Deloitte Haskins & Sells LLP

Chartered Accountants
7th Floor Building 10
Tower B
DLF Cyber City Complex
DLF City Phase II
Gurugram-122 002
Haryana, India

Tel: +91 124 679 2000
Fax: +91 124 679 2012

INDEPENDENT AUDITOR'S REPORT

To The Members of PayU Payments Private Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of PayU Payments Private Limited (the "Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as the "Group"), which comprise the Consolidated Balance Sheet as at March 31, 2025, and the Consolidated Statement of Profit and Loss (including Other Comprehensive loss), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 prescribed under section 133 of the Act, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2025, and their consolidated loss, their consolidated total comprehensive loss, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Director's report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The Director's Report is expected to be made available to us after the date of this auditor's report.

- Our opinion on the consolidated financial statements does not cover the other information and we will 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, compare with the financial statements of the subsidiaries, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information identified above when it becomes available is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

Deloitte Haskins & Sells LLP Chartered Accountants

- When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

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

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive loss, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Directors of the Parent Company, as aforesaid.

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

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

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

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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

Deloitte Haskins & Sells LLP
Chartered Accountants

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 consolidated 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 to cease to continue as a going concern.

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

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal financial controls that we identify during our audit.

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

Other Matters

(a) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs. 875.05 million as at March 31, 2025, total revenues of Rs. 641.89 million and net cash inflows/ (outflows) amounting to Rs. (86.04) million for the year ended on that date, as considered in the consolidated financial statements. 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 this subsidiary is based solely on such unaudited financial statements. 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 on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. 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 purposes 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 by the Group including relevant records so far as it appears from our examination of those books, except (a) for not keeping backup on a daily basis of such books of account maintained in electronic mode in a server physically located in India by one of the subsidiary and (refer note 59 to the financial statements) (b) in relation to compliance with the requirements of audit trail, refer paragraph (i)(vi) below.

Deloitte Haskins & Sells LLP Chartered Accountants

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive loss, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent Company as on March 31, 2025, taken on record by the Board of Directors of the Company, none of the directors of the Group companies is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act.

f) The modifications relating to the maintenance of accounts and other matters connected therewith, are as stated in paragraph (b) above.

g) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent company and subsidiaries companies to whom the internal financial controls over financial reporting is applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies.

h) In our opinion and to the best of our information and according to the explanations given to us, the Parent and subsidiary companies being private companies, section 197 of the Act related to the managerial remuneration is not applicable.

i) 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 - Refer Note 39 to the consolidated financial statements;

    ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 21 and 52 to the consolidated financial statements;

    iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent, and its subsidiary companies incorporated in India. Refer Note 53 to the consolidated financial statements;

    iv) (a) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, other than as disclosed in the note 58(ii) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Deloitte Haskins & Sells LLP Chartered Accountants

(b) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, other than as disclosed in the note 58(iii) to the consolidated financial statements, no funds have been received by the Parent or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries shall, 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.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have not declared or paid any dividend during the year and have not proposed final dividend for the year.

vi) Based on our examination which included test checks, except for the instances mentioned below, the Parent, its subsidiary companies incorporated in India have used accounting software for maintaining their respective books of account for the financial year ended March 31, 2025, which have the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software systems:

In respect of Parent Company:

a) certain accounting software used for maintaining accounting records of revenue and cost, the accounting software did not have the audit trail feature enabled throughout the year;

b) the accounting software which was used for maintaining accounting records related to all general ledgers, the accounting software did not have the audit trail feature enabled at the application level.

Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with in respect of the accounting software for the period for which the audit trail feature was operating.

Additionally, the audit trail that was enabled and operated for the year ended March 31, 2024, has been preserved by the Company as per the statutory requirements for record retention, as stated in Note 60 to the financial statements.

In respect of first subsidiary (Paysense Services India Private Limited):

a) the accounting software which was used for maintaining accounting records related to maintenance of loan origination by the Company, did not have the audit trail feature enabled during the period starting from April 01, 2024 to May 08, 2024 at the application level.

b) the accounting software which was used for maintaining accounting records related to collections made by the Company, did not have the audit trail feature enabled during the period starting from April 01, 2024, to March 06, 2025 at the application level.

c) the accounting software which was used for maintaining accounting records related to all general ledgers, did not have the audit trail feature enabled at the application level.

Deloitte Haskins & Sells LLP Chartered Accountants

Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with in respect of the accounting software for the period for which the audit trail feature was operating.

As audit trail feature was not enabled for the year ended March 31, 2024, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable, as stated in Note 60 to the financial statements.

In respect of second subsidiary (Lazypay Private Limited):

a) the accounting software which was used for maintaining accounting records related to all general ledgers, did not have the audit trail feature enabled at the application level.

Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with in respect of the accounting software for the period for which the audit trail feature was operating.

Additionally, the audit trail that was enabled and operated for the year ended March 31, 2024, has been preserved by the Company as per the statutory requirements for record retention, as stated in Note 60 to the financial statements.

In respect of third subsidiary (PayU Finance India Private Limited):

a) the accounting software which were used for maintaining accounting records of Small Micro Business loan balances and its related general ledgers, did not have the audit trail feature enabled throughout the year;

b) the accounting software which was used for maintaining accounting records related to maintenance of loan origination by the Company, did not have the audit trail feature enabled during the period starting from April 01, 2024 to May 08, 2024 at the application level;

c) the accounting software which was used for maintaining accounting records related to collections made by the Company, did not have the audit trail feature enabled during the period starting from April 01, 2024 to March 06, 2025 at the application level;

d) the accounting software which was used for maintaining accounting records related to all general ledgers, did not have the audit trail feature enabled at the application level.

Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with in respect of the accounting software for the period for which the audit trail feature was operating.

Additionally, the audit trail that was enabled and operated for the year ended March 31, 2024, has been preserved by the Company as per the statutory requirements for record retention, as stated in Note 60 to the financial statements.

In respect of fourth subsidiary (PayU Digital Labs Private Limited):

a) the accounting software used for maintaining accounting records of revenue, did not have the audit trail feature enabled throughout the year.

b) the accounting software which was used for maintaining accounting records related to all general ledgers, did not have the audit trail feature enabled at the application level.

Deloitte Haskins & Sells LLP Chartered Accountants

Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with in respect of the accounting software for the period for which the audit trail feature was operating.

Additionally, the audit trail that was enabled and operated for the year ended March 31, 2024, has been preserved by the Company as per the statutory requirements for record retention, as stated in Note 60 to the financial statements.

In respect of fifth subsidiary (PayU India Innovation Private Limited):

a) the accounting software used for maintaining accounting records of revenue, did not have the audit trail feature enabled throughout the year.

b) the accounting software which was used for maintaining accounting records related to all general ledgers, did not have the audit trail feature enabled at the application level.

Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with in respect of the accounting software for the period for which the audit trail feature was operating.

Additionally, the audit trail that was enabled and operated for the year ended March 31, 2024, has been preserved by the Company as per the statutory requirements for record retention, as stated in Note 60 to the financial statements.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements except for the following:

Name of the Company	CIN	Nature of Relationship	Clause Number of CARO Report with qualification or adverse remark
PayU Payments Private Limited	U72400MH2006PTC293037	The Holding Company	Clause 7(b)[2] Clause 11(c)[3] Clause 17[4] Clause 19[5]
Paysense Services India Private Limited	U72100MH2015PTC266824	Wholly Owned Subsidiary	Clause 7(b)[2] Clause 17[4] Clause 19[5]
PayU Finance India Private Limited	U65910MH1992PTC068664	Wholly Owned Subsidiary	Clause 3(c)[6] Clause 3(d)[6] Clause 11(a)[7] Clause 17[4]
PayU Digital Labs Private Limited	U72200KA2000PTC028279	Wholly Owned Subsidiary	Clause 7(a)[1]

[1] Clause pertaining to delay in depositing undisputed statutory dues.

[2] Clause pertaining to statutory dues which has not been deposited on account of any dispute.

[3] Clause pertaining to Whistle Blower Complaints received during the year.

[4] Clause pertaining to cash losses incurred.

Deloitte Haskins & Sells LLP Chartered Accountants

[5] Clause pertaining to support letter obtained by the company for going concern.

[6] Clause pertaining to loans/ advances overdue for a period of more than ninety days.

[7] Clause pertaining to fraud on the company notice or reported during the year.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W - 100018)

Robin Joseph
(Partner)
(Membership No. 060408)
(UDIN:25512029BMLXUR3312)

Place: Gurugram
Date: June 16, 2025

Deloitte
Haskins & Sells LLP

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as at and for the year ended March 31, 2025, we have audited the internal financial controls with reference to consolidated financial statements of PayU Payments Private Limited (hereinafter referred to as "Parent") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's and Board of Directors' Responsibilities for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary companies which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary companies which are companies incorporated in India.

