	770.43
-Other financial assets	5	328.20	238.63
Non-current tax assets (net)	7	7,717.26	4,498.60
Other non-current assets	8	12,512.35	4,914.65
Total non-current assets		**102,054.41**	**130,735.03**
Current assets			
Financial assets			
-Trade receivables	9	14,676.43	10,599.12
-Cash and cash equivalents	10	52,409.84	8,761.34
-Bank balances other than above	11	1,874.64	1,930.60
-Other financial assets	5	10,697.78	9,110.51
Other current assets	8	3,399.45	2,531.11
Total current assets		**83,058.14**	**32,932.68**
Total assets		**185,112.55**	**163,667.71**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	204,682.90	203,402.55
Other equity	13	(79,340.68)	(88,315.93)
Total equity		**125,342.22**	**115,086.62**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
-Borrowings	18	-	4,283.39
-Lease liability	36	2,512.67	1,845.72
-Other financial liabilities	17	-	1,203.62
Provisions	14	1,112.83	885.53
Other non-current liabilities	15	2,416.09	3,301.89
Total non-current liabilities		**6,041.59**	**11,520.15**
Current liabilities			
Financial liabilities			
-Borrowings	18	4,283.39	-
-Lease liabilty	36	1,221.93	617.54
-Trade payables	16		
- Total outstanding dues of micro and small enterprises		136.62	157.63
- Total outstanding dues of creditors other than micro and small enterprises		5,425.46	4,464.38
-Other financial liabilities	17	25,091.53	17,963.44
Other current liabilities	15	17,297.99	13,738.69
Provisions	14	271.82	119.26
Total current liabilities		**53,728.74**	**37,060.94**
Total liabilities		**59,770.33**	**48,581.09**
Total equity and liabilities		**185,112.55**	**163,667.71**

The accompanying notes are an integral part of these consolidated financial statements. 1-48

In terms of our report of even date.
For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Neeraj Goel
Partner
Membership No : 099514

For and on behalf of board of directors
PayU Payments Private Limited

Anirban Mukherjee
CEO & Director
DIN - 07157585
Mumbai
26 June 2023

Arvind Agarwal
Director & CFO
DIN - 02175753
Mumbai
26 June 2023

Anuradha Aggarwal
Company Secretary
Mumbai
26 June 2023

Place: Gurgaon
Date: 26 June 2023

PayU Payments Private Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2023

(₹ in Lakh, unless stated otherwise)

	Note	31 March 2023	31 March 2022
Income			
i) Revenue from operations	19	299,540.13	209,480.65
ii) Other income	20	3,859.52	3,086.94
Total income		**303,399.65**	**212,567.59**
Expenses			
i) Cost of services	21	250,127.13	177,787.59
ii) Employee benefits expense	22	43,104.22	28,808.17
iii) Finance cost	23	696.17	715.01
iv) Depreciation and amortization expenses	24	1,426.06	1,575.51
v) Other expenses	25	12,371.88	13,964.84
Total expenses		**307,725.45**	**222,941.12**
Profit/(loss) before share of profit/(loss) of Associate, exceptional items and tax		**(4,325.80)**	**(10,373.52)**
i) Share of profit/(loss) of an associate	39	**(1,843.49)**	**(162.10)**
Exceptional item:			
i) Profit on sale of non-current investments	39	**6,791.00**	**45,724.45**
Profit before tax		**621.70**	**35,188.83**
Tax expense			
Current and deferred tax		-	-
Profit for the period from continuing operations.		**621.70**	**35,188.83**
Profit/(loss) from discontinued operations		-	**(2,196.02)**
Tax expenses of discontinued operations		-	-
Profit/(loss) from discontinued operations after tax		-	**(2,196.02)**
Profit for the period after tax		**621.70**	**32,992.81**
Total Loss for the year			
Loss attributable to			
- Owners		**621.70**	**33,113.23**
- Non Controlling Interest		-	**(120.41)**
Other comprehensive income			
i) Items that will not be reclassified to profit or loss			
Share of profit/(loss) of an associate		-	(1.31)
- Remeasurements of the defined benefit plans		86.38	67.02
Total other comprehensive income		**86.38**	**65.71**
Other Comprehensive Loss attributable to			
- Owners		86	65.71
- Non Controlling Interest		-	-
Total comprehensive Profit for the year		**708.08**	**33,059.83**
Total Comprehensive Loss attributable to			
- Owners		**708.08**	**33,178.93**
- Non Controlling Interest		-	**(120.41)**
Earning per equity share [nominal value of equity share ₹ 10]	27		
Basic and diluted (in ₹ per share)		**0.03**	**1.75**

The accompanying notes are an integral part of these consolidated financial statements. 1-48

In terms of our report of even date
For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Neeraj Goel
Partner
Membership No : 099514

Place: Gurgaon
Date: 26 June 2023

For and on behalf of board of directors
PayU Payments Private Limited

Anirban Mukherjee
CEO & Director
DIN - 07157585
Mumbai
26 June 2023

Arvind Aggarwal
Director & CFO
DIN - 02175753
Mumbai
26 June 2023

Anuradha Aggarwal
Company Secretary
Mumbai
26 June 2023

PayU Payments Private Limited
Consolidated Cash Flow Statement for the year ended 31 March 2023

	(₹ in Lakh, unless stated otherwise) 31 March 2023	31 March 2022
A. Cash flow from operating activities		
Loss after tax from continuing operations	621.70	35,188.83
Loss after tax from discontinued operations	-	(2,645.78)
Adjustment for:-		
Loss from Associate	1,843.49	162.10
Profit on sale of non-current investments	(6,955.94)	(45,724.45)
Depreciation and amortization expenses	1,426.06	1,586.40
Finance cost	696.17	727.50
Foreign exchange (gain) / loss	(156.45)	141.43
Unrealized foreign exchange loss/(gain)	-	-
Provision for chargeback and bad debts	501.08	407.98
Interest income on security deposits	(18.49)	(16.87)
Interest income on bank deposits	(81.92)	(92.36)
Operating loss before working capital changes	**(2,124.29)**	**(10,265.22)**
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	(4,578.39)	(11,897.13)
Other financial assets	(1,658.35)	753.89
Other assets	(6,880.58)	4,363.86
Other bank balances	55.96	(6,275.44)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	1,096.52	4,287.19
Other financial liabilities	5,924.47	7,604.83
Other liabilities	2,636.90	4,678.07
Lease liabilities	1,269.61	-
Provisions	466.24	(289.80)
Cash (used in)/ generated from operations	**(3,791.94)**	**(7,039.76)**
Less: Income tax (paid)/ refund (net)	(3,218.66)	(2,173.97)
Net cash flow from operating activities (A)	**(7,010.60)**	**(9,213.73)**
B. Cash flow from investing activities		
Purchase of property, plant and equipment	(2,190.62)	(196.61)
Sale of Investments held for sale	45,474.26	-
Interest received	81.92	(3,612.35)
Loss of Cash balance of Subsidiary due to loss of control	-	(1,181.24)
Net cash flow from investing activities (B)	**43,365.57**	**(4,990.20)**
C. Cash flow from financing activities		
(Refer note 35 for non-cash items in financing activities)		
Proceeds from issue of equity share capital	7,950.99	12,705.21
Proceeds/(Repayment) from long term and short term borrowing (net)	-	(3,483.92)
Repayment of current borrowings	-	(3,000.00)
Interest paid	(414.37)	(449.56)
Payment of lease liabilities	(243.09)	(825.72)
Net cash flow from financing activities (C)	**7,293.53**	**4,946.01**
D. Net changes in cash and cash equivalents (A+B+C)	43,648.50	(9,257.92)
Cash and Cash Equivalents at the beginning of the year (refer note 10)	**8,761.34**	**17,569.55**
- from continuing operations	8,761.34	8,043.65
- from discontinued operations	-	9,525.90
Cash and Cash Equivalents at the end of the year (refer note 10)	**52,409.84**	**8,761.34**
- from continuing operations	52,409.84	8,761.34
- from discontinued operations		-
Cash and cash equivalents as per the cash flow statement	**43,648.50**	**(8,808.21)**

The accompanying notes are an integral part of these consolidated financial statements.

In terms of our report of even date.
For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Neeraj Goel

Neeraj Goel
Partner
Membership No : 099514

Place: Gurgaon
Date: 26 June 2023

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

For and on behalf of board of directors
PayU Payments Private Limited

Anirban Mukherjee
CEO & Director
DIN - 07157585
Mumbai
26 June 2023

Arvind Agarwal
Director & CFO
DIN - 02175753
Mumbai
26 June 2023

Anuradha Aggarwal
Company Secretary
Mumbai
26 June 2023

Statement of Changes in Equity for the year ended 31 March 2023

(₹ Lakhs unless otherwise stated)

A Equity share capital

Particulars	Amount
Balance as at 31 March 2021	**198,621.56**
Changes in equity share capital during the year	4,780.99
Balance as at 31 March 2022	**203,402.55**
Changes in equity share capital during the year	1,280.35
Balance as at 31 March 2023	**204,682.90**

B Other equity

Particulars	Attributable to owners						Non Controlling Interest	Total
	Statutory reserve u/s 45IA RBI Act	Securities premium	Employee stock option plan reserve	Deemed capital contribution	Other comprehensive income reserve	Retained earnings		
Balance as at 31 March 2021	**10.47**	**18,666.81**	**-**	**472.90**	**247.95**	**(149,151.22)**	**2,441.89**	**(127,311.19)**
Loss for the year						32,992.81	(120.41)	32,872.40
Remeasurement of defined benefit obligations					65.71			65.71
Security premium on equity shares issued during the year		7,924.22						7,924.22
Employee stock compensation expense				454.41				454.41
Eliminated due to loss of control	(10.47)					10.47	(2,321.48)	(2,321.48)
Balance as at 31 March 2022	**-**	**26,591.03**	**-**	**927.31**	**313.65**	**(116,147.93)**	**-**	**(88,315.93)**
Loss for the year						621.70	-	621.70
Remeasurement of defined benefit obligations					86.38			86.38
Security premium on equity shares issued during the year		6,670.64						6,670.64
Employee stock compensation expense				1,585.40				1,585.40
Reclassification from OCI to Profit&Loss					11.12			11.12
Balance as at 31 March 2023	**-**	**33,261.67**	**-**	**2,512.71**	**411.16**	**(115,526.23)**	**-**	**(79,340.68)**

The accompanying notes are an integral part of these consolidated financial statements. 1-48

This is the statement of changes in equity referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Neeraj Goel
Partner
Membership No : 099514

Place: Gurugram
Date: 26 June 2023

For and on behalf of board of directors
PayU Payments Private Limited
CIN: U72400MH2006PTC293037

Anirban Mukherjee
CEO & Director
DIN - 07157585
Mumbai
26 June 2023

Arvind Agarwal
Director & CFO
DIN - 02175753
Mumbai
26 June 2023

Anuradha Aggarwal
Company Secretary
Mumbai
26 June 2023

1 Corporate Information

PayU Payments Private Limited ("the Company or the Holding Company") was incorporated in India on 24 May 2006 and is domiciled in India. The Company is headquartered in Gurugram, Haryana and is a subsidiary of MIH India (Mauritius) Limited. The Holding Company together with its associate i.e. PayU Finance India Private Limited (called "The Group") and its wholly owned subsidiary i.e. PayU India Innovations Private Limited ("the Company" earlier known as PayU India Settlement and Processing Private Limited) are engaged in the business of payment gateway services for e-commerce transactions, providing finance i.e., business lending credit by way of personal loan and deferred credit facility for short term duration,Web-Technologies and consultancy services addressed to business process engineering and Information Technology.

2 Summary of significant accounting policies

2.1 Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time,stipulations contained in Schedule III (Revised) of the Act and other provisions of applicable laws. The Group has consistently applied the accounting policies to all periods presented in these financial statements, except as stated herein.

2.2 Basis of preparation

These consolidated financial statements have been prepared on historical cost basis except for certain financial instruments and defined benefit plans which are measured at fair value or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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. All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Group has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated. The Group considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

The functional currency of the Company and its subsidiaries is the Indian Rupee (`).
The significant accounting policies used in preparation of the consolidated financial statements have been discussed in the respective notes.

2.3 Basis of consolidation

The Company consolidates all entities which are controlled by it. The Company establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity's returns by using its power over relevant activities of the entity.
The company disposed of 100% of its Compulsory Convertible Preference Shares in PayU Finance India Private Limited to Paysense Services India Pvt Ltd, a company within a group, for a consideration of ₹ 45,474.26 on 23rd December, 2022. The result of associate sold during the year is consolidated from the effective date of acquisition and upto the effective date of disposal, as appropriate.

The company has made investment in PayU India Innovation Private limited (wholly owned subsidiary), with the share capital of ₹ 500,000 (50,000 shares of Rs. 10 each) on 29th april 2022. As a result of which company has 100% control over its subsidiary as on the date of reporting 31st March 2023.

2.4 Use of estimates and judgements

The preparation of consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of consolidated financial statements and the reported amounts of income and expenses for the periods presented.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.
The Group uses the following critical accounting estimates in preparation of its consolidated financial statements.

2.5 Revenue recognition

Sale of services is recognised as and when the performance obligation, as defined in Ind AS 115 -'Revenue from Contracts with Customers', is complete. Income is recognised net of Goods and Service tax. Income from set up fees is recognised as and when services are rendered and invoiced as per the terms of the agreement.
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably, Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
Other incomes are recognised on accrual basis, except when there is uncertainty of collection.

2.6 Useful lives of property, plant and equipment

All items of PPE are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

2.7 Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives specified in Part "C" of Schedule II of the Act except for the following classes of fixed assets which are depreciated based on the internal assessment of the management as under:

-Furniture and fixtures - 5 to 10 years
-Office equipment - 3 years
-Computers, data processing units and communication equipment - 3 years

Leasehold improvements are amortised over the period of the lease or the useful life (approximately 5 years), whichever is shorter.

The salvage value for the assets is considered to be nil and individual assets costing less than Rs. 5,000 are depreciated at the rate of 100%.

De-recognition

An item of PPE is derecognised on disposal or when no future economic benefits are expected from its use. Gains and losses arising from disposal of an item of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

2.8 Intangible assets

Intangible assets acquired separately

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

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses, if any.

De-recognition of intangible assets

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

Useful lives of intangible assets

Intangible assets with a finite useful life are amortised using the straight-line method over the following periods:
• Trademark 10 years
• Customer relationship 12 years

2.9 Impairment of PPE and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash- generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss.

No Impairment Loss is recognised for the period

2.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
Initial recognition and measurement
The Group recognizes a financial asset in its balance sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset. Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e., level 1 input) or through a valuation technique that uses data from observable markets (i.e., level 2 input). In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement

For subsequent measurement, the Group classifies a financial asset in accordance with (i) the Group's business model for managing the financial asset; and (ii) the contractual cash flow characteristics of the financial asset. Accordingly, the Group classifies its financial assets into the following categories:

a. Financial assets measured at amortized cost
A financial asset is measured at the amortized cost if both the following conditions are met:
i. the Group's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and
ii. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Group. Such financial assets are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date.
The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset and is included under 'other income' in the Statement of Profit and Loss.
The amortized cost of a financial asset is also adjusted for loss allowance, if any
b. Financial assets measured at fair value through other comprehensive income (FVTOCI)
A financial asset is measured at FVTOCI if both of the following conditions are met:
i. The Group's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Group recognizes interest income and impairment losses and its reversals in the Statement of Profit and Loss. On Derecognition of such financial assets, cumulative gain or loss previously recognized in
OCI is reclassified from equity to the Statement of Profit and Loss.
c. Financial assets measured at FVTPL:
A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

2.11 **Derecognition of financial assets:**
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized from the balance sheet when any of the following occurs:
i. The contractual rights to cash flows from the financial asset expires;
ii. The Group transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;
iii. The Group retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);
iv. The Group neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset. The cases where Group has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Group continues to recognise such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Group also recognises an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On derecognition of a financial asset, (except as mentioned in b above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

2.12 **Impairment of financial assets:**
The Group applies expected credit losses ("ECL") model for measurement and recognition of loss allowance on its trade receivables, loans, other financial assets measured at amortized cost (other than trade receivables) and financial assets measured at fair value through other comprehensive income (FVTOCI)

2.13 Trade receivables

In case of trade receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance. In case of other assets mentioned above, the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance. Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Group reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset, 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.
ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Group uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'Other expenses'.

2.14 Loan assets

The Group follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:
• Stage 1 includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
• Stage 2 includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
• Stage 3 includes loan assets that have objective evidence of impairment at the reporting date.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:
Probability of Default (PD) - The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.
Loss Given Default (LGD) - LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type, and preference of claim and availability of collateral or other credit support.
Exposure at Default (EAD) - EAD is based on the amount of outstanding exposure as on the assessment date on which ECL is computed including undisbursed amounts in respect of Letters of Comfort.
Forward-looking economic information is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

2.15 Financial liabilities and equity instruments

Financial liabilities

Initial recognition and measurement:

The Group recognises a financial liability in its balance sheet when it becomes party to the contractual provisions of the instrument.
All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction cost that are attributable to the acquisition of the financial liability.
Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e., level 1 input) or through a valuation technique that uses data from observable markets (i.e., level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognised as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement

All financial liabilities of the Group are subsequently measured at amortized cost using the effective interest method, whereby, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability and is included under finance cost in the Statement of Profit and Loss.
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Classification as debt or equity

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

Equity instruments

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

2.16 Fair value

The Group measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
a. In the principal market for the asset or liability, or
b. In the absence of a principal market, in the most advantageous market for the asset or liability.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy that categorises into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).
Level 1 — quoted (unadjusted) market prices 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 or indirectly, and
Level 3 — inputs that are unobservable for the asset or liability.
For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re- assessing categorisation at the end of each reporting period with relevant disclosures.

2.17 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, cash at bank, other short-term deposits with original maturities of three months or less and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.19 Provisions and Contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.
The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.
A disclosure for contingent liability is made when there is a possible obligation or present obligation that may, but possibly will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.20 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

2.21 Employee benefits

The parent Company grants share options /share appreciation rights (SARs) to the employees of the Group under certain equity compensation plans. In accordance with the "Guidance Note on Accounting for Employee Share-based Payments", the Group has recognised an employee benefit expense in the Statement of Profit and Loss, representing the fair value of share options /SARs granted to the employees of the Group. For cash-settled plans, the Group re-measures the fair value of the recognised liability at each reporting date and at the date of settlement, with any changes in fair value recognised in the Statement Profit and Loss for the period.

ii) Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

iii) Post employment benefits
Defined contribution plans
The Group pays provident fund contributions to the Regional Provident Fund Commissioner as per Employees' Provident Funds and Miscellaneous Provisions Act, 1952, The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense in the Statement of Profit and Loss when they are due.

Defined benefit plans
Gratuity and bonus obligations
The liability recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. Contributions in respect of gratuity is made to a fund administered by the Life Insurance Corporation of India.
The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The estimated future payments are discounted using market yields determined by reference to high-quality corporate bonds.
The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.
Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.
Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

2.22 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment, In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the Statement of Profit and Loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' and lease liabilities in 'loans and borrowings' in the Balance Sheet.(Refer note 36)

Short-term leases and leases of low-value assets

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

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

2.23 Foreign currency transactions

In preparing the financial statements of the Group, transactions in foreign currencies are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, outstanding monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the Statement of Profit and Loss in the year in which they arise.

2.24 Income tax

The income tax expense comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

i) Current tax

Current tax is computed in accordance with the relevant applicable tax regulations and measured using tax rates enacted or substantively enacted by the reporting date. Current income tax relating to items recognised outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

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

ii) Deferred tax

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income or in equity).

2.25 Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the profit/losses attributable to the equity shareholders of the Group by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share computing after adjusting the amounts used in the determination of basic earnings per share to take into account, the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e., average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for employee share options against the share capital of the Group and bonus shares, if any, as appropriate.

2.26 Investment in Wholly-owned Subsidiary, associate or joint venture

A wholly owned subsidiary is a company whose 100% shares held by another company. As the parent company owns all the shares of a wholly-owned subsidiary, minority shareholders are not present. The subsidiary works with the parent company's approval and may or may not have direct input to the activities and management of the subsidiary. An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

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

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

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The statement of profit and loss reflects the Group's share of the results of operations of the subsidiary and associate (till 23rd December 2023). The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss outside operating profit.

The financial statements of the Subsidiary and associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.PayU Payment Pvt. Ltd. exercises 100% control over PayU India Innovation Pvt. Ltd as a result of owing 50,000 equity shares of the company.

3A Property, plant and equipment

For the year ended 31 March 2023

(₹ in Lakh, unless stated otherwise)

Description	Gross carrying value as at 01 April 2022	Additions	Disposal/ adjustments	Gross carrying value as at 31 March 2023	Accumulated depreciation as at 01 April 2022	Additions	Disposal / adjustments	Accumulated depreciation as at 31 March 2023	Carrying value as at 31 March 2023
Leasehold improvements (building)	683.69	9.00	-	**692.69**	650.79	29.74	-	**680.53**	**12.16**
Furniture and fixtures	54.53	6.30	-	**60.83**	46.46	8.93	-	**55.39**	**5.44**
Office equipment	634.97	6.56	-	**641.53**	629.09	6.18	-	**635.27**	**6.26**
Computers, data processing units and communication equipment	1,435.29	2.74	-	**1,438.03**	1,418.89	7.63	-	**1,426.52**	**11.51**
Total	**2,808.48**	**24.61**	-	**2,833.08**	**2,745.23**	**52.48**	-	**2,797.71**	**35.37**

For the year ended 31 March 2022

Description	Gross carrying value as at 01 April 2021	Additions	Disposal/ adjustments	Gross carrying value as at 31 March 2022	Accumulated depreciation as at 01 April 2021	Additions	Disposal / adjustments	Accumulated depreciation as at 31 March 2022	Carrying value as at 31 March 2022
Leasehold improvements (building)	683.69	-	-	**683.69**	541.20	109.59	-	**650.79**	**32.90**
Furniture and fixtures	46.17	8.36	-	**54.53**	42.92	3.54	-	**46.46**	**8.07**
Office equipment	633.85	1.12	-	**634.97**	609.69	19.40	-	**629.09**	**5.88**
Computers, data processing units and communication equipment	1,426.56	8.73	-	**1,435.29**	1,403.36	15.53	-	**1,418.89**	**16.40**
Total	**2,790.27**	**18.21**	-	**2,808.48**	**2,597.17**	**148.06**	-	**2,745.23**	**63.25**

3B Right of use assets

(₹ in Lakh, unless stated otherwise)

Description	31 March 2023	31 March 2022
Carrying amounts of:		
Right-of-use assets	3,281.29	2,070.30
Total	**3,281.29**	**2,070.30**

Year ended 31 March 2023

Description	Building	Computer	Total
Cost or deemed cost			
Balance as at 01 April 2022	2,804.35	924.02	3,728.37
Additions during the year (Refer note 36)	1,516.73	532.61	2,049.34
Disposals		-	-
Balance as at 31 March 2023	**4,321.08**	**1,456.63**	**5,777.71**
Accumulated depreciation			
Balance as at 01 April 2022	1,205.77	452.30	1,658.07
Depreciation charge for the year (Refer note 36)	470.08	368.28	838.36
Balance as at 31 March 2023	**1,675.85**	**820.58**	**2,496.43**
Closing net carrying amount	**2,645.23**	**636.06**	**3,281.29**

Year ended 31 March 2022

Description	Building	Computer	Total
Cost or deemed cost			
Balance as at 01 April 2021	2,886.77	344.12	3,230.89
Additions during the year (Refer note 36)	-	579.90	579.90
Disposals	(82.42)	-	(82.42)
Balance as at 31 March 2022	**2,804.35**	**924.02**	**3,728.37**
Accumulated depreciation			
Balance as at 01 April 2021	800.38	197.26	997.64
Depreciation charge for the year (Refer note 36)	405.39	255.04	660.43
Disposals	-	-	-
Balance as at 31 March 2022	**1,205.77**	**452.30**	**1,658.07**
Closing net carrying amount	**1,598.58**	**471.72**	**2,070.30**

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS

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(₹ in Lakh, unless stated otherwise)

		31 March 2023	31 March 2022
4A	**Investment**		
4A	**Investment in Associates -**		
	Unquoted investments carried at cost		
	27,100,277 (Fully paid up compulsorily convertible preference shares of ₹ 10 each) in PayU Finance India Private Limited (2022 : 27,100,277)	-	39,118.44
	Deemed investment in PayU Finance India Private Limited - Value of guarantees issued to third parties	-	1,232.26
	Sub-total	**-**	**40,350.70**
4B	**Other investments -**		
	Unquoted investments carried at fair value through Other Comprehensive Income		
	Fully paid equity shares of ₹ 10 each - 61,320 (2022 : 61,320) (Fully paid up equity shares of ₹ 10 each in National Payment Corporation of India)	770.18	770.18
	Fully paid equity shares of ₹ 10 each - 2,510 (2022 : 2,510) (Fully paid up equity shares of ₹ 10 each in Ferbine Private Limited)	0.25	0.25
	Sub-total	**770.43**	**770.43**
		770.43	**41,121.13**
5	**Other financial assets**		
	Non-current		
	Security deposits	328.20	238.63
		328.20	**238.63**
	Current		
	Security deposits	74.25	28.85
	Commission receivable	4,792.24	2,638.60
	Unclaimed balances receivables	1,783.01	801.37
	AMC receivables	928.04	-
	Other receivables	3,120.24	5,641.69
		10,697.78	**9,110.51**
		11,025.98	**9,349.14**
6	**Deferred tax assets/liabilities (net)**		
	Deferred tax assets/(liabilities) consists of		
	Book/tax depreciation difference	(18,784.60)	(18,670.28)
	Employee benefits	955.25	813.10
	Carry forward of business loss	12,227.00	12,980.87
	Unabsorbed depreciation	9,059.35	13,431.79
	Allowance for doubtful trade receivables	339.57	217.63
	Deferred tax assets (net)	**3,796.56**	**8,773.11**
	Deferred tax assets recognised	**-**	**-**

Note: In view of conservatism and the absence of reasonable certainity that future taxable profits will be available against which temporary differences can be utilised, no deferred tax assets have been recognised on any temporary differences and unused tax losses.