Deloitte Haskins & Sells LLP Chartered Accountants

Meaning of Internal Financial Controls with reference to consolidated financial statements

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

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent and its subsidiary companies which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2025, based on the criteria for internal financial control with reference to consolidated financial statements established by the respective companies 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.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W - 100018)

Haskins & Sells LLP Deloitte Chartered Accountants

Robin Joseph
(Partner)
(Membership No. 060408)
(UDIN:25512029BMLXUR3312)

Place: Gurugram
Date: June 16, 2025

PayU Payments Private Limited
CIN: U72400MH2006PTC293037
Consolidated Balance Sheet as at March 31, 2025
Amounts in INR millions, unless otherwise stated

Particulars	Notes	As at March 31, 2025	As at March 31, 2024
ASSETS			
Non-current assets			
Property, plant and equipment	3	358.03	146.61
Right of use assets	4	839.36	906.50
Goodwill	5	16,525.83	7,514.17
Other intangible assets	5	3,252.23	223.20
Financial assets			
(i) Investments	6	77.04	77.04
(ii) Loans	7	12,719.83	12,882.10
(iii) Other financial assets	8	856.95	892.87
Deferred tax assets (net)	9	120.63	-
Tax assets (net)	10	1,197.52	1,275.63
Other non-current assets	11	965.82	1,085.79
Total non-current assets		**36,913.23**	**25,003.91**
Current assets			
Financial assets:			
(i) Trade receivables	12	3,645.69	1,664.57
(ii) Cash and cash equivalents	13	14,570.72	10,777.17
(iii) Bank balance other than (ii) above	14	26,193.40	4,231.42
(iv) Loans	7	30,265.25	18,670.05
(v) Other financial assets	8	7,148.74	3,890.42
Contract assets	15	625.63	173.25
Other current assets	11	1,583.50	1,462.70
Total current assets		**84,032.93**	**40,869.58**
TOTAL ASSETS		**1,20,946.17**	**65,873.49**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	32,218.20	30,153.18
Other equity	17	2,975.62	(5,234.04)
Equity Attributable to owners		**35,193.82**	**24,919.14**
Non controlling interest	18	1,258.13	-
Total equity		**36,451.95**	**24,919.14**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	19	10,452.09	12,637.75
(ii) Lease liabilities	20	720.25	764.62
(iii) Other financial liabilities	24	3,876.74	366.72
Contract liabilities	15	243.89	397.74
Deferred tax liabilities (Net)	9	752.27	-
Provisions	21	371.87	258.97
Total non-current liabilities		**16,417.11**	**14,425.80**
Current liabilities			
Financial liabilities			
(i) Borrowings	19	27,726.39	18,325.35
(ii) Lease liabilities	20	227.28	202.24
(iii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises and	23	83.19	13.12
- Total outstanding dues of creditors other than micro enterprises and small enterprises	23	2,646.14	1,932.45
(iv) Other financial liabilities	24	34,736.28	4,726.54
Contract liabilities	15	931.66	501.89
Other current liabilities	22	1,629.86	741.82
Provisions	21	96.31	85.14
Total current liabilities		**68,077.11**	**26,528.55**
Total liabilities		**84,494.22**	**40,954.35**
TOTAL EQUITY AND LIABILITIES		**1,20,946.17**	**65,873.49**

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

This is the Consolidated Balance sheet referred to in our report of even date.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/W- 100018

Robin Joseph
Robin Joseph
Partner

Membership Number: 512029
Place: Gurugram
Date: June 16, 2025

Deloitte Haskins & Sells LLP
Chartered Accountants

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

Anirban Mukerjee
Anirban Mukerjee
Executive Director & CEO
DIN: 07157585
Place: MUMBAI
Date: JUNE 13, 2025

Agarwal
Arvind Agarwal
Executive Director & CFO
DIN: 02175753
Place: MUMBAI
Date: JUNE 13, 2025

DMehta
Dimple Mehta
Company Secretary
ISCI: F12560
Place: MUMBAI
Date: JUNE 13, 2025

PayU Payments Private Limited

PayU Payments Private Limited
CIN: U72400MH2006PTC293037
Consolidated Statement of Profit and Loss for the year ended March 31, 2025
Amounts in INR millions, unless otherwise stated

Particulars	Notes	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Income			
Revenue from operations	25	55,629.79	45,273.87
Other income	26	335.34	479.96
Total		**55,965.13**	**45,753.83**
Expenses			
Cost of services	27	42,392.17	33,936.64
Employee benefits expense	28	6,676.20	7,135.85
Finance costs	29	91.98	108.95
Depreciation and amortisation expense	30	372.43	335.18
Impairment allowance and write-off of financial assets	31	4,618.97	2,868.00
Other expenses	32	4,310.05	4,067.24
Total		**58,461.80**	**48,451.86**
Loss before exceptional items and tax		**(2,496.67)**	**(2,698.03)**
Exceptional item:	33	-	(36.54)
Loss before tax		**(2,496.67)**	**(2,734.57)**
Tax expense			
Current tax expense	34	(7.76)	1,412.16
Deferred tax (credit)/expense	34	(8.27)	148.38
Total tax expense		**(16.03)**	**1,560.54**
Loss after tax		**(2,480.64)**	**(4,295.11)**
Other comprehensive income/(loss):	35		
Items that will be reclassified to profit or loss			
- Exchange differences on translation of foreign operations		(8.86)	(23.89)
- Income tax relating to these items		-	-
Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		2.74	21.38
- Income tax relating to these items		-	-
Total other comprehensive income/(loss) for the year		**(6.12)**	**(2.51)**
Total comprehensive loss for the year		**(2,486.77)**	**(4,297.62)**
Earnings per Equity Share of Face Value of ₹ 10 Each			
Basic EPS (in ₹)	36	(0.81)	(1.49)
Diluted EPS (in ₹)		(0.81)	(1.49)

The above Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying notes.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/W- 100018

Robin Joseph
Partner

Membership Number: 512029
Place: Gurugram
Date: June 16, 2025

Deloitte Haskins & Sells LLP Chartered Accountants

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

Anirban Mukerjee
Executive Director & CEO
DIN: 07157585
Place: MUMBAI
Date: JUNE 13, 2025

Arvind Agarwal
Executive Director & CFO
DIN: 02175753
Place: MUMBAI
Date: JUNE 13, 2025

Dimple Mehta
Company Secretary
ISCI: F12560
Place: MUMBAI
Date: JUNE 13, 2025

PayU Payments Private Limited

PayU Payments Private Limited
CIN: U72400MH2006PTC293037
Consolidated Cash flow statement For the period ended March 31, 2025
Amounts in INR millions, unless otherwise stated

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Cash flow from operating activities		
Loss before tax after exceptional items	**(2,496.67)**	**(2,734.57)**
Adjustments for		
Depreciation and amortisation expenses	372.43	335.18
Impairment loss on Loans	4,525.83	2,770.05
Impairment loss on financial assets	93.14	97.96
Interest income on bank deposits	(126.62)	(109.23)
Interest income on security deposits	(8.98)	(6.62)
Interest income on Income tax refund	(40.60)	(56.83)
Intangible written off	-	173.03
ESOP expense (RSU)	564.84	1,063.86
Finance cost	91.98	108.95
Loss on account of early termination of leases	6.71	(1.69)
(Profit) / Loss on sale of property, plant and equipment (net)	(3.07)	(1.32)
Provision for chargeback	73.20	134.96
Provision no longer required/ credit balance written back	(4.48)	(6.20)
Unrealised Gain on foreign currency transactions and translations (net)	(7.30)	(19.17)
Business combination adjustment	-	3,235.25
Operating profit before working capital changes	**3,040.40**	**4,983.61**
Working capital adjustments:		
Decrease/(increase) in trade receivables	(859.79)	766.11
Decrese/(increase) in other financial assets	1,983.26	(2,540.78)
Increase in other assets and contract assets	(88.84)	(1,170.61)
Increase in loan at amortised cost	(15,958.75)	(17,839.53)
Decrease/(increase) in other bank balances	(464.82)	(974.29)
Increase in trade payable	627.79	112.26
Increase/(decrease) in provisions	6.68	(89.16)
Increase/(decrease) in other financial liabilities	(1,345.53)	(811.97)
Increase/(decrease) in other liabilities and contract liabilities	379.58	217.78
Cash generated from/ (used in) operations	**(12,680.01)**	**(17,346.51)**
Income taxes paid (net of refund)	179.90	(1,400.53)
Net cash outflow from operating activities (A)	**(12,500.11)**	**(18,747.04)**
Cash flows from investing activities		
Purchase of property, plant and equipment's	(190.77)	(122.71)
Purchase of intangible assets	(96.43)	(142.31)
Proceeds from sale of property, plant & equipment	15.51	3.26
(Investment) / Maturity in bank deposits (net)	(1,619.05)	414.92
Investment in subsidiary (net off cash and cash equivalent from subsidiary)	(4,713.44)	-
Interest received on bank deposits	126.62	109.23
Net cash inflow/ (outflow) from investing activities (B)	**(6,477.56)**	**262.39**
Cash flows from financing activities		
Proceeds from issue of share capital (including premium and issue expenses)	15,911.40	2,173.59
Proceeds/(repayment) from/(of) borrowings (net)	5,490.43	15,438.47
Principal element of lease payments	(206.08)	(169.46)
Interest element of lease payments	(88.42)	(97.17)
Settlement funds - merchant and customers (net)	20,049.32	-
Net cash inflow from financing activities (C)	**41,156.65**	**17,345.43**
D. Net changes in cash and cash equivalents (A+B+C)	22,178.99	(1,139.22)
E. Opening cash and cash equivalents	8,627.87	9,767.09
F. Closing cash and cash equivalents	**30,806.86**	**8,627.87**