		31 March 2023	31 March 2022
7	**Tax assets (net)**		
	Non-current		
	TDS recoverable	7,717.26	4,498.60
		7,717.26	**4,498.60**
8	**Other assets**		
	Non-current		
	Prepaid expenses	87.38	49.76
	Advance payment to ESOP trust	12,424.97	4,864.89
		12,512.35	**4,914.65**
	Current		
	Trade advances	646.30	648.05
	Less: Allowance for bad and doubtful advances	-	-
		646.30	**648.05**
	Prepaid expenses	520.42	581.98
	Balance with government authorities	1,860.26	1,147.00
	Provision against Service tax receivable	(87.66)	(87.66)

(₹ in Lakh, unless stated otherwise)

	31 March 2023	31 March 2022
Other receivable	460.13	241.74
	3,399.45	**2,531.11**

(₹ in Lakh, unless stated otherwise)

		31 March 2023	31 March 2022
9	**Trade receivables #**		
	(Refer note 28 for amounts due from other related parties)		
	Unsecured, considered good:		
	Trade receivables	14,676.43	10,599.12
	Less: Allowance for bad and doubtful debts	-	-
		14,676.43	**10,599.12**
A	**Contract balances**		
	Trade receivables	14,676.43	10,599.12
	Contract liabilities		
	Advance from customers	-	-
B	**Movement in contract liabilities balances during the year**		
	Contract liabilities		
	Opening balance	-	44.87
	Add: Addition during the year	-	-
	Less: Adjusted during the year	-	44.87
	Closing balance	-	-

Trade receivable ageing

Particulars	Years	Outstanding for following periods from due date of payment: Less than 6 months	6 months to 1 years	1- 2 Years	2- 3 Years	More than 3 Years	Total
(i) Undisputed, Considered good	31st March 2023	13,394.16	530.89	496.54	120.17	134.67	14,676.43
	31st March 2022	8,714.61	839.17	356.39	258.14	430.81	10,599.12

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3C Intangibles under development
For the year ended 31 March 2023

(₹ in Lakh, unless stated otherwise)

Particulars	31 March 2023	31 March 2022
Capital work-in-progress	-	143.09
Total Capital work-in-progress	-	143.09

3D Goodwill
For the year ended 31 March 2023

Description	Goodwill
Balance as at 31 March 2021	75,069.72
Assets included in disposal group classified as held for sale (refer note 41)	-
Adjustments	-
Impairment	-
Balance as at 31 March 2022	75,069.72
Assets included in disposal group classified as held for sale (refer note 41)	-
Adjustments	-
Impairment	-
Balance as at 31 March 2023	75,069.72

3E Intangible assets
For the year ended 31 March 2023

Description	Computer softwares	Trademark	Customer relationship	Total
Gross carrying value as at 01 April 2022	4,152.91	1,727.00	4,780.00	10,659.91
Additions during the year	259.76	-	-	259.76
Disposal/ adjustments	-	-	-	-
Gross carrying value as at 31 March 2023	4,412.67	1,727.00	4,780.00	10,919.67
Accumulated amortisation as at 01 April, 2022	3,977.92	1,353.88	2,712.45	8,044.25
Additions during the year	187.98	68.88	278.77	535.63
Impairment (Refer note 41)	-	-	-	-
Disposal/adjustments	-	-	-	-
Accumulated amortisation as at 31 March 2023	4,165.90	1,422.76	2,991.22	8,579.88
Carrying value as at 31 March 2023	246.77	304.24	1,788.78	2,339.79

For the period ended 31 March 2022

Description	Computer softwares	Trademark	Customer relationship	Total
Gross carrying value as at 01 April 2021	4,152.91	1,727.00	4,780.00	10,659.91
Additions during the year	-	-	-	-
Disposal/ adjustments	-	-	-	-
Gross carrying value as at 31 March 2022	4,152.91	1,727.00	4,780.00	10,659.91
Accumulated amortisation as at 01 April, 2021	3,558.57	1,285.00	2,433.66	7,277.23
Additions during the year	419.35	68.88	278.79	767.02
Impairment (Refer note 41)	-	-	-	-
Disposal/adjustments	-	-	-	-
Accumulated amortisation as at 31 March 2022	3,977.92	1,353.88	2,712.45	8,044.25
Carrying value as at 31 March 2022	174.99	373.12	2,067.55	2,615.66

(₹ in Lakh, unless stated otherwise)

	31 March 2023	31 March 2022
10 Cash and cash equivalents		
Balances with banks	33,387.84	8,211.34
Deposit with original maturity of less than 3 month	19,022.00	550.00
	52,409.84	**8,761.34**

	31 March 2023	31 March 2022
11 Bank balances other than above		
Balances in banks*	1,713.91	1,713.66
Deposit with original maturity of less than 3 months**	150.15	35.60
Balance with bank in term deposits with maturity more than 3 months**	10.58	181.34
	1,874.64	**1,930.60**

* Represents amounts held in Citrus wallet by customers. (Refer note 17)
** Represents amount pledged with banks for corporate guarantees, chargebacks and other purposes.

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PayU Payments Private Limited
Notes to Consolidated Financial Statements for the year ended 31 March 2023

(₹ in Lakh, unless stated otherwise)

	31 March 2023	31 March 2022
12 Equity share capital		
Authorised share capital		
2,500,050,000 (2022: 2,500,050,000) Equity shares of ₹ 10 each	250,005.00	250,005.00
999,950,000 (2022: 999,950,000) Preference shares of ₹ 10 each	99,995.00	99,995.00
Issued, subscribed and paid up capital		
Equity shares		
2,046,829,027 Equity shares of ₹ 10 each (2022: 2,034,025,484) fully paid up	204,682.90	203,402.55
	204,682.90	**203,402.55**

	Number of shares	Number of shares
Reconciliation of the number of equity shares		
Balance at the beginning of the year	2,034,025,484	1,986,215,565
Add : Issued during the year (Refer note 28)	12,803,543	47,809,919
Balance at the end of the year	**2,046,829,027**	**2,034,025,484**

Rights attached to equity shares:
The Company has issued only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share.

Rights Issue
During the year the company has issued shares at various instances details of which are as follows.

Particulars	No of shares	Premium	Allotment date
Shares allotted to MIH Payments Holdings B.V.	12,803,543	52.10	14-Sep-22

Details of shares held by each shareholder holding more than 5% shares :

	31 March 2023	31 March 2022
Name of shareholder		
MIH India (Mauritius) Limited (Parent Company)		
No. of shares	1,462,854,267	1,462,854,267
Holding %	71.47%	71.92%
MIH Payments Holding B.V.		
No. of shares	583,974,760	571,171,217
Holding %	28.53%	28.08%
PayU Global B.V.		
No. of shares	-	-
Holding %	-	-

Shares held by promoters at the end of the year

Promoter name	No. of Shares	% of toal shares	% Change during the year
MIH India (Mauritius) Limited (Parent Company)	1,462,854,267	71.47%	0.45%
MIH Payments Holding B.V.	583,974,760	28.53%	-0.45%
Total	**2,046,829,027**	**100.00%**	**0.00%**

	31 March 2023	31 March 2022
13 Other equity		
(Refer Statement of Changes in Equity)		
Securities premium	33,261.67	26,591.03
Retained earnings(PL)	(115,526.23)	(116,147.93)
Retained earnings(OCI)	411.16	313.65
Deemed capital contribution	2,512.71	927.31
	(79,340.68)	**(88,315.93)**

Description of nature and purpose of each reserve

Securities premium
Securities premium is used to record the premium (excess over face value) on issue of shares, which will be utilised in accordance with provisions of the Act.

Retained earnings
Retained earnings are created from the profit / loss of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

Capital reserve
Capital reserve represents the difference between value of the net assets transferred in the course of business combinations and the consideration received for such combinations.

Deemed capital contribution
Under the employee shared based payment plans, an employee of the Company was granted stock options of the Naspers Limited. The plan was assessed, managed and administered by Naspers Limited. The plans granted to employees were equity settled. The Company accrued for these grants as equity settled by debiting employee stock compensation expense and crediting deemed capital contribution in equity.

PayU Payments Private Limited
Notes to Consolidated Financial Statements for the year ended 31 March 2023

(₹ in Lakh, unless stated otherwise)

	31 March 2023	31 March 2022
14 Provisions		
Non-current		
Compensated absences	640.50	466.51
Gratuity (Refer note 26)	472.33	419.02
	1,112.83	**885.53**
Current		
Compensated absences	169.38	66.23
Gratuity (Refer note 26)	102.44	53.03
	271.82	**119.26**
15 Other liabilities		
Non-current		
Employee stock options plan payable (Refer note 27)	2,416.09	3,301.89
	2,416.09	**3,301.89**
Current		
Employee stock options plan payable (Refer note 27)	11,797.93	9,928.78
Other liabilities		
- Security deposits received from merchants	4,183.35	2,022.42
- Other	-	
Statutory liabilities	1,316.71	1,787.49
	17,297.99	**13,738.69**
16 Trade payables		
Trade payables		
- Total outstanding dues of micro and small enterprises (Refer note 34)	136.62	157.63
- Total outstanding dues of creditors other than micro and small enterprises	5,425.46	4,464.38
	5,562.08	**4,622.01**

Trade payable ageing

Particulars	Year End	Outstanding for following periods from due date of payment: Less than 1 Years	1 - 2 Years	2 -3 Years	More Than 3 years	Total
(i) MSME	31st March 2023	136.62	-	-	-	136.62
	31st March 2022	157.63	-	-	-	157.63
(ii) Others	31st March 2023	5,404.97	20.48	-	-	5,425.46
	31st March 2022	4,411.85	52.53	-	-	4,464.38
Total Trade Payable	31st March 2023	5,541.60	20.48	-	-	5,562.08
	31st March 2022	4569.48	52.53	-	-	4,622.01

(₹ in Lakh, unless stated otherwise)

17 Other financial liabilities

	31 March 2023	31 March 2022
Non-current		
Interest accrued but not due on borrowings	-	1,203.62
	-	1,203.62
Current		
Payable for cost of services	4,182.18	5,974.53
Interest accrued but not due on borrowings	1,520.59	-
Expense payable	982.50	1,947.32
Chargeback payable	1,349.10	864.65
Employee benefits payable	2,410.56	2,225.66
Amount refundable to consumers	1,713.91	1,713.66
Payable to related parties	2,436.14	1,684.78
Other liabilities	10,496.55	3,552.84
	25,091.53	17,963.44

18 Borrowings

	31 March 2023	31 March 2022
Unsecured		
Non-current borrowings		
Debentures	-	4,283.39
(4,283,387 8% debentures of ₹ 100 each, maturing on 13 June 2023, fully and compulsorily convertible into equity shares to be converted at the end of 5 years, i.e., 13 June 2023 at the fair value of equity shares to be determined at the time of redemption, along with interest accrued thereon - also refer note 28)		
Unsecured		
Current Borrowings		
Debentures	4,283.39	-
(4,283,387 8% debentures of ₹ 100 each, maturing on 13 June 2023, fully and compulsorily convertible into equity shares to be converted at the end of 5 years, i.e., 13 June 2023 at the fair value of equity shares to be determined at the time of redemption, along with interest accrued thereon - also refer note 28)		
	4,283.39	4,283.39

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(₹ in Lakh, unless stated otherwise)

		31 March 2023	31 March 2022
19	**Revenue from operations**		
	Sale of services	297,400.56	207,658.69
	Other operating revenues		
	- Setup and integration fees	1,381.26	180.61
	- Payment gateway support services	758.31	1,641.35
		299,540.13	209,480.65

Disaggregation of revenue

Revenue mainly comprises sale of services. All customers of the Company are located within India. The disaggregation of the Company's revenues from contracts with customers is given below:

Particulars	31 March 2023	31 March 2022
Revenue from contracts with customers		
(i) Sales of services	297,400.56	208,120.93
(ii) Other operating revenue	2,139.57	1,821.96
Total revenue covered under Ind-AS 115	299,540.13	209,942.89

Note: Control in all revenue transactions in transferred at a point in time.