Cash and cash equivalents as per above comprise of the following :

Particulars	As at March 31, 2025	As at March 31, 2024
Balances with banks	6,928.74	3,332.76
Deposits with original maturity of less than three months	7,641.93	7,444.41
Balances in Escrow/Nodal accounts	20,049.32	-
Borrowings		
Bank overdraft	(3,813.13)	(2,149.30)
Balances per statement of cash flows	**30,806.86**	**8,627.87**

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

PayU Payments Private Limited
CIN: U72400MH2006PTC293037
Consolidated Cash flow statement For the period ended March 31, 2025
Amounts in INR millions, unless otherwise stated

Notes:
1. The above Cash flow statement has been prepared under the 'Indirect Method' as set out in Ind AS 7 - 'Cash Flow Statements'.
2. Figures in brackets indicate cash outgo except for items considered separately.
3) Changes in liabilities arising from financing activities:

Particulars	Opening	Cash flow (net)	Addition	Others	Closing
For the year ended March 31, 2024					
Lease liability	701.96	(266.64)	452.06	79.47	966.85
Borrowings	16,163.35	15,438.47	-	(638.72)	30,963.10
For the year ended March 31, 2025					
Lease liability	966.85	(294.50)	193.04	82.13	947.52
Borrowings	30,963.10	5,490.43	-	1,724.95	38,178.48

The above Cash flow statement should be read in conjunction with the accompanying notes.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/W- 100018

Robin Joseph

Robin Joseph
Partner

Membership Number: 512029
Place: Gurugram
Date: June 16, 2025

Deloitte Haskins & Sells LLP
Chartered Accountants

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

Anirban Mukerjee

Anirban Mukerjee
Executive Director & CEO

DIN: 07157585
Place: MUMBAI
Date: JUNE 13, 2025

Agarwal

Arvind Agarwal
Executive Director & CFO
DIN: 02175753
Place: MUMBAI
Date: JUNE 13, 2025

D H Mehta

Dimple Mehta
Company Secretary

ISCI: F12560
Place: MUMBAI
Date: JUNE 13, 2025

PayU Payments Private Limited

PayU Payments Private Limited
CIN: U72400MH2006PTC293037
Consolidated Statement of Changes in Equity for the year ended March 31, 2025
Amounts in INR millions, unless otherwise stated

A Equity share capital

Particulars	Amount
Balance as at April 01, 2023	**20,468.29**
Conversion of compulsory convertible debenture into equity shares	68.64
Equity shares issued during the year	9,616.25
Balance as at March 31, 2024	**30,153.18**
Equity shares issued during the year	2,065.02
Balance as at March 31, 2025	**32,218.20**

B Other equity

Particulars	Reserves and surplus						Other comprehensive Income	Business combination reserve	Share application money pending allotment	Total	Non Controlling Interest
	Securities premium	Capital reserve	Statutory reserve	Share based compensation reserve	Retained earnings	Additional paid in capital	Foreign currency Translation Reserve				
As at April 01, 2023	**25,465.80**	**(8,039.27)**	**1.05**	**(1,957.80)**	**(24,938.47)**	**-**	**8.26**	**-**	**7,969.11**	**(1,491.32)**	**3,928.19**
Loss for the year	-	-	-	-	(4,295.11)	-	-	-	-	(4,295.11)	-
Remeasurement of defined benefit plans	-	-	-	-	21.38	-	-	-	-	21.38	-
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(23.88)	-	-	(23.88)	-
Total cumulative comprehensive income/(loss) for the year	**25,465.80**	**(8,039.27)**	**1.05**	**(1,957.80)**	**(29,212.20)**	**-**	**(15.62)**	**-**	**7,959.11**	**(5,788.94)**	**3,928.19**
Issue of share capital	15,524.39	-	-	-	-	-	-	-	-	15,524.39	-
Share issue expenses	(3.80)	-	-	-	-	-	-	-	-	(3.80)	-
Loss on acquisition of Non controlling interest	-	-	-	-	(7,321.68)	-	-	-	-	(7,321.68)	(3,928.19)
Adjustment on account of business combination	-	3.32	-	-	-	-	-	-	(7,969.11)	(7,965.79)	-
Additional paid in capital	-	-	-	-	-	(0.64)	-	-	-	(0.64)	-
Addition in statutory reserve			8.65		(8.65)						
Additions/extinguishment during the year	-	-	-	370.13	-	-	-	-	-	370.13	-
Contribution made to Group trust	-	-	-	(47.71)	-	-	-	-	-	(47.71)	-
As at March 31, 2024	**40,986.39**	**(8,035.95)**	**9.70**	**(1,635.38)**	**(36,542.53)**	**(0.64)**	**(15.62)**	**-**	**-**	**(5,234.04)**	**-**
Loss for the year	-	-	-	-	(2,480.65)	-	-	-	-	(2,480.65)	-
Remeasurement of defined benefit plans	-	-	-	-	2.74	-	-	-	-	2.74	-
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(8.86)	-	-	(8.86)	-
Total cumulative comprehensive income/(loss) for the year	**40,986.39**	**(8,035.95)**	**9.70**	**(1,635.38)**	**(39,020.44)**	**(0.64)**	**(24.49)**	**-**	**-**	**(7,720.82)**	**-**
Issue of share capital	13,847.28	-	-							13,847.28	
Share issue expenses	(0.80)	-	-	-	-	-	-	-	-	(0.80)	-
Addition in statutory reserve	-	-	0.95	-	(0.95)	-	-	-	-	-	-
Adjustment on account of business combination	-	-	-	-	-	-	28.12	(3,743.00)	-	(3,714.88)	1,258.13
Additions/extinguishment during the year	-	-	-	(367.52)	-	-	-	-	-	(367.52)	-
Contribution made to Group trust				932.36	-	-	-	-	-	932.36	-
As at March 31, 2025	**54,832.87**	**(8,035.95)**	**10.65**	**(1,070.54)**	**(39,021.39)**	**(0.64)**	**3.63**	**(3,743.00)**	**-**	**2,975.62**	**1,258.13**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/W- 100018

Robin Joseph
Partner
Membership Number: 512029
Place: Gurugram
Date: June 16, 2025

Deloitte Haskins & Sells LLP Chartered Accountants

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

Anirban Mukerjee
Executive Director & CEO
DIN: 07157585
Place: MUMBAI
Date: June 13, 2025

Arvind Agarwal
Executive Director & CFO
DIN: 02175753
Place: MUMBAI
Date: June 13, 2025

Dimple Mehta
Company Secretary
ISCI: F12560
Place: MUMBAI
Date: June 13, 2025

PayU Payments Private Limited

1. General information

PayU Payments Private Limited ("the Company or the Holding Company") was incorporated in India on May 24, 2006 and is domiciled in India. The Company is a subsidiary of MIH Payments Holding B.V. from 20 December 2023. On December 20, 2023, MIH India (Mauritius) Limited transferred a total of equity shares to MIH Payments Holding B.V. As a result of this transfer, MIH Payments Holding B.V. became the parent company. The Company is incorporated and domiciled in India under the provisions of the Companies Act applicable in India. The registered office of the Company is located at Wallace Towers (Erstwhile known as 'Shiv Building'), First Floor, Crossing of Sahar Road, Vile parle (East), Mumbai, Maharashtra, India, 400057. The holding company together with its subsidiaries are hereinafter referred to as "The Group".

The Group is primarily engaged in the business of:

a) Digital payment services i.e., Payment gateway services for e-commerce transaction, risk-based authentication and payment security service. It provides solutions ranging from mobile payments, fraud and risk management, prepaid solutions, and a host of merchant services. It is also engaged in software solutions and other information technology enabled services which develop and deploy solutions for various digital payment channels, including UPI (Unified Payments Interface), Real-Time Payments, and other mobile-based payment platforms.

b) Digital financial services i.e., business lending credit by way of personal loan and deferred credit facility for short term duration. It also offers innovative payment and financing related services to Indian consumers.

2. Summary of material accounting policies

2.1 Basis of preparation

i) The Consolidated Financial Statements of the Group comprises of Consolidated Balance Sheet as at March 31, 2025 and the related Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the year ended March 31, 2025 and material accounting policies and explanatory notes (hereinafter collectively referred to as ("Consolidated Financial Statements").