		31 March 2023	31 March 2022
20	**Other income**		
	Interest income		
	- Bank deposits	81.92	92.36
	- Income tax refunds	-	210.77
	- Security deposits	19.14	16.55
	Miscellaneous income	3,758.46	2,767.26
		3,859.52	3,086.94
21	**Cost of services**		
	Payment gateway cost	244,226.59	172,510.15
	Hosting and bandwidth expenses	4,083.73	2,621.81
	Other cost of services	1,816.81	2,655.63
		250,127.13	177,787.59
22	**Employee benefits expense**		
	Salaries and allowances	30,903.61	21,359.95
	ESOP expenses (Refer note 27)	10,236.06	6,272.29
	Gratuity expense (Refer note 26)	208.27	245.90
	Contributions to provident and other funds (Refer note 26)	1,295.52	873.86
	Staff welfare expenses	460.76	146.17
		43,104.22	28,898.17
23	**Finance costs**		
	Interest expense		
	-Borrowings	432.86	437.07
	-Lease	244.82	261.07
	-Security deposit	18.49	16.87
		696.17	715.01
24	**Depreciation and amortisation expenses**		
	Depreciation on tangible assets (refer note 3A)	52.48	148.06
	Depreciation on right of use asset (refer note 3B)	838.36	660.43
	Amortisation on intangible assets (refer note 3E)	535.22	767.02
		1,426.06	1,575.51

PayU Payments Private Limited
Notes to Consolidated Financial Statements for the year ended 31 March 2023

(₹ in Lakh, unless stated otherwise)

31 March 2023 **31 March 2022**

PayU Payments Private Limited
Notes to Consolidated Financial Statements for the year ended 31 March 2023

(₹ in Lakh, unless stated otherwise)

25 Other expenses	31 March 2023	31 March 2022
Advertisement and sales promotion	919.65	712.22
Auditors' remuneration	37.50	33.92
- Statutory audit fees	33.75	30.35
- Fees for other services	2.25	2.20
- Reimbursement of expenses	1.50	1.37
Bad debt	13.31	86.76
Communication	75.74	102.58
Conference costs	45.83	15.38
Electricity	31.25	43.78
Insurance	22.80	81.36
Legal and professional	2,306.31	1,885.84
Loss on foreign currency transactions and translations, net	-	141.43
Management service charge	4,956.93	7,854.09
Office maintenance	199.89	163.10
Provision for chargeback	487.77	321.22
Rates, taxes and fees	437.69	447.97
Recruitment	272.20	113.54
Rent	264.69	92.12
Repairs and maintenance	689.44	440.44
Staff cost on contract	296.16	427.52
Subscription charges	55.86	284.92
Travelling and conveyance	687.88	227.84
Miscellaneous	571.00	488.81
	12,371.88	**13,964.84**

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(₹ in Lakh, unless stated otherwise)

26. Employee benefits

Defined contribution plans

The Company pays provident fund contributions to the Regional Provident Fund Commissioner as per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and are recognised as employee benefits expense when they are due.

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss:

	31 March 2023	31 March 2022
Contributions to provident and other funds	1,295.52	873.86

Defined benefit plans

- Gratuity
- Compensated absences

In accordance with Ind AS 19 - Employee Benefits, the actuarial valuation for the aforesaid defined 'benefit' plans is based on the following assumptions:

	Compensated absences		Gratuity	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Discount rate	7.39%	7.26%	7.39%	7.26%
Salary escalation rate	8.00%	10.00%	8.00%	10.00%
Expected future working life	27.88	28.00	27.88	28
Mortality table	IALM (2012-2014)	IALM (2012-2014)	IALM (2012-2014)	IALM (2012-2014)
Withdrawal rates (In %age)				
Up to 30 years	25.00%	17.00%	25.00%	17.00%
From 31 to 44 years	25.00%	17.00%	25.00%	17.00%
Above 44 years	25.00%	17.00%	25.00%	17.00%
(A) Changes in the present value of obligation				
Present value of obligation as at the beginning of the year	532.74	443.17	685.37	589.79
Interest cost	38.68	29.96	49.76	39.87
Past service cost	-	-	-	-
Current service cost	387.70	263.84	220.81	219.01
Benefits paid	(190.78)	(134.79)	(82.37)	(104.49)
Actuarial (gain)/ loss on obligations	41.54	(69.44)	(78.19)	(58.81)
Present value of obligation as at the end of the year	**809.88**	**532.74**	**795.38**	**685.37**
(B) Changes in the fair value of plan assets				
Fair Value of plan assets at the beginning of the year	-	-	213.31	192.12
Actual return on plan assets	-	-	7.30	21.19
Contributions	-	-	-	-
Benefits paid	-	-	-	-
Actuarial gain /(loss) for the year on asset	-	-	-	-
Fair value of plan assets at the end of the year	-	-	**220.61**	**213.31**
(C) Expense recognized in the Statement of Profit and Loss				
Current service cost	387.70	263.84	220.81	219.01
Past service cost	-	-	-	-
Interest cost	38.68	29.96	49.76	39.87
Expected return on plan assets	-	-	(15.49)	(12.99)
Net actuarial (gain)/ loss recognized in the year	41.54	(69.44)	-	-
Expenses recognized in the Statement of Profit and Loss	**467.91**	**224.36**	**255.07**	**245.90**

(₹ in Lakh, unless stated otherwise)

PayU Payments Private Limited
Notes to Consolidated Financial Statements for the year ended 31 March 2023

	Compensated absences		Gratuity	
	31-Mar-23	31 March 2022	31 March 2023	31 March 2022
(D) Expense recognized in other comprehensive income				
Actuarial gain /(loss) on planned benefits obligations	-	-	78.19	58.81
Actuarial gain /(loss) on plan asset	-	-	8.19	8.21
Unrecognised actuarial gain /(loss) for the year	-	-	86.38	67.02
(E) Amounts to be recognized in the Balance Sheet				
Net present value of obligation as at the end of the year	809.88	532.74	795.38	685.37
Net fair value of plan assets as at the end of the year	-	-	220.61	213.31
Net asset / (liability) recognised in the Balance Sheet	(809.88)	(532.74)	(574.77)	(472.05)
(F) Sensitivity analysis for the defined benefit obligations*				
Impact of change in discount rate				
Present value of obligation as at the end of the year	809.88	532.74	795.38	685.37
Impact due to increase in 0.50%	(16.66)	(16.36)	(16.34)	(21.31)
Impact due to decrease in 0.50%	17.31	17.30	16.99	22.58
Impact of the change in salary increase				
Present value of obligation as at the end of the year	809.88	532.74	795.38	685.37
Impact due to increase in 0.50%	17.11	16.77	16.81	21.90
Impact due to decrease in 0.50%	(16.64)	(16.04)	(16.32)	(20.89)

*Sensitivities due to mortality and withdrawals are not material. Hence, the impact of change due to these is not calculated.

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

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Notes to Consolidated Financial Statements for the year ended 31 March 2023 (₹ in Lakh, unless stated otherwise)

27. Share based payments

Naspers Limited ('Naspers') has offered certain employees of the Company various equity compensation plans, the majority of which are classified as equity settled. In terms of these plans, employees are offered awards in the form of either share options, restricted stock units ('RSU') or share appreciation rights ('SAR').

In respect of the share options and SARs on exercise date, following completion of the vesting period, awards are settled with employees in the equity instruments of Naspers Limited or its subsidiaries for equity-settled plans and in cash or other assets for cash-settled plans, where applicable. In respect of RSUs, awards are automatically settled in Naspers Limited equity instruments on the vesting date.

The group share trusts hold Naspers shares (as shareholders) to settle awards held by employees of the Naspers and Prosus group. These share trusts were founded by Naspers to administer the Naspers group share schemes for all employees.

RSUs are granted with an exercise price of zero. All SARs are granted with an exercise price of not less than 100% of the fair value of the SARs on the date of the grant. All cancelled options/RSUs/SARs are cancelled by mutual agreement between the employer and employee.

A. Naspers Restricted Stock Plan Trust ('Naspers RSU'):

Under the Naspers RSU plan, share options may be granted with an exercise price of not less than 100% of the market value of the shares at the time of the grant. The Naspers shares are automatically settled with the participants on their respective vesting dates. The Naspers Restricted Stock Plan Trust may issue no more than 200,000 awards in aggregate during any one financial year. This plan is classified as equity-settled at Nasper's level. The vesting period is over four years with 25% vesting each year.

a) Fair value of the options

The weighted average fair value has been calculated by an external valuer using the Bermudan Binomial option pricing model, using the following

Weighted average fair value at measurement date (in ZAR)	3,251.25
Weighted average exercise price	-
Weighted average expected volatility (in %) - determined using historical daily share prices	0%
Weighted average option life (in years)	2.50
Weighted average dividend yield (in %)	0%
Weighted average risk-free interest rate (in %), based on zero rate bond yield at perfect fitNothing	1.72%

b) Changes in options during the year

Particulars	2022-23		2021-22	
	Number of options	Weighted average exercise price (ZAR)	Number of options	Weighted average exercise price (ZAR)
Balance at the beginning of the year	509	-	1,245	-
Granted during the year	-	-	-	-
Forfeited during the year	(190)	-	(277)	-
Exercised during the year	(181)	2,600.00	(459)	2,870.86
Expired during the year	-	-	-	-
Balance at the end of the year	**138**	**-**	**509**	**-**

c) Share options outstanding at the end of the year

The share option outstanding at the end of year had remaining contractual life of 6.24 years (2022: 0.64 years)

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(₹ in Lakh, unless stated otherwise)

B. Naspers Fintech BV SAR Scheme ('Naspers Fintech')

Under the Naspers Fintech BV Share Appreciation Rights ('SAR') Scheme, no more than 15% of the total number of ordinary shares is available for

a) Fair value of the SARs

The weighted average fair value has been calculated by an external valuer using the Bermudan Binomial option pricing model, using the following

Weighted average fair value at measurement date (in US$)	3.93
Weighted average share price (in US$)	9.80
Weighted average exercise price (in US$)	10.01
Weighted average expected volatility (in %), determined using historical annual company valuations.	46.9%
Weighted average option life (in years)	6.00
Weighted average dividend yield (in %)	0.00%
Weighted average risk-free interest rate (in %), based on zero rate bond yield	3.6%
Weighted average sub-optimal rate (in %)	180%
Weighted average vesting period (in years)	2.50

b) Changes in SAR during the year:

Particulars	2022-23		2021-22	
	Number of options	Weighted average exercise price (ZAR)	Number of options	Weighted average exercise price (ZAR)
Balance at the beginning of the year	138,135	88.35	161,667	86.12
Granted during the year	(668)	88.35	-	-
Movements (In/Out)	-	-	-	-
Forfeited during the year	(3,013)	94.11	(15,366)	92.84
Exercised during the year	(29,009)	72.32	(8,166)	62.48
Expired during the year	-	-	-	-
Cancelled during the year	-	-	-	-
Balance at the end of the year	**105,445**	**92.59**	**138,135**	**86.12**

At the year end, 77,689 SARs (2022: 75,629) are vested and the balance 27,756 (2022: 62,506) SARs are unvested.

c) SAR outstanding at the end of the year by exercise price

Exercise prices (in US$)	SARs outstanding			SARs currently available	
	Number outstanding at 31 March 2023	Weighted average remaining contractual life (years)	Weighted average exercise price (in US$)	Exercisable at 31 March 2023	Weighted average exercise price (in US$)
39.1	21	0.95	39.10	21	39.10
40.63	1,494	2.47	40.63	1,494	40.63
40.92	1,629	3.43	40.92	1,629	40.92
58.44	1,619	4.24	58.44	1,619	58.44
75.16	2,132	5.25	75.16	2,132	75.16
95.18	98,550	6.39	95.18	70,794	95.18
	105,445		**92.59**	**77,689**	**91.66**

Exercise prices (in US$)	SARs outstanding			SARs currently available	
	Number outstanding at 31 March 2022	Weighted average remaining contractual life (years)	Weighted average exercise price (in US$)	Exercisable at 31 March 2022	Weighted average exercise price (in US$)
39.10	25	1.95	39.10	25	39.10
40.63	2,802	3.47	40.63	2,802	40.63
40.92	10,618	4.76	40.92	10,618	40.92
43.51	-	-	-	-	-
58.44	3,318	5.33	58.44	2,480	58.44
75.16	4,535	6.25	75.16	3,236	75.16
95.18	116,837	7.39	95.18	56,468	95
	138,135		**86.12**	**75,629**	**83.46**

(₹ in Lakh, unless stated otherwise)

C. Prosus - Naspers RSU:

a) On 11 September 2019 Naspers listed its international ecommerce and internet assets on Euronext Amsterdam. This listing has created a new global consumer internet group Prosus N.V. (formerly Myriad International Holdings N.V.), comprising Naspers's internet interests outside South Africa and includes investments in online classifieds, food delivery, payments and fintech, etail, travel, education and social and internet platforms, among others. Prosus N.V. has a secondary inward listing on the JSE. Pursuant to the listing of Prosus, Naspers provided its existing shareholders an option to receive either a shareholding in Prosus shares or additional Naspers shares for no consideration. The Trustees made the election for the Trust where they elected the option to receive additional Naspers shares. The Prosus shares were then linked to the outstanding options, so that when a beneficiary exercises their options and pays their original strike price they will receive the original Naspers share and the additional Naspers shares linked thereto.

b) Changes in the share options during the year

	2022-23		2021-22	
	Number of options	Weighted average exercise price (ZAR)	Number of options	Weighted average exercise price (ZAR)
Balance at the beginning of the year	509	-	1,245.00	-
Transfers in / (out)	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	(181)	-	(277)	-
Exercised during the year	(190)	-	(459)	-
Expired during the year	-	-	-	-
Balance at the end of the year	**138**	-	**509**	-

c) Share options outstanding at the end of the year

The share option outstanding at the end of year had remaining contractual life of 6.24 years (2022: 0.64 years)

(₹ in Lakh, unless stated otherwise)

D. PROSUS RSU (EUR):

Prosus N.V Share Award Plan has been introduced during the year. Under the Scheme, no more than 5% of the issued share capital of Prosus N.V may be granted in the Prosus RSU. One quarter of the awards will be vested on yearly basis. Awards under the scheme will be settled automatically with participants on vesting date.

a) Fair value of the options

The weighted average fair value has been calculated by an external valuer using the Bermudan Binomial option pricing model, using the following

Weighted average fair value at measurement date (in EUR)	62.71
Weighted average exercise price	0.00
Weighted average expected volatility (in %) - determined using historical daily share prices	0%
Weighted average option life (in years)	10.00
Weighted average dividend yield (in %)	0%
Weighted average risk-free interest rate (in %), based on zero rate bond yield	0%
Weighted average annual sub-optimal rate (%)	180%
Weighted average vesting period (years)	2.50

b) Changes in options during the year

Particulars	2022-23		2021-22	
	Number of options	Weighted average exercise price (EUR)	Number of options	Weighted average exercise price (EUR)
Balance at the beginning of the year	86,192	-	24,769	-
Movements (In/Out)	676	-		
Granted during the year	237,328	-	80,647	-
Forfeited during the year	(44,055)	-	(13,732)	-
Exercised during the year	(20,998)	-	(5,492)	-
Expired during the year	-	-	-	-
Balance at the end of the year	**259,143**	-	**86,192**	-

c) Share options outstanding at the end of the year

The share option outstanding at the end of year had remaining contractual life of 9.17 years (2022: 9.39)

(₹ in Lakh, unless stated otherwise)

E. MIH Fintech Holding BV SAR plan

Under the MIH Fintech Holding BV Share Appreciation Rights ('SAR') Scheme, no more than 2.5% of the total number of ordinary shares is available

a) Fair value of the SARs

The weighted average fair value has been calculated by an external valuer using the Bermudan Binomial option pricing model, using the following

Weighted average fair value at measurement date (in US$)	3.93
Weighted average share price (in US$)	9.80
Weighted average exercise price (in US$)	10.01
Weighted average expected volatility (in %), determined using historical annual company valuations.	46.87%
Weighted average option life (in years)	6.00
Weighted average dividend yield (in %)	0.00%
Weighted average risk-free interest rate (in %), based on zero rate bond yield	4%
Weighted average sub-optimal rate (in %)	180%
Weighted average vesting period (in years)	2.50

b) Changes in SAR during the year:

Particulars	2022-23		2021-22	
	Number of options	Weighted average exercise price (ZAR)	Number of options	Weighted average exercise price (ZAR)
Balance at the beginning of the year	130,081	8.07	81,352	6.54
Granted during the year	188,658	10.01	48,729	10.61
Movements (In/Out)	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Cancelled during the year	-	-	-	-
Balance at the end of the year	**318,739**	**9.22**	**130,081**	**8.07**

At the year end 52,857 SARs (2022: 20,338) are vested and the balance 265,882 (2022: 109743) SARs are unvested.

(₹ in Lakh, unless stated otherwise)

F. PayU Credit BV SAR Plan

Under the PayU Credit BV Share Appreciation Rights ('SAR') Scheme, no more than 15% of the total number of ordinary shares is available for issue.

a) Fair value of the SARs

The weighted average fair value has been calculated by an external valuer using the Bermudan Binomial option pricing model, using the following

Weighted average fair value at measurement date (in US$)	37.15
Weighted average share price (in US$)	61.63
Weighted average exercise price (in US$)	45.92
Weighted average expected volatility (in %), determined using historical annual company valuations.	80.2%
Weighted average option life (in years)	6.00169756
Weighted average dividend yield (in %)	0
Weighted average risk-free interest rate (in %), based on zero rate bond yield	3.6%
Weighted average sub-optimal rate (in %)	180%
Weighted average vesting period (in years)	2.50

b) Changes in SAR during the year:

Particulars	2022-23		2021-22	
	Number of options	Weighted average exercise price (ZAR)	Number of options	Weighted average exercise price (ZAR)
Balance at the beginning of the year	34,260	32.96	14,761	23.53
Granted during the year	-	-	20,136	39.57
Movements (In/Out)	1,524	32.75	-	-
Forfeited during the year	(6,115)	38.45	(637)	23.53
Exercised during the year	(4,628)	27.98	-	-
Expired during the year	-	-	-	-
Cancelled during the year	-	-	-	-
Balance at the end of the year	**25,041**	**32.17**	**34,260**	**32.96**

At the year end 5,674 SARs (2022: 3,526) are vested and the balance 16,319 (2022: 30,734) SARs are unvested.

c) SAR outstanding at the end of the year by exercise price

Exercise prices (in US$)	SARs outstanding			SARs currently available	
	Number outstanding at 31 March 2023	Weighted average remaining contractual life (years)	Weighted average exercise price (in US$)	Exercisable at 31 March 2022	Weighted average exercise price (in US$)
23.53	10,148	7.48	23.53	3,606	23.53
39.57	11,845	8.37	39.57	2,068	39.57
	21,993		**32.17**	**5,674**	**29.38**

Exercise prices (in US$)	SARs outstanding			SARs currently available	
	Number outstanding at 31 March 2022	Weighted average remaining contractual life (years)	Weighted average exercise price (in US$)	Exercisable at 31 March 2022	Weighted average exercise price (in US$)
23.53	14,124	8.48	23.53	3,526	23.53
39.57	20,136	9.34	39.57	-	-
	34,260		**32.96**	**3,526**	**23.53**

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(₹ in Lakh, unless stated otherwise)

G. PayU Global BV SAR Plan (2020)

Under the PayU Global BV Share Appreciation Rights ('SAR') Scheme, no more than 15% of the total number of ordinary shares is available for issue.

a) Fair value of the SARs

The weighted average fair value has been calculated by an external valuer using the Bermudan Binomial option pricing model, using the following

Weighted average fair value at measurement date (in US$)	9.21
Weighted average share price (in US$)	32.01
Weighted average exercise price (in US$)	46.92
Weighted average expected volatility (in %), determined using historical annual company valuations.	41.7%
Weighted average option life (in years)	6.00
Weighted average dividend yield (in %)	0
Weighted average risk-free interest rate (in %), based on zero rate bond yield	3.6%
Weighted average sub-optimal rate (in %)	180%
Weighted average vesting period (in years)	2.50

b) Changes in SAR during the year:

Particulars	2022-23		2021-22	
	Number of options	Weighted average exercise price (ZAR)	Number of options	Weighted average exercise price (ZAR)
Balance at the beginning of the year	198,936	109.06	155,453	82.86
Granted during the year	1,972	109.13	108,669	140.26
Movements (In/Out)	-	-	-	-
Forfeited during the year	(25,955)	109.15	(54,991)	101.52
Exercised during the year	(16,854)	82.86	(10,195)	82.86
Expired during the year	-	-	-	-
Cancelled during the year	-	-	-	-
Balance at the end of the year	**158,099**	**111.99**	**198,936**	**109.06**

At the year end 54,607 SARs (2022: 25,022) are vested and the balance 99,548 (2022: 1,73,914) SARs are unvested.

c) SAR outstanding at the end of the year by exercise price

Exercise prices (in US$)	SARs outstanding			SARs currently available	
	Number outstanding at 31 March 2023	Weighted average remaining contractual life (years)	Weighted average exercise price (in US$)	Exercisable at 31 March 2022	Weighted average exercise price (in US$)
82.86	75,917	7.54	82.86	33,312	82.86
140.26	78,238	8.41	140.26	21,295	140.26
	154,155		**111.99**	**54,607**	**105.24**

Exercise prices (in US$)	SARs outstanding			SARs currently available	
	Number outstanding at 31 March 2022	Weighted average remaining contractual life (years)	Weighted average exercise price (in US$)	Exercisable at 31 March 2022	Weighted average exercise price (in US$)
82.86	108,144	8.53	82.86	25,022	82.86
140.26	90,792	9.39	140.26	-	-
	198,936		**82.59**	**25,022**	**82.86**

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(₹ in Lakh, unless stated otherwise)

II. MIH Payments Holdings BV SAR Plan (2022)

Under the PayU Global BV Share Appreciation Rights ('SAR') Scheme, no more than 15% of the total number of ordinary shares is available for issue.

a) Fair value of the SARs

The weighted average fair value has been calculated by an external valuer using the Bermudan Binomial option pricing model, using the following

Weighted average fair value at measurement date (in US$)	32.37
Weighted average share price (in US$)	81.21
Weighted average exercise price (in US$)	76.72
Weighted average expected volatility (in %), determined using historical annual company valuations.	41.7%
Weighted average option life (in years)	6.00
Weighted average dividend yield (in %)	0
Weighted average risk-free interest rate (in %), based on zero rate bond yield	3.6%
Weighted average sub-optimal rate (in %)	180%
Weighted average vesting period (in years)	2.50

b) Changes in SAR during the year:

Particulars	2022-23		2021-22	
	Number of options	Weighted average exercise price (ZAR)	Number of options	Weighted average exercise price (ZAR)
Balance at the beginning of the year	35,301	72.89	-	-
Granted during the year	254,399	76.72	35,301	72.89
Movements (In/Out)	-	-	-	-
Forfeited during the year	(23,370)	76	-	-
Exercised during the year	(139)	73	-	-
Expired during the year	-	-	-	-
Cancelled during the year	-	-	-	-
Balance at the end of the year	**266,191**	**76.29**	**35,301**	**72.89**

At the year end 7,411 SARs (2022: Nil) are vested and the balance 258,780 (2022: 35,301) SARs are unvested.

c) SAR outstanding at the end of the year by exercise price

Exercise prices (in US$)	SARs outstanding			SARs currently available	
	Number outstanding at 31 March 2023	Weighted average remaining contractual life (years)	Weighted average exercise price (in US$)	Exercisable at 31 March 2023	Weighted average exercise price (in US$)
72.89	30,086	8.96	72.89	7,411	72.89
76.65	212,864	5.26	76.65	-	-
	30,086		**76.18**	**7,411**	**72.89**

Exercise prices (in US$)	SARs outstanding			SARs currently available	
	Number outstanding at 31 March 2023	Weighted average remaining contractual life (years)	Weighted average exercise price (in US$)	Exercisable at 31 March 2023	Weighted average exercise price (in US$)
72.89	30,086	9.17	72.89	35,301	72.89
76.65	212,864	9.17	76.65		
	30,086		**72.89**	**-**	**-**

(₹ in Lakh, unless stated otherwise)

28. Earnings per equity share ("EPS")

The earnings and weighted average number of equity shares used in the calculation of basic earning per share are as follows :

	31 March 2023	31 March 2022
Profit for the year attributable to the equity shareholders (A)	621.70	35,188.83
Weighted average number of equity shares outstanding during the year (number, in lakhs) (B)	20,410.06	20,128.81
Nominal value of equity shares (₹)	10.00	10.00
Basic earning per share (₹) (A/B)	**0.03**	**1.75**

The Company has issued compulsorily convertible debentures (see note 19) and the conversion of these debentures into equity shares has an anti-dilutive impact on EPS. Hence, the disclosure of diluted EPS is restricted to basic EPS in the Statement of Profit and Loss.