The Consolidated Financial Statements have been prepared by the management of the Holding Company in accordance with Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other accounting principles generally accepted in India and presentation requirements of Division II of Schedule III to the Companies Act, 2013.

ii) **New and amended standards notified by the Ministry of Corporate Affairs**

The Ministry of Corporate Affairs vide notification dated 9 September 2024 and 28 September 2024 notified the Companies (Indian Accounting Standards) Second Amendment Rules, 2024 and Companies (Indian Accounting Standards) Third Amendment Rules, 2024, respectively, which amended/notified certain accounting standards (see below), and are effective for annual reporting periods beginning on or after 1 April 2024:

- Insurance contracts - Ind AS 117; and
- Lease Liability in Sale and Leaseback - Amendments to Ind AS 116

These amendments did not have any impact on the amounts recognised in current or prior period.

Historical convention

The Consolidated Financial Statements has been prepared on a going concern basis, historical cost basis and on an accrual basis, except for following assets and liabilities which have been measured at fair value:

a) Certain financial assets and liabilities
b) Defined benefit plans – Plan assets and
c) Cash settled share-based payments

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

Rounding of amounts

All amounts disclosed in the consolidated financial statements and the accompanied notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

2.2 Basis of consolidation

The Group's Consolidated Financial Statements comprise the financial statements of Holding Company and all of its subsidiaries as at March 31, 2025. The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company.

Subsidiaries are all entities over which, Holding Company exercises control if and only if it has the following:

a) has the power over the investee;
b) exposure, or rights, to variable returns from its involvement with the entity; and
c) the ability to use its power over the entity to affect the amount of its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a) Rights arising from other contractual arrangements
b) The Group's voting rights and potential voting rights
c) The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.
d) any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis.

Non-controlling interest acquired through acquisition of Mindgate Solutions India Private Limited has been recognized at proportionate share of the fair value of acquiree's net asset method.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The difference between the cost of investment in subsidiaries (investee company) to the Group and the proportionate share in the equity of the investee Company as at the date of acquisition of stake is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve, as the case may be. Goodwill arising on consolidation is tested for impairment at the Balance Sheet date. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Group, are excluded.

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

(Amounts in INR millions unless stated otherwise)

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The Consolidated Financial Statements of the Group include subsidiaries listed in the table below:

#	Name of Subsidiary	Nature of relationship	Country of Incorporation	% of Equity Interest	
				March 31, 2025	March 31, 2024
1	PayU Innovations Private Limited (formerly known as PayU India Settlement and Processing Private Limited)	Wholly owned subsidiary	India	100%	100%
2	PayU Finance India Private Limited	Step down subsidiary	India	100%	100%
3	PaySense Services India Private Limited	Wholly owned subsidiary	India	100%	100%
4	Lazypay Private Limited (formerly known as Paysense Consultancy Services India Private Limited)	Wholly owned subsidiary	India	100%	100%
5	PayU Digital Labs (formerly known as Enstage Software Private Limited)	Wholly owned subsidiary	India	100%	100%
6	Wibmo Inc.	Wholly owned subsidiary	USA	100%	100%
7	Mindgate Solutions Private Limited	Subsidiary	India	70%	-
8	Mindgate Pte Ltd (Singapore)	Step down subsidiary	Singapore	70%	-
9	Mindgate Solutions FZ LLC-UAE	Step down subsidiary	UAE	70%	-
10	Mindgate Solutions UK Ltd	Step down subsidiary	UK	70%	-
11	MIndgate Solutions Inc USA	Step down subsidiary	USA	70%	-

2.3 Classification of assets and liabilities

The Group presents assets and liabilities in the consolidated balance sheet based on current / non-current classification. An asset is treated as current when:

a) it is expected to be realized, or intended to be sold or consumed in normal operating cycle;
b) it is held primarily for the purpose of trading;
c) it is expected to be realized within twelve months after the reporting period; or
d) it is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

a) it is expected to be settled in its normal operating cycle;
b) it is held primarily for the purpose of trading;
c) it is due to be settled within twelve months after the reporting period; or
d) there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Group has identified twelve months as its operating cycle for the purposes of classification of its assets and liabilities.

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

2.4 A) Business combination and Goodwill

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. The purchase price in an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The purchase price also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

a) deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Taxes and Ind AS 19 Employee Benefits respectively;

b) assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

During the year ended March 31, 2025, the Group acquired stake in 'Mindgate Solutions Private Limited' (Mindgate). As per the Shareholding agreement (SHA), the Group acquired initially 42.8% shareholding on a fully diluted basis and is obligated to purchase additional 27.2% stake for which a liability is recognised. Accordingly, effective such date Mindgate has become a subsidiary of the Group. This acquisition allows the Group to expand its digital payments business. Refer Note 46 of the consolidated financial statements.

2.4 B) Common control transactions

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method. Under pooling of interest method, the assets and liabilities of the combining entities or businesses are reflected at their carrying amounts after making adjustments necessary to harmonise the accounting policies. The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. The identity of the reserves is preserved in the same form in which they appeared in the financial statements of the transferor and the difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve. The consideration for the business combination may consist of securities, cash or other assets. Securities shall be recorded at nominal value. In determining the value of the consideration, assets other than cash shall be considered at their fair values.

During the year ended March 31, 2024, the Holding Company, directly or through its subsidiaries, acquired businesses from entities which were ultimately controlled by the same parties who control it, both before and after the business combination. These transactions were accounted as common control transaction as per Appendix C of Ind AS 103.

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

2.5 Foreign currency transactions

Items included in the Consolidated Financial Statements of the Group's entities are measured using the currency of the primary economic environment in which it operates i.e. the "functional currency". The Group's consolidated financial statements are presented in INR, which is the functional currency of all entities in the Group.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency at exchange rates prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the initial transaction.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign subsidiaries are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

2.6 Revenue recognition

Revenue from contracts with customers

The group has the following main revenue sources: -

a) Revenue from Digital Payment Services
b) Revenue from Digital Financial Services
c) Revenue from Authentication Services

a. Revenue from Digital payment services

Revenue from Digital Payment Services mainly consist of revenue from Payment Gateway business. Here the Group works directly with banks and payment card networks so that its merchants do not need to manage the complex systems, rules, and requirements of the payments industry. The group primarily earns revenue from fees paid by merchants to receive payments from their customers. The group collects the transaction amount from the merchant's customer's bank, net of acquiring interchange and assessment fees, processing fees, and bank settlement fees paid to third-party payment processors and financial institutions. The group satisfies its performance obligations and therefore recognizes the transaction fees as revenue upon authorization of a transaction by the merchant's customer's bank.

b. Revenue from Digital Financial Services

Revenue from Digital Financial Services mainly consist of interest income from the Group's digital lending operations. Interest income is recognized using the effective interest rate method applied to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL, taking into account the expected timing and amount of cash flows.

c. Revenue from Authentication services

Revenue from Authentication services are mainly transaction based revenue arrangement, where the Company provides authentication services to its customers which are predominantly financial institutions. Revenue is recognized at a point in time when the performance obligation is completed i.e. truncation is authenticated at a price which is specified in the contract with the customer.

For other revenue arrangements of the group, revenue is recognized as when the group performs its performance obligation as per the contractual agreement with its customers.

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Contract assets, Customer acquisition cost and Contract Liabilities

a. Contract Asset:

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

b. Customer acquisition cost:

The group capitalizes incremental and directly attributable costs of obtaining a customer contract, such as sales commissions, if they are expected to be recovered. These costs are amortised over the expected life of the loan. At each reporting date, capitalized costs are assessed for impairment and written down if the recoverable amount is less than the carrying amount. Other acquisition costs which are either not incremental or directly attributable to a customer contract are expensed off as and when incurred.

c. Contract liability:

Contract liability (unearned and deferred revenue) is recognized when there is billings in excess of revenues.

Advance from customer is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is received.

Advance from customer and deferred revenue are recognized as revenue when the Group fulfils its performance obligations under the contract (i.e., transfers control of the related goods or render services to the customer).

2.7 Property, plant and equipment ("PPE")

PPE are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent costs are included in the asset's carrying amount or recognized 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. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to consolidated statement of profit and loss during the reporting period in which they are incurred.

The cost of assets in construction phase which not ready to use before reporting date are disclosed under 'Capital work in progress'. These assets are carried at cost less impairment if any and are not depreciated. Depreciation commences once the assets are available for use as intended by management. When significant parts of property, plant and equipment are required to be replaced at intervals, the group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

All other repairs and maintenance are charged to the consolidated statement of profit and loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is provided using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives as follows:

Particulars	Useful life as per schedule II of Companies Act	Useful life as per management estimate
Furniture and fixtures	10 years	5 to 10 years
Office equipment	5 years	3 to 5 years
Computers, data processing units and communication equipment	3 years	3 to 6 years
Servers	6 years	6 years
Vehicles	8 Years	8 years

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Leasehold improvements are depreciated over the shorter of their useful life or the lease term, unless the entity expects to use the assets beyond the lease term.

The useful lives have been determined based on lives specified in Part "C" of Schedule II of the Companies Act 2013 except for furniture and fixtures, computers and office equipment which are depreciated based on the internal assessment of the management, in order to reflect the actual usage of the assets.

Individual assets costing less than INR 5,000 are depreciated in full in the year of purchase.

The asset's residual values, useful lives and depreciation method are reviewed and adjusted prospectively if appropriate.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

De-recognition

An item of PPE is derecognized 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 recognized in the consolidated statement of profit and loss.

2.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite. Following, initial recognition, intangible assets with finite lives are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Internally generated intangible assets

Research and development cost

Internally generated intangibles, excluding capitalized development cost, are not capitalized and the related expenditure is reflected in consolidated statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Capitalized development cost

Development costs that are directly attributable to the design and testing of identifiable and unique assets controlled by the group are recognised as intangible assets where the following criteria are met:

a) it is technically feasible to complete the asset so that it will be available for use

b) management intends to complete the asset and use or sell it

c) there is an ability to use or sell the asset

d) it can be demonstrated how the asset will generate probable future economic benefits

e) adequate technical, financial and other resources to complete the development and to use or sell the asset are available, and

f) the expenditure attributable to the asset during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the asset include employee costs and an appropriate portion of relevant overheads.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Research expenditure and development expenditure that do not meet the criteria given above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Other intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities) and any directly attributable expenditure on making 'the asset ready for its intended use and net of any trade discounts and rebates.

Subsequent expenditure on an intangible asset after its purchase/completion is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization 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.

Amortisation method and period

The group amortises intangible assets with a finite useful life based on management internal assessment, using the straight-line method, over the following periods:

Name of Intangible	Useful Life
Computer software & software development cost	3 to 5 years
Trademark & technology	7 -10 years
Customer relationship	10 -12 years
Customer contracts	10 years
Order Backlog	1-2 years

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

De-recognition

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 Consolidated Statement of Profit and Loss when the asset is derecognised.

2.9 Impairment

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial 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.

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

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 recognized immediately in profit or loss.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. The reversal of such an impairment loss is recognized in "" in the consolidated statement of profit and loss.

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

Classification of financial instruments

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

- Financial assets to be measured at amortised cost
- Financial assets to be measured at fair value through other comprehensive income
- Financial assets to be measured at fair value through profit or loss

Initial recognition and measurement

The Group recognizes a financial asset in its consolidated 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. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held such that it best reflects the way the business is managed and is consistent with the information provided to management The information considered includes:

a. the objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through die sale of the assets;

b. the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

c. the risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed.

Assessment whether contractual cash flows are solely payments of principal and interest

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

lending risks and costs, as well as profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Group considers:

a) reset terms
b) contingent events that would change the amount and timing of cash flows;
c) prepayment and extension terms; and
d) features that modify consideration of the time value of money – e.g. periodical reset of interest rates

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 amortised cost

Debt Instruments

A financial asset is measured at the amortised cost if both the following conditions are met:

a) the Group's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that represent 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 including the loans which are sold by the entities engaged in credit business through direct assignment to third parties. Such financial assets are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset (or group of financial assets) and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, foreclosure, call and similar options) but shall not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

The amortised 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)

Debt instruments

A financial asset is measured at FVTOCI if both of the following conditions are met:

a) 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

b) The contractual terms of the financial asset give rise on specified dates to cash flows that represent 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 consolidated statement of profit and loss.

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to the consolidated statement of profit and loss.

c. Financial assets measured at Fair value through profit and loss (FVTPL)

Items at fair value through profit or loss comprise:

- Investments (including equity shares) held for trading;
- Items specifically designated as fair value through profit or loss on initial recognition; and
- Debt instruments with contractual terms that do not represent solely payments of principal and interest.

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

Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Consolidated Statement of Profit and Loss, except for those equity investments for which the Group has elected to present the value changes in 'Other Comprehensive Income'. However, dividend on such equity investments is recognised in Statement of Profit and Loss when the Company's right to receive payment is established.

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 consolidated balance sheet when any of the following occurs:

a) The contractual rights to cash flows from the financial asset expires;

b) 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;

c) 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);

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material lay to a third party under a 'pass-through' arrangement; and either

a) the Group has transferred substantially all the risks and rewards of the asset, or

b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

In 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 recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Group also recognizes 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, the difference between the carrying amount and the consideration received is recognized in the consolidated statement of profit and loss.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Impairment of financial assets:

The Group records allowance for expected credit losses for all loans and other financial assets not held at fair value through profit or loss (FVTPL). Equity instruments are not subject to impairment under Ind AS 109. Hence 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 amortised cost (other than trade receivables) and financial assets measured at fair value through other comprehensive income (FVTOCI).

a. 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. 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 consolidated statement of profit and loss under the head ' Impairment allowance and write-off of financial assets'.

b. Loan and other financial assets

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 recognized as loss allowance.

The Group follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition. The assets migrate through the following three stages based on an assessment of qualitative and quantitative considerations:

- Stage 1 For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognized. Interest income is accrued using the effective interest rate on the gross carrying amount.

- Stage 2 At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Company uses days past due (DPD) information and other qualitative factors to assess deterioration in credit quality of a financial asset. For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognized. Interest income is accrued using the effective interest rate on the gross carrying amount.

- Stage 3 Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognized. If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the Expected Credit Loss reverts from lifetime ECL to 12-months ECL.

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 recognizing 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.

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

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.

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.

Manner in which forward looking assumptions has been incorporated in ECL estimates:

The Group considers its historical loss experience and adjusts it for current observable data. In addition, the group uses reasonable forecasts of future economic conditions including expert judgement to estimate the amount of expected credit losses. The methodology and assumptions including any forecasts of future economic conditions are periodically reviewed and changes, if any, are accounted for prospectively.

The Group writes off loans given when the dues from such loans are outstanding for more than 180 days. Other advances outstanding for more than 90 days are written off. While the amounts are written off, the Company does not relinquish its rights to the sums due and continues its collections efforts, including, but not limited to appropriate recourse under various provisions of the law. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. However, financial assets that are written off may be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

Expected credit loss on Consumer receivables:
The Company applies the 'Roll Rate Approach' for computing the Expected Credit Loss (ECL) on its loan portfolio. Under this approach, historical data of loans is used to determine the probability of a financial asset moving (or "rolling") from one delinquency bucket to the next (e.g., from current to 30 days past due or 30 to 60 days past due, and so on), eventually leading to default. Roll rate is the percentage of outstanding balance that "rolls forward" into the next DPD bucket as a result of not being collected during the current cycle.

Roll- rates is computed on the net outstanding balances at the end of each cycle (and is net of any recoveries made during that cycle). Since the tenure for this product is low (maximum of 30 days), only through the cycle PD is applicable for estimation of flow rates into 90 and above DPD. And therefore usage of macro- economic variables is not applicable in the context of ECL calculation for this product portfolio.

The default defined as an event where receivable is deemed unlikely to be collected from the borrower, which is when a loan is delinquent for a period of 90 days.

The Total ECL (Expected Credit Loss) is calculated is calculated as Outstanding balance (EAD)* Impairment rate (PD %)* Loss Given Default (LGD).

Outstanding balance (EAD) is the outstanding balance, Impairment rate (PD %) is the expected default rate and is estimated as the percentage of balance that will flow into the 90 DPD and above bucket. Loss given Default (LGD) is the amount that would be lost in the event of default and is calculated by adjusting the outstanding balance at default for any recoveries (net of collection cost) in the next 12 months.

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Financial liabilities and equity instruments

i. Financial liabilities

Initial recognition and measurement:

The Group recognizes a financial liability in its consolidated balance sheet when it becomes party to the contractual provisions of the instrument. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement:

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities at amortised cost (Loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated statement of profit and loss when the liabilities are derecognized as well as through the EIR amortisation process.

The cumulative amortisation 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 amortised cost at each reporting date. The corresponding effect of the amortisation 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 consolidated statement of profit and loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

The Group has service agreement with its customers, whereby the Group agrees to compensate its customers for deficiency in collection (Default Loss Guarantee) up to mutually agreed limits on the loans serviced by the Group. The Group has also placed deposits with banks which have been lien marked in favour of its clients as a security against its contractual obligations. These deposits have been disclosed as "Lien marked" under cash and bank balances. The Group accounts for the fair value of guarantee in such cases determined based on the probability of default which is based on historical default rate and expectations of future conditions as a provision at year end.

Derecognition

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.

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

The difference in the respective carrying amounts is recognized in the consolidated statement of profit and loss.

2.11 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 consolidated financial statements are categorized within the fair value hierarchy that categorizes 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 financial instruments — Those financial instruments where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

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

Level 3 financial instruments — Those financial instruments that include one or more unobservable input that is significant to the measurement as whole.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period with relevant disclosures.

2.12 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.13 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, and other short term highly liquid investments which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

2.14 Restricted cash

The Group's restricted cash mainly represents amounts received from customer and payable to merchants held in escrow bank account.

Cash that is restricted from being withdrawn for use is reported under Other bank balances in the consolidated balance sheet, and the same is not included in the total cash and cash equivalents in the statement of cash flows. The group also discloses a corresponding current financial liability in the consolidated balance sheet.