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29. Related party disclosures

In accordance with the requirements of Indian Accounting Standard ('Ind AS') – 24 'Related Party Disclosures' the names of the related parties with the aggregate transactions and year- end balance with them as identified and certified by the management in the ordinary course of business and on arms' length basis are given below:

A. List of related parties

Related parties where control exists

i) Ultimate Parent Company - MIH Payments Holdings B.V., the Netherlands, which is a subsidiary of Naspers Limited, South Africa

ii) Parent Company - MIH India (Mauritius) Limited

iii) Associate Company - PayU Finance India Private Limited (Associate till 22 December 2022)

iv) Subsidiary Company - PayU Innovation Private limited (Wholly-owned subsidiary) (Incorporated on 29 April 2022)

Other related parties

i) Fellow subsidiaries / entities under common control with whom transactions have taken place during the current year and previous year:

- Myriad Services BV
- MIH PayU BV
- PayU Credit BV
- MIH Internet SEA Pte Limited
- Paysense Services Private Limited
- Prosus N.V. (formerly, Myriad International Holdings B.V)
- Prosus Services BV
- Enstage Software Private Limited
- MIH Payments Holding BV
- MIH Fintech Holding BV
- MIH Internet Holdings BV
- PayU Corporate IT BV
- Aasaanjobs Private Limited
- Bundl Technologies Private Limited
- Dotpe Private Limited
- OLX India Private Limited
- Sobek Auto India Private Limited
- MIH Services FZ LLC
- Zooz Mobile Limited

ii) Key management personnel

- Mr. Aakash Moondhra, Director
- Mr. Anirban Mukherjee, Chief Executive Officer and Director
- Mr. Arvind Agarwal, Chief Financial Officer and Director (w.e.f. 19 December 2022)
- Mr. Maneesh Goel, Chief Financial Officer(Upto 28 November 2022) and Director(Upto 31 August 2022)
- Ms. Anuradha Aggarwal, Company secretary

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(₹ in Lakh, unless stated otherwise)

B. Details of transactions with related parties	For the year ended 31 March 2023	For the year ended 31 March 2022
Advance payment to ESOP trust		
-MIH Internet holding BV	10,694.97	4,243.00
Issue of equity share capital		
-MIH Payments Holding BV	7,950.99	8,544.64
-PayU Global B.V., the Netherlands	-	4,160.57
Inter-corporate deposits/(repayment) with related parties		
-PayU Finance India Private Limited	-	(3,000.00)
Investment made		
-PayU India Innovations Private Limited	5.00	-
Sale of services		
-Aasaanjobs Private Limited	0.77	0.15
-Bundl Technologies Private Limited	1,796.48	1,092.19
-Dotpe Private Limited	79.11	0.60
-OLX India Private Limited	107.61	81.99
-Paysense Services India Private Limited	43.34	80.91
Other operating revenue		
-PayU Finance India Private Limited	536.96	636.44
-Lazypay Private Limited	-	100.41
Other income		
-PayU Credit BV	-	197.81
-MIH Fintech Holding BV	1,004.77	655.92
-Zooz Mobile Limited	48.89	-
-OLX India Private Limited	-	31.50
-Enstage Software Private Limited	288.75	192.14
-PayU Finance India Private Limited	-	527.28
Profit on sale of non-current investments		
- Paysense Services Private Limited	6,791.00	45,724.45
Cost of services		
-Enstage Software Private Limited	598.49	955.94
-PayU Finance India Private Limited	94.30	-
Finance cost		
-PayU Finance India Private Limited	-	2.91
-MIH India (Mauritius) Limited	342.67	342.67
Legal and professional expenses		
-Enstage Software Private Limited	-	94.09
Management service charge		
-MIH Payments Holding BV	4,956.93	7,854.09

(₹ in Lakh, unless stated otherwise)

B. Details of transactions with related parties (contd')	For the year ended 31 March 2023	For the year ended 31 March 2022
Reimbursement of expense incurred on behalf of		
- MIH Payments Holdings BV	431.62	
- MIH PayU BV	0.20	184.66
- Myriad Services B.V	9.61	13.81
- Prosus Services B.V	0.39	5.39
- MIH Fintech Holdings BV	272.68	655.67
- PayU finance India private limited	41.16	59.00
- MIH Services FZ LLC	2,413.52	390.39
- Sobek auto India private limited	-	2.68
-Enstage Software Private Limited	134.93	-
Recovery of expenses incurred on behalf of		
PayU India Innovations Private Limted	22.08	-
'Rent Paid		
-Enstage Software Private Limited	154.86	
Transactions with key management personnel		
- Short term employee benefits	1,412.45	745.29
- Share based payments	1,371.76	8.23

PayU Payments Private Limited

Notes to Consolidated Financial Statements for the year ended 31 March 2023 **(₹ in Lakh, unless stated otherwise)**

C. Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

(₹ in Lakh, unless stated otherwise)

	As at 31 March 2023	As at 31 March 2022
Other receivables		
-MIH Payment Holding BV	-	3,786.15
-Zooz Mobile Limited	11.16	20.87
-MIH Fintech Holdings BV	243.74	194.33
-MIH India Mauritius Limited	0.11	-
-PayU India Innovations Private Limted	22.08	
Trade receivables		
-Lazypay Private Limited	14.20	106.80
-PayU Finance India Private Limited	2.29	632.63
-Enstage Software Private Limited	88.49	-
Debentures		
-MIH India (Mauritius) Limited	4,283.39	4,283.39
Other financial liabilities		
-Enstage Software Private Limited	388.58	150.84
-MIH Internet holding BV	-	787.65
-Myriad Services B.V	1.50	1.22
-MIH Fintech holding BV	321.60	345.29
-MIH Services FZ LLC	1,327.95	399.79
-MIH India (Mauritius) Limited	1,520.59	1,203.62
-PayU Finance India Private Limited	7.02	-
-MIH Payments holding BV	423.88	
Guarantees given to third parties on behalf of others		
-PayU Finance India Private Limited	-	18,150.00

(₹ in Lakh, unless stated otherwise)

30. Taxation:

30.1 Income tax recognised in the Statement of Profit and Loss

	31 March 2023	31 March 2022
Current tax	-	-
Deferred tax	-	-
Total tax expense recognised in Statement of Profit and Loss	-	-

30.2 Reconciliation of tax expense between accounting profit at applicable rate and effective tax rate as follows:

	31 March 2023	31 March 2022
Accounting profit before tax	621.70	35,188.83
Statutory income tax rate	25.17%	25.17%
Tax credit at statutory income tax rate	(156.48)	(8,857.03)
Deferred tax not recognised due to conservatism, in absence of reasonable certainity	156.48	8,857.03
Income tax expense at effective tax rate reported in the Statement of Profit and Loss	-	-

30.3 Details of unused tax losses for which no deferred tax is recognised in the financial statements:

Tax losses	31 March 2023			31 March 2022		
	Base amount	Deferred tax	Expiry date (assessment year)	Base amount	Deferred tax	Expiry date (assessment year)
Assessment year 2014-15	-	-	31 March 2023	2,995.11	753.87	31 March 2023
Assessment year 2015-16	5,364.00	1,350.12	31 March 2024	5,364.00	1,350.12	31 March 2024
Assessment year 2016-17	15,999.50	4,027.07	31 March 2025	15,999.50	4,027.07	31 March 2025
Assessment year 2017-18	12,927.13	3,253.76	31 March 2026	12,927.13	3,253.76	31 March 2026
Assessment year 2018-19	3,414.12	859.33	31 March 2027	3,414.12	859.33	31 March 2027
Assessment year 2019-20	-	-	31 March 2028	-	-	31 March 2028
Assessment year 2020-21	7,961.48	2,003.90	31 March 2029	7,961.48	2,003.90	31 March 2029
Assessment year 2021-22	4,258.94	1,071.97	31 March 2030	4,258.94	1,071.97	31 March 2030

30.4 Details of unused credit for unabsorbed depreciation for which no deferred tax is recognised in the financial statements:

	Base amount	Deferred tax	Expiry date (assessment year)	Base amount	Deferred tax	Expiry date (assessment year)
Assessment year 2014-15	-	-	Not applicable	-	-	Not applicable
Assessment year 2015-16	-	-	Not applicable	-	-	Not applicable
Assessment year 2016-17	-	-	Not applicable	-	-	Not applicable
Assessment year 2017-18	-	-	Not applicable	-	-	Not applicable
Assessment year 2018-19	-	-	Not applicable	5,901.21	1,485.33	Not applicable
Assessment year 2019-20	4,061.58	1,022.30	Not applicable	15,531.99	3,909.40	Not applicable
Assessment year 2020-21	12,334.66	3,104.63	Not applicable	12,334.66	3,104.63	Not applicable
Assessment year 2021-22	1,347.47	339.16	Not applicable	1,347.47	339.16	Not applicable

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(₹ in Lakh, unless stated otherwise)

31. Risk management framework

The Company has exposure to the following risks arising from the financial statements

i) Credit risk
ii) Liquidity risk
iii) Market risk

The Company has formulated a comprehensive Risk Management Policy, which covers, interalia, Credit risk, Liquidity risk and Market risk of the organisation.

This note explains the source of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, Trade receivables and other financial assets measured at amortised cost.	Ageing analysis	Bank deposits, liquid funds, high credit rated receivables from banks, credits limit and collateral
Liquidity risk	Borrowings, Lease liabilities and other financial liabilities	Rolling cash flow forecasts	Availability of commited credit lines and borrowing facilities
Market risk	Financial liabilities not denominated in Indian Rupee (INR)	Cash flow forecasting	Foreign Currency Forwards, Short term payables, to limit fluctuations in currency

i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet the contractual obligations. Credit risk encompasses both, the direct risk of default and the risk of deterioration of credit worthiness as well concentration of risk. Financial instruments that are subject to concentration of credit risk principally consist of trade receivable, investments, cash and cash equivalents, loans and other financial assets. The carrying amount of financial assets represents the maximum credit risk exposure at the reporting date.

Financial assets that expose the entity to credit risk

Particulars	31 March 2023	31 March 2022
(i) Low credit risk on financial reporting date		
- Trade receivables	14,676.43	10,599.12
- Cash and cash equivalents	52,409.84	8,761.34
- Bank balances other than above	1,874.64	1,930.60
- Other financial assets	11,025.98	9,349.14
(ii) Moderate risk	-	-
(iii) High risk	-	-

Trade receivables

Trade receivables represents receivables from high credit rated banks and other financial institutions in the country. The Company has not experienced any loss till date in such receivables. Accordingly, amount of expected credit loss on such receivables is expected to be NIL.

PayU Payments Private Limited
Notes to Consolidated Financial Statements for the year ended 31 March 2023

(₹ in Lakh, unless stated otherwise)

31. Risk management framework (Contd.)

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by parking funds in investment grade rated instruments and highly rated banks and also diversifying the deposit base by investing in different instruments/ banks across the country.

ii) Liquidity risk

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

The Company manages liquidity risk by maintaining adequate reserves, banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

As at 31 March 2023		Contractual cash flows	
	Carrying amount	**Within 1 year**	**More than 1 year**
(i) Borrowings	4,283.39	4,283.39	-
(ii) Lease Liability	3,734.60	1,221.93	2,512.67
(iii) Trade payables	5,562.08	5,562.08	-
(iv) Other financial liabilities	25,091.53	25,091.53	-
	38,671.60	**36,158.93**	**2,512.67**

As at 31 March 2022		Contractual cash flows	
	Carrying amount	**Within 1 year**	**More than 1 year**
(i) Borrowings	4,283.39	-	4,283.39
(ii) Lease Liability	2,463.26	617.54	1,845.72
(iii) Trade payables	4,622.01	4,622.01	-
(iv) Other financial liabilities	19,167.06	17,963.44	1,203.62
	30,535.72	**23,202.99**	**7,332.73**

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PayU Payments Private Limited
Notes to Consolidated Financial Statements for the year ended 31 March 2023

(₹ in Lakh, unless stated otherwise)

31. Risk management framework (Contd.)

iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

Foreign currency risk

The Company is subject to foreign exchange risk primarily due to its transactions incurred in foreign currencies. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risk primarily relate to fluctuations in USD against the functional currency of the Company. The Company has a treasury team which evaluates the impact of foreign rate fluctuation by assessing its exposure to exchange rate risk and advises the management of any material adverse effect on the Company and recommends in case any forward contracts to be taken to cover the risk.

Exposure to currency risk

The details of unhedged foreign currency at the exchange rate at reporting date are:

		31-Mar-23	31-Mar-22
Liabilities			
Other financial liabilities			
	USD	-	129.34
		-	**129.34**

Note: The numbers in above table represents INR equivalent of respective foreign currency.