2.15 Provisions and contingencies

Provisions are recognized 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 recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. 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 recognized 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.

Contingent assets are neither recognized nor disclosed in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

2.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Executive committee (comprising of CEO and CFO) who make strategic decisions. See note 42 for segment information presented.

The reportable segments of the Group comprise of the following:

a) Digital Payment Services

b) Digital Financing Services

c) Corporate Segment

Corporate segment comprises entities providing various corporate functions and activities. These services include, but are not limited to, executive oversight, information management, legal, treasury, control and accounting, human resources, taxes and investor relations.

Geographical segments are categorized as 'India' and 'Outside India' and are based on the domicile of the customers.

CODM reviews results of subsidiaries of the Group on consolidated basis and considering the nature of business operations.

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

2.17 Employee benefits

i) 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 recognized 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 consolidated balance sheet.

ii) Other employee benefits

Compensated absences

The employees of the Group are entitled to compensated absence. The employees can carry forward a portion of the unutilized accrued absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for unutilized accrued compensated absence.

The group also has liabilities for earned leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These are, therefore, measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period based on actuarial valuation using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the consolidated statement of profit and loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates:

(a) when the group can no longer withdraw the offer of those benefits; and

(b) when the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Car lease allowance

The Group enters into an agreement with a lessor to provide vehicles for use. As per this arrangement, the Group pays lease installments to the lessor. The car lease expense payable by the group companies is shown as employee benefit expense (net of payments recovered from employees) in the consolidated statement of profit and loss.

iii) Post employment benefits

Defined contribution plans (Provident Fund)

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 when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Defined benefit plans (Gratuity)

For defined benefit retirement plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income are not reclassified. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurements.

The Group recognises service costs within profit or loss as employee benefits expense.Net interest expense or income is recognised within finance costs

The liability or asset recognized in the consolidated 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.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized 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 consolidated balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

2.18 Share-based payments

The ultimate holding company of the Group operates share option schemes (SAR and RSU) under certain equity compensation plans, for the purpose of providing incentives and rewards to eligible participants of the Group companies. Employees of the group companies receive remuneration in the form of share-based payments, whereby employees render services as consideration either for equity instruments ("equity settled transactions") or cash equivalent of the equity instrument ("cash settled transactions"). These share based payment plans are accounted for in the consolidated financial statements of the group companies in accordance with the "Ind AS 102 Accounting for Share-based Payments".

Employee restricted stock units ("RSUs") - Equity settled

Under the equity settled share based payment, the fair value on the grant date of the awards given to employees is recognized as 'employee benefit expenses' with a corresponding increase in equity over the vesting period net of advances paid by the group companies for such RSU's. At the end of each reporting period, apart from the non-market vesting condition, the expense is reviewed and adjusted to reflect changes to the level of options expected to vest. When the options are exercised, the employees receives the shares of the Holding Company which are purchased by trust from market by utilizing the advance received from the group.

Stock appreciation rights ("SARs") - Cash settled

For cash-settled share-based payments, the fair value of the amount payable to employees is recognized as 'employee benefit expenses' with a corresponding increase in liabilities, over the period of non-market vesting conditions getting fulfilled. The liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognized in employee benefits expenses.

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

2.19 Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs.

The right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line method basis If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases for office premises that have a lease term of less than 12 months. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

2.20 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination or for transactions that give rise to equal taxable and deductible temporary differences) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unabsorbed depreciation allowance only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.21 Earnings per share (EPS)

Basic earnings per share

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

Diluted earnings per share adjusts the figures 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
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

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.

2.22 Borrowings Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.23 Critical estimates and judgements

The preparation of the Group's consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

The areas involving critical estimates or judgements are:

a. Business combination: On March 20, 2025, the Group aquired controlling intrest in Mindgate Solutions Private Limited (Mindgate) and its subidaries. The acquisition was accounted for using the acquisition method in accordance with Ind AS 103.

Significant Judgements

In applying the acquisition method, management was required to make the following significant judgments:

1. Assessment of Control:

Establishing if control was obtained on the acquisition date required judgments. Management assessed that it has control over Mindgate based on:

a) The Company's ability to appoint majority of Board of directors of Mindgate;
b) The board has the right to direct and approve operating budget of the Company; and
c) Other substantive rights conveyed in the share holder agreement.

2. Present Access via obligation to purchase 27.2% stake in Mindgate:

The Share-holder agreement for acquisition of Mindgate provides the Group with an obligation to purchase 27.2% for Rs. 6142 million subject to achievement of certain targets by Mindgate.

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Management assessed that this obligation to purchase 27.2% stake in Mindgate provides the Group with present access to the returns of Mindgate. In making this evaluation the Group considered:

a) The certainty of Mindgate in meeting the financial targets; and
b) The ownership rights available with the group relating to this shareholding.

Significant Estimates

In addition to the above judgments, management made the following significant estimates in determining the fair values of identifiable assets, liabilities, and related instruments.

a) Intangible Assets: The fair values of customer relationship, developed technology, and order backlog were determined using discounted cash flow models, including the [multi-period excess earnings method and relief-from-royalty method]. Significant inputs included:

   a. Estimated future cash flows - 15.4% to 20.3%
   b. Royalty rate - 7%
   c. Customer attrition rate - 10%
   d. Discount rates - 15.6% to 16.4%

b) Call and Put Options on Non-Controlling Interest: The fair value of the call and put options related to the NCI was determined using an option pricing model i.e Monte Carlo simulation, requiring assumptions including:

   a. Simulated Revenue for FY 27 - INR 4175 Mn
   b. Simulated EBITDA for FY 27 - INR 606 Mn
   c. Equity volatility – 42.6%
   d. EBITDA volatility – 23.4%
   e. Revenue volatility – 5.9%
   f. Risk-free interest rate – 6.7%

b. Impairment of financial asset: The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Refer Note 2.10

c. Impairment of non-financial assets: Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 2.11 and Note 5B of consolidated financial statements.

d. Share-based payments: The Group initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in the profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 2.18 and Note 38 of consolidated financial statements.

e. Deferred tax: Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer note 2.20 and Note 34 of consolidated financial statements.

f. **Defined benefit plans (gratuity benefits):** The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases, attrition rate and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the market yield on government bonds that have terms approximating to the terms of related obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Refer Note 37 of consolidated financial statements.

g. **Fair value measurement of financial instruments:** When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 2.11 and 43 for further disclosure.

h. **Useful life of intangible assets:** The group has intangible assets which includes trademark, customer relationships, software, brand name and title rights and customer relationship. The group estimates the useful life of its intangible assets based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than expected by management, depending on technical innovations and competitor actions. Refer note 2.8 and Note 5 of consolidated financial statements.

i. **Useful life of property, plant and equipment:** The group has furniture fixtures and office equipment as property plant and equipment. The useful lives of these items of PPE have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The asset's residual values, useful lives are reviewed, and adjusted at each financial year-end and adjusted prospectively, if appropriate. Refer note 2.7 and Note 3 of consolidated financial statements.

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

3 Property, plant and equipment (at cost)

Disclosures regarding gross block of Property, Plant and Equipment, depreciation expenses thereon and net block are as given below :

Particulars	Leasehold Improvements (building)	Furniture and fixtures	Office equipment	Computers, data processing units and communication equipment	Vehicles	Total
Gross carrying value						
As at April 01, 2023	**72.50**	**15.07**	**74.73**	**264.19**	-	**426.49**
Additions	8.84	14.31	19.79	79.77	-	**122.71**
Disposals/adjustments	-	(0.09)	0.48	(3.35)	-	**(2.96)**
As at March 31, 2024	**81.34**	**29.29**	**95.00**	**340.61**	-	**546.24**
Additions	15.10	0.08	4.38	171.21	-	**190.77**
Business acquisition	22.98	24.85	19.59	140.86	97.02	**305.30**
Disposals/adjustments	(0.40)	(12.56)	(0.10)	(16.28)	-	**(29.34)**
As at March 31, 2025	**119.02**	**41.66**	**118.87**	**636.40**	**97.02**	**1,012.97**
Accumulated depreciation						
As at April 01, 2023	**70.78**	**8.84**	**68.74**	**205.20**	-	**353.56**
Depreciation charge for the year (refer note 30)	1.89	2.57	5.39	37.24	-	**47.09**
Disposals/adjustments	-	(0.03)	0.10	(1.09)	-	**(1.02)**
As at March 31, 2024	**72.67**	**11.38**	**74.23**	**241.35**	-	**399.63**
Depreciation charge for the year (refer note 30)	6.00	1.19	8.63	65.65	-	**81.47**
Business acquisition	16.53	19.66	15.11	103.74	35.72	**190.75**
Disposals/adjustments	(0.13)	(0.53)	(0.03)	(16.23)	-	**(16.91)**
As at March 31, 2025	**95.07**	**31.70**	**97.94**	**394.51**	**35.72**	**654.94**
Net carrying value						
As at March 31, 2024	**8.67**	**17.91**	**20.77**	**99.27**	-	**146.61**
As at March 31, 2025	**23.95**	**9.96**	**20.93**	**241.89**	**61.30**	**358.03**

Notes:

(i) The Group does not have any capital work-in-progress, hence the requisite disclosures has not been given.
(ii) The Group does not have any immovable properties.
(iii) See note 40 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

4 Right-of-use assets (at cost)

Disclosures regarding gross block of Right-of-use Assets, accumulated depreciation thereon and net block are as given below:

Description	Building	Computer	Total
Gross carrying value			
As at April 01, 2023	**860.03**	**187.57**	**1,047.60**
Additions	480.67	-	480.67
Disposals/adjustments	(27.47)	-	(27.47)
As at March 31, 2024	**1,313.23**	**187.57**	**1,500.80**
Additions	33.46	-	33.46
Business acquisition	309.51	-	309.51
Disposals/adjustments	(244.58)	(94.64)	(339.22)
As at March 31, 2025	**1,411.62**	**92.93**	**1,504.55**
Accumulated depreciation			
As at April 01, 2023	**260.31**	**108.74**	**369.05**
Depreciation charge for the year (refer note 30)	187.79	48.91	236.70
Disposals/adjustments	(11.45)	-	(11.45)
As at March 31, 2024	**436.65**	**157.65**	**594.30**
Depreciation charge for the year (refer note 30)	209.03	26.19	235.22
Business acquisition	161.89	-	161.89
Disposals/adjustments	(227.70)	(98.53)	(326.23)
As at March 31, 2025	**579.87**	**85.31**	**665.18**
Net carrying value			
As at March 31, 2024	**876.58**	**29.92**	**906.50**
As at March 31, 2025	**831.75**	**7.61**	**839.36**

Notes:

A. The Right of use assets represents office building, laptops/computers are taken by Group on lease which is accounted in accordance with the principles of Ind AS 116 'Leases'.

B. The following are the amounts recognised in the statement of profit and loss:

Particular	For the Year ended March 31, 2025	For the year ended March 31, 2024
Depreciation expense of right-of-use assets	235.22	236.70
Interest expense on lease liabilities	88.42	97.17
Expense relating to short-term and low-value leases (included in other expenses)*	221.55	170.35
Total	**545.18**	**504.22**

* This includes the amount paid for leased line and Data centre server charges.

C. The effective interest rate for lease liabilities of the group is ranging from 8.85% to 12% p.a. The Group has applied a single discount rate to a portfolio of leases of a similar assets in similar economic environment with similar end date.

D. The Group 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. Refer note 44 for maturity profile

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Amounts in millions, unless otherwise stated

5 Other Intangible Assets (at cost)

Disclosures regarding gross block of Intangible assets, amortisation expenses thereon and net block are as given below

Particulars	Software Development cost*	Computer Software	Trademark and Technology	Customer relationship	Order backlog	Total	Goodwill	Intangible asset under development
Gross carrying value								
As at April 01, 2023	17.05	464.27	176.73	478.00	-	1,136.05	7,514.17	40.03
Additions	-	-	9.31	-	-	9.31	-	133.00
Disposals/adjustments	-	-	-	-	-	-	-	(173.03)
As at March 31, 2024	17.05	464.27	186.04	478.00	-	1,145.36	7,514.17	-
Additions	-	-	96.43	-	-	96.43	-	-
Business acquisition	-	-	817.00	2,138.00	34.00	2,989.00	9,011.66	
Disposals/adjustments	-	-	-	-	-	-	-	-
As at March 31, 2025	17.05	464.27	1,099.47	2,616.00	34.00	4,230.79	16,525.83	-
Accumulated amortisation								
As at April 01, 2023	1.90	427.10	142.65	299.12	-	870.78	-	-
Amortisation charge for the year (refer note 30)	5.68	9.04	8.78	27.88	-	51.38	-	-
Disposals/adjustments	-	-	-	-	-	-	-	-
As at March 31, 2024	7.58	436.14	151.43	327.00	-	922.16	-	-
Amortisation charge for the year (refer note 30)	5.68	8.50	14.24	27.88	-	56.30	-	-
Impairment charge	-	-	-	-	-	-	-	-
Disposals/adjustments	-	-	-	-	-	-	-	-
As at March 31, 2025	13.26	444.64	165.67	354.88	-	978.46	-	-
Net carrying value								
As at March 31, 2024	9.47	28.13	34.61	151.00	-	223.20	7,514.17	-
As at March 31, 2025	3.79	19.63	933.79	2,261.12	34.00	3,252.33	16,525.83	-

* It represents of capitalised development cost of an internally generated intangible assets.

B. Impairment of Goodwill with indefinite useful life

As required by Ind AS 36 – 'Impairment of Assets', the Group performs impairment tests on goodwill on an annual basis by computing value-in-use amount for the cash-generating unit ('CGU'). The recoverable amount of CGU has been determined based on a value in use using cash flow projections from financial budgets approved by senior management covering a ten-year period. The Group performed its annual impairment test for years ended March 31, 2025, and March 31, 2024, respectively (hereinafter reference date is generally based on year-end). In earlier years, the Group recognised goodwill from its acquisition of Citrus Payment Solutions Private Limited. The goodwill was allocated to the business as a whole since the Group carries out only business activity, i.e., payment processing services. For the current financial year, the recoverable amount of goodwill was tested for impairment based on a Discounted Cash Flow ("DCF") method which requires the use of certain key assumptions, which are based on financial budgets approved by management. Basis this, management has concluded that no impairment of goodwill exists.

Carrying amount of goodwill as at March 31, 2025	INR 7,506.97 (March 31, 2024: INR 7,506.97)
Basis on which the recoverable amount has been determined	DCF method with observable market data
Growth rate used for computing value in use	Year 1- 12.1% Year 2- 14.4% Year 3- 17.1% Year 4- 20.2% Year 5- 20.1% Year 6 to 9 – 20.1% to 19.1% Terminal growth rate of 6%
Discount rate (Pre tax)	13.65%
Management's approach to determining the value assigned to each key assumption	Valuation is as per forecasted business plan, which is backed up by internal and external information available with the management.
Impact of possible changes in key assumptions	If the pre-tax discount rate and terminal growth rate applied to the cash flow projections of this CGU had been .5% higher than management's estimates (14.15% instead of 13.65%) and (6.5% instead of 6%) respectively, the company would not have had to recognize any additional impairment against the carrying amount of goodwill.

C. Other notes:

(i) The Group does not have intangibles under development, hence the requisite disclosures has not been given.

(ii) See note 40 for disclosure of contractual commitments for the acquisition/development of intangible assets.

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

6 Investment

Particulars	As at March 31, 2025	As at March 31, 2024
Unquoted equity shares Carried at fair value through other comprehensive income (OCI)		
Fully paid equity shares 61,320 (March 31,2024: 61,320) of INR10 each in National Payment Corporation of India	77.01	77.01
Fully paid equity shares 2,510 (March 31, 2024: 2,510) of INR10 each in Ferbine Private Limited	0.03	0.03
Total	**77.04**	**77.04**
Aggregate value of un-quoted Investments	**77.04**	**77.04**
Aggregate amount of impairment in value of investments	-	-

Investments at fair value through OCI (fully paid) reflect investment in unquoted equity securities. These equity shares are designated as FVTOCI as they are not held for trading purpose and are not in similar line of business as the Group. Thus, disclosing their fair value fluctuation in profit or loss (FVTPL) will not reflect the purpose of holding.

The shares of Ferbine Private Limited and National Payment Corporation of India are unquoted and the Group being minority shareholder, does not have any other alternate source to determine the fair value of such investments as at March 31, 2025. 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.

7 Loans

Particulars	As at March 31, 2025	As at March 31, 2024
Non-current		
At Amortised cost		
Term Loans		
- Personal loan	13,322.34	13,663.43
- Loan against Property	171.48	-
	13,493.82	**13,663.43**
Less: Impairment allowance	(773.99)	(781.33)
Total (A)	**12,719.83**	**12,882.10**
Current		
At Amortised cost		
Term Loans		
- Personal loan	31,178.91	18,651.12
- Loan against Property	8.24	-
- Consumer receivables (refer note ii below)	1,248.57	1,208.41
	32,435.72	**19,859.53**
Less: Impairment allowance	(2,170.47)	(1,189.48)
Total (B)	**30,265.25**	**18,670.05**
Total (A+B)	**42,985.08**	**31,552.15**
Break up of security details		
Loans considered good - secured	179.71	-
Loans considered good - unsecured	43,292.72	32,321.35
Loans which have significant increase in credit risk	1,132.13	679.87
Loans credit impaired	1,324.98	521.74
Total loans	**45,929.54**	**33,522.96**
Less: Impairment allowance	(2,944.46)	(1,970.81)
Net loans	**42,985.08**	**31,552.15**
Reconciliation of Impairment allowance on loans		
Impairment allowance as on beginning of the year	1,970.81	1,332.94
Add: Increase in impairment allowance recognised in profit or loss during the year	4,617.74	2,948.83
Less: Loans written off during the year as uncollectible	(3,644.09)	(2,310.96)
Impairment allowance as at end of the year	**2,944.46**	**1,970.81**

Notes:

(i) Refer note 44 for disclosures in respect of Expected Credit Losses (ECL).