Sensitivity analysis

The table below represents the impact on Statement of Profit and Loss (+ Gain / (Loss)) for 5% change in foreign currency exchange rate against INR on the unhedged exposures:

	31-Mar-23		31-Mar-22	
	Adverse	**Favorable**	**Adverse**	**Favorable**
USD/INR	-	-	6.47	(6.47)

(₹ in Lakh, unless stated otherwise)

32. Contingent liabilities

32A. Claims against the Company not acknowledged as debts

	31 March 2023	31 March 2022
Other cases in consumer forum/ district courts	1.88	5.87
	1.88	**5.87**

Based on its evaluations for the above matters, the management believes that the Company has strong merits in these cases and accordingly, no adjustments are considered necessary at this stage.

32B. The Supreme Court on 28 February 2019, has provided its judgment regarding inclusion of other allowances such as travel allowances, special allowances, etc. within the expression 'basic wages' for the purpose computation of contribution of provident fund under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. There are interpretive challenges on the application of the said judgment including the period from which judgment would apply, consequential implications on resigned employees, etc and these factors raise significant uncertainty regarding the implementation of the said judgment.

Owing to the aforesaid uncertainty, absence of reliable measurement of the provisions for the earlier periods and pending clarification from regulatory authorities in this regard, the Company has not recorded adjustments, if any, in respect of this matter for earlier years.

33. Financial instruments

A - Categories of financial instruments:

	31 March 2023	31 March 2022
Financial assets, measured at amortised cost		
- Trade receivables	14,676.43	10,599.12
- Cash and cash equivalents	52,409.84	8,761.34
- Bank balances other than above	1,874.64	1,930.60
- Other financial assets	11,025.98	9,349.14
Total financial assets	**79,986.89**	**30,640.20**
Financial liabilities, measured at amortised cost		
- Non current borrowings	-	4,283.39
- Lease liability	3,734.60	2,463.26
- Trade payables	5,562.08	4,622.01
- Current borrowings	4,283.39	-
- Other financial liabilities	25,091.53	19,167.06
Total financial liabilities	**38,671.60**	**30,535.72**

B - Fair values of financial instruments

B.1 Fair value of financial assets and liabilities that are not measured at fair value (but fair value disclosures are required)

	31 March 2023		31 March 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets, measured at amortised cost				
Financial assets at amortised cost:				
- Trade receivables	14,676.43	14,676.43	10,599.12	10,599.12
- Cash and cash equivalents	52,409.84	52,409.84	8,761.34	8,761.34
- Bank balances other than above	1,874.64	1,874.64	1,930.60	1,930.60
- Other financial assets	11,025.98	11,025.98	9,349.14	9,349.14
Financial liabilities, measured at amortised cost				
Financial liabilities at amortised cost:				
- Non current borrowings	-	-	4,283.39	4,283.39
- Lease liability	3,734.60	3,734.60	2,463.26	2,463.26
- Trade payables	5,562.08	5,562.08	4,622.01	4,622.01
- Current borrowings	4,283.39	4,283.39	-	-
- Other financial liabilities	25,091.53	25,091.53	19,167.06	19,167.06

B.2 Fair value of financial assets and liabilities that are measured at fair value

	31 March 2023		31 March 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets, measured at fair value through Other Comprehensive Income				
Investments in National Payment Corporatin of India *	770.18	770.18	770.18	770.18
Investments in Ferbine Private Limited *	0.25	0.25	0.25	0.25

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, Trade receivables, Contract assets, balances other than cash and cash equivalents, trade payables and contract liability without a specific maturity.

For non current financial liabilities which represents 8% debentures and lease liability, carrying value are a reasonable approximation of their fair value as the market rate as on the reporting date for similar instruments is same as effective interest rate used to measure these liabilities at amortised cost.

*The shares of National Payments Corporation of India and of Ferbine Private Limited are unquoted and the Company being minority shareholder, does not have any other alternate source to determine the fair value of such investments as at 31 March 2023. Also, the management, based on financial information available, believes that the value of these shares has not changed materially since the acquisition/investment date and therefore the purchase value of these shares have been considered as their fair value.

(₹ in Lakh, unless stated otherwise)

PayU Payments Private Limited
Notes to Consolidated Financial Statements for the year ended 31 March 2023

(₹ in Lakh, unless stated otherwise)

34. Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total equity/capital.

Gearing ratio

	31 March 2023	31 March 2022
Total debt (including current maturities of long term debt) (Refer A below)	4,283.39	4,283.39
Less: Cash and cash equivalents (Refer note 10)	(52,409.84)	(8,761.34)
Net debt	**(48,126.45)**	**(4,477.95)**
Total equity/capital (Refer B below)	**125,342.22**	**115,086.62**
Total capital and net debt	**77,215.77**	**110,608.67**
Gearing ratio	**-62.33%**	**-4.05%**
A- Total debt		
- Non current borrowings (Refer note 18)	-	4,283.39
- Current borrowings (Refer note 18)	4,283.39	-
	4,283.39	**4,283.39**
B - Total equity		
- Equity share capital (Refer note 12)	204,682.90	203,402.55
- Other equity (Refer note 13)	(79,340.68)	(88,315.93)
	125,342.22	**115,086.62**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings during the year.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

35. Dues to micro and small enterprises

The dues to micro and small enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'), to the extent the Company has received information from its supplier regarding their registration tatus under the MSMED Act, is given below:

	31 March 2023	31 March 2022
(i) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting year -		
Principal amount remaining unpaid	136.62	157.63
Interest accrued and remaining unpaid	-	-
(ii) the amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(iii) the amount of interest due and payable for the period for the delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest under the MSMED Act, 2006	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of accounting year; and	-	-
(v) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

35. Reconciliation of liabilities arising from financial activities

The table below details the changes in Company's liabilities arising from financing activities, including both cash and non-cash:

	Lease liabilities	Long-term borrowings	Short-term borrowings	Total
As at 01 April 2021	2,530.43	4,283.39	3,000.00	9,813.82
Cash flows:				
Proceeds from borrowings	-	-	-	-
Repayment of borrowings	-	-	(3,000.00)	(3,000.00)
Repayment of lease liabilities	(825.72)	-	-	(825.72)
Non-cash:				
Adoption of Ind AS 116	497.48	-	-	497.48
Interest element on lease liabilities	261.07	-	-	261.07
As at 31 March 2022	**2,463.26**	**4,283.39**	-	**6,746.65**
Cash flows:				
Repayment of lease liabilities (Refer note 36)	(243.09)	-	-	(243.09)
Non-cash:				

(₹ in Lakh, unless stated otherwise)

Additions/(deletions) in Lease Liability (Refer note 36)	2,047.91	-	-	2,047.91
Interest element on lease liabilities	244.82	-	-	244.82
As at 31 March 2023	**4,512.90**	**4,283.39**	**-**	**8,796.29**

(₹ in Lakh, unless stated otherwise)

36 Leases

i) Transition to Ind AS 116

Effective 01 April, 2019, the Company has adopted Ind AS 116 - 'Leases' ('Ind AS 116') to its leases, which had previously been classified as 'operating leases' under the principles of Ind AS 17 - Leases using the modified retrospective approach with the option to measure the right to use assets at an amount equal to the lease liabilities as permitted under Ind AS 116, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's weighted average discount rate of 8.85% as of 01 April 2019.

The Company recognised lease liabilities measured at the present value of the remaining lease payments. The right-of-use assets are recognised at cost, which comprises the amount of the measurement of the lease liabilities adjusted for any lease payments made at or before the inception date of the lease. Accordingly, right-of-use assets and corresponding lease liabilities of ₹ 3,734.60 have been recognised. There has been no impact on the retained earnings due to application of Ind AS 116.

Extension and termination options are included in property leases of the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are generally exercisable only by the Company and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercising a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For leases of office premises, the following factors are normally the most relevant:

• If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
• If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
• Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Under the new standard, all lease contracts, with limited exceptions, are recognised in the financial statements by way of right-of-use assets and corresponding lease liabilities.

The application of Ind AS 116 impacts the classification of expenditure and its presentation in the cash flow statement. It has impacted the timing of expenses recognised in the Statement of Profit and Loss. Lease expenses were previously recognised as rent which is now is being replaced by depreciation on right-of-use assets and finance cost on lease liabilities outstanding.

During the year, the Company has recognised depreciation on right-of-use assets amounting to ₹ 838.36 (2022 ₹ 660.43) and finance cost on lease liabilities amounting to ₹ 244.82 (2022 ₹ 261.07), with rental payment of ₹ 1021.39 (2022 ₹ 825.72).

The following is the summary of practical expedients elected on initial application:
• Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
• Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
• Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
• Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company has relied on its assessment made by applying Ind AS 17 and Appendix C to Ind AS 17, determining whether an arrangement contains a lease.

During the year the company has received concession on vrious lease arrangement, most of them were for the short tenure and same have not been considered for any revaluation of any liability.

Apart from above a long term concession was negotiated in the Bestech lease and same has been considered for revaluation of ROU and Lease liability in last year.

ii) Measurement of lease liabilities	31 March 2023	31 March 2022
Lease liabilities recognised at the beggining of the year	2,463.26	2,550.43
These comprise:		
Current lease liabilities	1,221.93	617.54
Non-current lease liabilities	2,512.67	1,845.72
	3,734.60	**2,463.26**

iii) Amounts recognised in the Statement of Profit and Loss	31 March 2023	31 March 2022
Depreciation of right-of-use assets (Refer note 3B)	838.36	660.43
Interest on lease liabilities	244.82	261.07
Short term lease expenses	243.09	92.12
	1,326.27	**1,013.62**

iv) Changes in the carrying value of right-of-use assets	31 March 2023	31 March 2022
Balance at the beggining of the year	2,070.30	2,233.25
Additions during the year (Refer note 3B)	2,049.34	579.90
Additions/(deletions)	-	(82.42)
Depreciation	838.36	660.43
Balance as at the end of the year	**3,281.28**	**2,070.30**

The depreciation expense on right-of-use assets is included under depreciation and amortisation expense in the Statement of Profit and Loss.

PayU Payments Private Limited
Notes to Consolidated Financial Statements for the year ended 31 March 2023

(₹ in Lakh, unless stated otherwise)

36 Leases (Contd.)

v) Changes in the lease liabilities during the year	31 March 2023	31 March 2022
Balance at the beggining of the year	2,463.26	2,530.43
Additions/(deletions)	2,047.91	497.48
Finance cost for the year	244.82	261.07
Payment of lease rentals	243.09	825.72
Balance as at the end of the year	**4,512.90**	**2,463.26**

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

Less than one year	1,280.22	827.97
One to two years	1,094.84	854.16
Two to five years	1,254.27	1,211.84
More than five years	1,158.42	-
Balance as on 31 March 2023	**4,787.75**	**2,893.97**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

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

Current lease liabilities	1,221.93	617.54
Non-current lease liabilities	2,512.67	1,845.72

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(₹ in Lakh, unless stated otherwise)

37. Relationship with struck off companies

Name of struck off company	Nature of transactions	Transactions during the current year	Balance outstanding as at 31 March 2023	Relationship with struck off company
Campus mall private limited	Revenue	0.56	-	Merchant
Money champ private limited	Revenue	0.27	-	Merchant
Colorful travel price private limited	Revenue	0.11	-	Merchant
Oswal computers & consultants pvt. Ltd	Revenue	0.08	-	Merchant
Uttam infranet pvt ltd	Revenue	0.03	-	Merchant
Apna sweets india private limited	Revenue	0.02	-	Merchant
Orichem drugs and pharmaceuticals pvt ltd	Revenue	0.01	-	Merchant
Xcess infostore private limited	Revenue	0.01	-	Merchant
Hriday automobiles private limited	Revenue	0.00	-	Merchant
Kiara automobiles pvt ltd	Revenue	0.00	-	Merchant
Sumedha vehicles pvt ltd	Revenue	0.00	-	Merchant
Ubitech solutions pvt ltd	Revenue	0.00	-	Merchant

** Transaction amount is appearing to be Rs 0.00 lakhs due to rounding off threshold.*

38. Ratios to disclosed as per requirement of Schedule III to the Act

	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
a.	**Current ratio**		
	Current assets (Numerator)	83,058.14	32,932.68
	Current liabilities (Denominator)	53,728.74	37,060.94
	Current ratio	1.5	0.9
	% Change as compared to the preceding year	73.97%	

Explanation for change in the ratio by more than 25% as compared to the preceding year:
Reduction in current liability due to execution of sale of euqity shares of PayU Finance India Private Limited.

b.	**Debt-equity ratio**		
	Total debt (Numerator)	8,017.99	6,746.65
	Shareholder's equity (Denominator)	125,342.22	115,086.62
	Debt-equity ratio	0.1	0.1
	% Change as compared to the preceding year	-9.12%	

Explanation for change in the ratio by more than 25% as compared to the preceding year:
Reduction in debt due to repayment of inter-corporate deposit received from PayU Finance India Private Limited and issue of fresh equity share capital during the year

c.	**Debt service coverage ratio**		
	Earnings available for debt service (Numerator) *	188.84	34,751.77
	Debt service (Denominator) #	432.86	437.07
	Debt service coverage ratio	0.4	79.5
	% Change as compared to the preceding year	99.45%	

Explanation for change in the ratio by more than 25% as compared to the preceding year:
In the previous year company earned profit on sale of non-current investments (exceptional item) amounting to ₹ 22,507.25 lakhs due which earnings in the previous year were exceptionally higher.

* Earning for Debt Service = Net Profit after taxes + Finance Cost + Depreciation
# Debt service = Interest and Lease payments + Principal repayments

d.	**Return on equity ratio**		
	Profit / (loss) for the period/year (Numerator)	621.70	35,188.83
	Shareholder's equity (Denominator)	120,214.42	102,344.99
	Return on equity	1%	12%
	% Change as compared to the preceding year	95.69%	

Explanation for change in the ratio by more than 25% as compared to the preceding year:
In the previous year company earned profit on sale of non-current investments (exceptional item) amounting to ₹ 22,507.25 lakhs due which earnings in the previous year were exceptionally higher.

e.	**Trade receivables turnover ratio**		
	Net sales (Numerator)	299,540.13	209,480.65
	Average trade receivable (Denominator) *	12,637.78	9,355.60
	Trade receivables turnover ratio	23.7	22.4
	% Change as compared to the preceding year	5.81%	

* Average trade receivables = {(Opening balance + Closing balance) / 2}

Chartered Accountants

f. Trade payables turnover ratio

Purchases of services and other expenses	262,499.01	191,752.43
Average trade payable (Denominator) *	11,635.31	9,203.00
Trade payables turnover ratio	22.6	20.8
% Variance	-8.46%	

* Average trade payables = {(Opening balance + Closing balance) / 2}

g. Net capital turnover ratio

Net sales (Numerator)	299,540.13	209,480.65
Working capital (Denominator)	29,329.41	(4,128.26)
Net capital turnover ratio	10.2	(50.7)
% Change as compared to the preceding year	120.13%	

Explanation for change in the ratio by more than 25% as compared to the preceding year:
Revenue growth along with higher efficiency on working capital improvement has resulted in an improvement in the ratio.

h. Net profit ratio

Profit / (loss) for the period/year (Numerator)	621.70	35,188.83
Net sales (Denominator)	299,540.13	209,480.65
Net profit ratio	0%	17%
% Change as compared to the preceding year	98.76%	

Explanation for change in the ratio by more than 25% as compared to the preceding year:
In the previous year company earned profit on sale of non-current investments (exceptional item) amounting to ₹ 22,507.25 lakhs due which earnings in the previous year were exceptionally higher.

i. Return on capital employed

Earning before interest and taxes (Numerator)	621.70	35,188.83
Capital employed (Denominator)*	131,383.81	126,606.77
Return on capital employed	0%	28%
% Change as compared to the preceding year	98.30%	

Explanation for change in the ratio by more than 25% as compared to the preceding year:
In the previous year company earned profit on sale of non-current investments (exceptional item) amounting to ₹ 22,507.25 lakhs due which earnings in the previous year were exceptionally higher.

* Capital Employed = Total equity + Total debt

j. Return on investment

Earning before interest and taxes (Numerator)	-	35,188.83
Closing total assets	-	163,667.71
Return on investment	**0.00%**	**21.50%**
% Change as compared to the preceding year	0.00%	

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39 Investment in Associate

During the year, Pay U finance has issued additional equity to Paysense services in two tranches i.e July 20, 2022 and November 25, 2022. As a result of the said infusion, the interest in PayU finance has diluted from 37% as at March 31, 2022 to 26% as at July 20, 2022 and 25% as at November 25, 2022. Further during the year, the group has sold all of it's stake in PayU Finance to Paysense services on December 23, 2022. The Group's interest in PayU finance is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in Associate.

39.1 Particulars	31-Mar-23	31-Mar-22
Financial assets	-	148,399.78
Non-financial assets	-	3,047.78
Financial assets liabilities	-	-88,267.92
Non-financial liabilities	-	-3,689.42
Equity	-	**59,490.22**
Proportion of the Group's ownership (after dilution)	-	39%
Group share in Equity	-	23,399.21
Goodwill (refer note below)	-	15,719.23
Total carrying amount of the investment	-	**39,118.44**

39.2 Particulars	For the year ended 31 March 2023	01 June 2021 - 31 March 2022
Revenue from operations	48,400.67	23,478.89
Other Income	682.08	1,261.05
Finance Costs	-5,356.47	-1,118.50
Fees and commission expense	-10,353.37	-6,699.02
Employee benefits expense	-12,670.75	-9,440.48
Depreciation and amortisation expense	-149.45	-148.47
Impairment on financial instruments	-16,572.59	-4,133.94
Other expenses	-10,415.86	-7,529.00
Profit/(loss) before exceptional items and tax	**-6,435.75**	**-4,329.48**
Exceptional items	-8,555.94	
Profit/(loss) before tax	**-14,991.69**	**-4,329.48**
Income tax expense	-	-
Profit after tax	**-14,991.69**	**-4,329.48**
Other comprehensive income	-32.22	-3.57
Total comprehensive income for the year	**-14,959.47**	**-4,325.91**
Group's share of profit/(loss) for the year	**-4,547.25**	**-1,761.13**

Note:1 Calculation of Goodwill as at May 31, 2021

Particulars	May 31, 2021
Fair value of identifiable assets	54,859.20
Fair value of identifiable liabilities	(18,160.00)
Fair value of Net identifiable assets	**36,699.20**
Proportion of the Group's ownership	47%
Group share in Equity (A)	**17,343.45**
FV of the investment (B)	**39,281.85**
Goodwill (B- A)	**21,938.40**

Note:2 Calculation of Impact of dilution and Sale of associate on Group's share in Equity

A) Movement in Carrying amount of Investment

Particulars	Amount
Group's share in equity as at May 31, 2021	17,343.45
Loss during the period (June 01, 2021 to March 31, 2022)	-1,761.13
Additional share of Group on account of additional equity infusion in associate	10,579.53
Derecognition of carrying value on account of dilution	-2,762.64
Group's share in equity as at March 31, 2022	**23,399.21**
Loss during the period (April 01, 2022 to December 23, 2022)	-4,547.25
Additional share of Group on account of additional equity infusion in associate	14,462.27
Derecognition of carrying value on account of dilution	-6,891.22
Derecognition of carrying value on account of sale of associate	-26,423.02
Group's share in equity as at March 31, 2022	-

B) Movement in Carrying amount of Goodwill

Particulars	Amount
Goodwill as at May 31, 2021	21,938.40
Derecognition of goodwill on account of dilution	-6,219.17
Goodwill as at March 31, 2022	**15,719.23**
Derecognition of goodwill on account of dilution	-4,867.29
Derecognition of goodwill on account of sale of associate	-10,851.93
Goodwill as at March 31, 2023	-

C) Calculation of Profit on Sale of associate

Particulars	For the year ended 31 March 2023
Purchase consideration	45,474.26
Less: Carrying value as at Dec 23, 2022	-37,274.95
Less: Amount reclassified from OCI	-11.12
Less: Deemed investment in PayU Finance India Private Limited	-1,397.19
Gain/Loss on sale of associate	**6,791.00**

D) Calculation of Impact on Statement of Profit & Loss

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Group's share of profit for the year (refer section 46.2 above)	-4,547.25	-1,761.13
Gain on dilution of stake (refer note 2(A) & note 2(B) above)	2,703.76	1,597.72
Gain/loss on sale of associate (refer note 2(C) above)	6,791.00	-
Total	**4,947.51**	**-163.41**

40 (A) Statement of net assets, profit and loss and other comprehensive income attributable to owners and non-controlling interests

Name of the entity	Net Assets		Share in profit and Loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net Assets	Amount	As % of consolidated profit and loss	Amount	As % of consolidated OCI	Amount	As % of consolidated OCI	Amount
Parent								
PayU Payments Private Limited	100%	125,371.14	80%	498.35	100%	86.39	83%	584.73
Subsidiary								
PayU India Innovations Private Limited	0%	2.43	-4%	(27.44)	0%	-	-4%	(27.44)
Associate								
PayU Finance India Private Limited	0%	-	24%	150.79	0%	(0.01)	21%	150.79

40 (B) Additional regulatory information not disclosed elsewhere in the financials.

a) The Holding Company and its assoiate company does not have any Benami property and no proceedings have been initiated or pending against the Holding Company and its assoiate company for holding any Benami property, under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and the rules made thereunder.

b) The Holding Company and its assoiate company does not have any charge which is yet to be registered with ROC beyond the statutory period.

c) The Holding Company and its assoiate company has not traded or invested in Crypto currency or Virtual Currency during the current and previous financial year.

d) The Holding Company and its assoiate company has not advanced or provided loan to or invested funds in any entity(ies) including foreign entities (Intermediaries) or to any other person(s), with the understanding that the Intermediary shall:
(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company and its assoiate company (Ultimate Beneficiaries) or
(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

e) The Holding Company and its assoiate 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 Holding Company and its assoiate company shall:
(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

f) The Holding Company and its assoiate company has not undertaken any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

g) The Holding Company and its assoiate company has not been declared a 'Wilful Defaulter' by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

h) The Holding Company and its assoiate company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

40 (C) The Holding Company has no did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023. Further, the Associate Company has made provision on long-term contracts as required under applicable laws or accounting standards and didn't have any derivative contracts as at 31 March 2023.

41 Events occurring after the reporting period

On 1st April 2023, the company has transferred the businesses of Data Insights, Payouts, SMB Lending Assistance Services and Neobanking (that is, technology/correspondent services relating to lending activities of banks and financial institutions) from PayU Payments Private Limited to PayU India Innovations Private Limited. The same has been acquired by way of Slump Sale as per section 50B of the Income Tax Act, 1961. The company has acquired Assets of ₹ 105,78,48,881 and Liabilities of ₹ 91,00,91,468 and purchase consideration paid to acquire the business is ₹ 15,32,91,654. The difference between purchase consideration paid and net assets acquired is recorded as Goodwill amounting to ₹ 55,34,242.

SMB Lending Assistance Services refers to technology/ logistics/ correspondent services relating to banking activities of banks.

Neobanking refers to technology/ logistics/correspondent services relating to lending activities of banks and financing institutions including any arrangements with merchants and third parties for implementing any lending flows in collaboration with bank and financial institution.

42 On 17 September 2021, the Company filed an application with RBI for authorization to continue operating as a payment aggregator in accordance with the Guidelines on Regulation of Payment Aggregators and Payment Gateways dated 17 March 2020 and the Payment and Settlement Systems Act, 2007, as amended from time to time. On 10 January 2023, RBI returned the application and required the Company to apply afresh within 120 days from 10 January 2023 after addressing the concerns of RBI which included, simplification of the shareholding structure, comprehensive review and tightening of the merchant onboarding and monitoring processes, and confirming compliance with the Digital Lending Guidelines dated September 2, 2022 issued by the RBI. The Company has taken the necessary steps and has also filed its application afresh on 10 April 2023, which is currently under consideration with the RBI.

43 Transfer pricing

The Group has 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. As the law requires existence of such information and documentation to be contemporaneous in nature, the Group appoints independent consultants for conducting a Transfer Pricing Study to determine whether the transactions with associate enterprises are undertaken, during the financial year, on an "arm's length basis". The adjustments, if any, arising from such transfer pricing study shall be accounted for as and when the study is completed for the current financial year. However, the management is of the opinion that its international transactions are at arms' length and the aforesaid legislation will not have any material impact on the financial statements.

44 The provisions of Corporate Social Responsibility are applicable to the Company, as the criteria mentioned under Section 135 of the Companies Act, 2013 is fulfilled. The Company has formulated the CSR committee as per the requirements of the Act and the Board also approved the CSR policy, indicating the list of CSR activities that can be undertaken by the Company. The average of last three (3) years profits of the Company was negative, hence the Company was not required to spend any amount on CSR activities.

45 The Group did not have any long-term contracts including derivative contracts for which there wereany material foreseeable losses.

46 The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder

47 There were no amounts which were required to be transferred to the Investor Education and ProtectionFund by the Group.

48 Previous year's amounts have been regrouped and reclassified to make them comparable with current year's amounts, where necessary.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Neeraj Goel

Neeraj Goel
Partner
Membership No : 099514

WALKER CHANDIOK & CO LLP
CHARTERED ACCOUNTANTS

Place: Gurugram
Date: 26 June 2023

For and on behalf of board of directors
PayU Payments Private Limited
CIN: U72400MH2006PTC293037

Anirban Mukherjee

Anirban Mukherjee
CEO & Director
DIN - 07157585
Mumbai
26 June 2023

Agarwal

Arvind Agarwal
Director & CFO
DIN - 02175753
Mumbai
26 June 2023

Aggarwal

Anuradha Aggarwal
Company Secretary
Mumbai
26 June 2023