(ii) Consumer receivables represents balances which are in the nature of buy now pay later (BNPL).

(iii) There are no loans assets which has been classified as fair value through profit & loss and/or fair value through other comprehensive income.

(iv) The Group has not granted any loans or advances in the nature of loans to promoter , directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are repayable on demand or without specifying any terms or period of repayment.

(v) The group in accordance with its policy has written off loan assets (net off recovery of INR 293.19) amounting to INR 3,350.93 (March 31, 2024: INR 1,365.81) which are overdue for more than 180 days and consumer receivables (net off recovery of INR 58.77) amounting to INR 202.76 (March 31, 2024: INR 445.40) which are overdue for more than 90 days.

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

8 Other financial assets
(At amortised cost)

Particulars	As at March 31, 2025	As at March 31, 2024
Non current		
Unsecured, considered good		
Excess interest spread receivables	73.05	269.26
Less: Impairment loss allowance on excess interest spread receivables	(1.76)	(6.46)
	71.29	262.80
Security deposits	139.48	95.95
Deposits with remaining maturity of more than 12 months (*)	646.18	534.12
Total (A)	856.95	892.87

(*) includes amount under lien against bank guarantee.

Particulars	As at March 31, 2025	As at March 31, 2024
Current		
Unsecured, considered good		
Excess interest spread receivables	104.44	192.91
Less: Provision for loss allowance on excess interest spread receivables	(2.51)	(4.65)
	101.93	188.26
Security deposits	25.71	4.36
Deposit with original maturity for more than 12 months *	197.38	138.26
Commission receivable	166.09	1,311.95
Amount lying in escrow account	4,930.96	-
Receivable on account of First Loss Default Guarantee (FLDG)	475.94	374.28
Other receivable #	1,250.73	1,873.31
Total (B)	7,148.74	3,890.42
Total (A + B)	8,005.69	4,783.29

(*) Includes amount under lien against bank guarantee.
(#) Refer Note 41 for related party balances.

Reconciliation of Impairment allowance on excess interest spread receivables

Particulars	As at March 31, 2025	As at March 31, 2024
Impairment allowance as on beginning of the year	11.11	4.10
Add: Increase in impairment allowance recognised in profit or loss during the year	-	7.01
Less: Excess interest spread receivables written off during the year as uncollectible	(6.85)	-
Impairment allowance as at end of the year	4.26	11.11

9 Deferred tax assets/ (liability)

Particulars	As at March 31, 2025	As at March 31, 2024
Deferred tax assets*	120.63	-
Total	120.63	-

Particulars	As at March 31, 2025	As at March 31, 2024
Deferred tax liability*	752.27	-
Total	752.27	-

*For details (refer note 34)

10 Current Tax Assets

Particulars	As at March 31, 2025	As at March 31, 2024
Tax assets (net)*	1,197.52	1,275.63
Total	1,197.52	1,275.63

*Net of current tax liability of INR 24.69 (March 31, 2024: INR 18.83)

11 Other assets

Particulars	As at March 31, 2025	As at March 31, 2024
Non-current		
Unsecured, considered good		
Prepaid expenses	328.85	444.88
Balance lying with government authorities	636.97	640.91
Total (A)	965.82	1,085.79
Current		
Unsecured, considered good		
Balance lying with government authorities	586.42	604.23
Prepaid expenses	706.36	658.77
Advance to vendors	268.42	157.92
Advances to employees	14.43	22.47
Others	7.87	19.31
Total (B)	1,583.50	1,462.70
Total (A+B)	2,549.32	2,548.49

12 Trade receivables

Particulars	As at March 31, 2025	As at March 31, 2024
Trade receivables	3,849.03	1,752.71
Less: Allowance against expected credit loss	(203.34)	(88.14)
Total	3,645.69	1,664.57

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

A. Break-up for trade receivables :

Particulars	As at March 31, 2025	As at March 31, 2024
Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	3,645.69	1,664.57
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	203.34	88.14
Total (A)	3,849.03	1,752.71
Impairment allowance		
Secured, considered good	-	-
Unsecured, considered good	-	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	(203.34)	(88.14)
Total (B)	(203.34)	(88.14)
Total (A+B)	3,645.69	1,664.57

Notes:

(i) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

(ii) Trade receivables are non-interest bearing and are normally settled in 30-60 days.

(iii) Refer Note 41 for related party balances.

B. Reconciliation of Impairment allowance on trade receivables

Particulars	As at March 31, 2025	As at March 31, 2024
Impairment allowance as on beginning of the year	88.14	113.51
Add: Increase in impairment allowance recognised in profit or loss during the year	114.54	61.65
Less: Utilized during the year	-	(2.29)
Less: Reversal of provision	-	(86.21)
Add: Exchange difference on translation	0.66	1.48
Impairment allowance as at end of the year	203.34	88.14

C. Ageing of trade receivables

As at March 31, 2025

Particulars	Unbilled	Not Due	From the due date of payment: Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade receivables								
- Considered good	246.58	1,014.89	2,226.42	141.41	10.93	2.01	3.45	3,645.69
- Which have significant increase in credit risk	-	-	-	-	-	-	-	-
- Credit impaired	-	-	-	11.12	94.15	32.50	65.57	203.34
Disputed trade receivables								
- Considered good	-	-	-	-	-	-	-	-
- Which have significant increase in credit risk	-	-	-	-	-	-	-	-
- Credit impaired	-	-	-	-	-	-	-	-
Total	246.58	1,014.89	2,226.42	152.52	105.08	34.51	69.02	3,849.03

As at March 31, 2024

Particulars	Unbilled	Not Due	From the due date of payment: Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade receivables								
- Considered good	270.84	422.54	704.07	172.21	75.89	21.57	56.48	1,723.61
- Which have significant increase in credit risk	-	0.00	0.01	0.00	2.61	-	0.55	3.17
- Credit impaired	-	-	-	-	12.47	9.53	3.93	25.93
Disputed trade receivables								
- Considered good	-	-	-	-	-	-	-	-
- Which have significant increase in credit risk	-	-	-	-	-	-	-	-
- Credit impaired	-	-	-	-	-	-	-	-
Total	270.84	422.54	704.08	172.22	90.97	31.11	60.96	1,752.71

Loss allowance as at 31 March 2025 and 31 March 2024 was determined as follows for trade receivables under the simplified approach:

As at March 31, 2025

Particulars	Unbilled	Not Due	From the due date of payment: Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Gross Carrying amount – trade receivables	246.58	1,014.89	2,226.42	152.52	105.08	34.51	69.02	3,849.03
Expected loss rate	0.00%	0.00%	0.00%	7.29%	89.60%	94.19%	95.00%	5.28%
Expected credit losses– trade receivables	-	-	-	11.12	94.15	32.50	65.57	203.34
Carrying amount of trade receivables (net of impairment)	246.58	1,014.89	2,226.42	141.40	10.94	2.01	3.45	3,645.69

As at March 31, 2024

Particulars	Unbilled	Not Due	From the due date of payment: Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Gross Carrying amount – trade receivables	270.84	422.54	704.08	172.22	90.97	31.11	60.96	1,752.71
Expected loss rate	0.00%	0.00%	0.00%	0.00%	16.57%	30.64%	7.35%	1.66%
Expected credit losses– trade receivables	-	0.00	0.01	0.00	15.07	9.53	4.48	29.10
Carrying amount of trade receivables (net of impairment)	270.84	422.54	704.07	172.21	75.90	21.57	56.48	1,723.61

13 Cash and Cash equivalents

Particulars	As at March 31, 2025	As at March 31, 2024
Cash in hand	0.05	-
Balances with banks*	6,928.74	3,332.76
Deposits with original maturity of less than three months	7,641.93	7,444.41
Total	14,570.72	10,777.17

* Balances with banks includes balances in Exchange Earners' Foreign Currency Account (EEFC) of INR 6.82 (March 31, 2024: INR 6.28).

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

14 Bank balance other than above

Particulars	As at March 31, 2025	As at March 31, 2024
Restricted Cash held in separate account*	464.82	974.30
Balance with Escrow Accounts**	20,049.32	-
Deposits with original maturity of more than three months but less than twelve months***	5,679.26	3,257.12
Total	**26,193.40**	**4,231.42**

* The company uses BBPS account to receive money through debit card/credit card, net banking transaction toward all the transaction occuring on its portal as well as to settle the respective merchants. In line with RBI direction, separate account has been opened which is not available for use by the company. 'Out of total balance, INR 182.77 (March 31, 2024: INR 171.45) represents amounts held in Citrus wallet by customers which is not available for use by the company.

** The Company maintains escrow account with HDFC Bank and Axis Bank. The escrow accounts are operated as per RBI guidelines pertaining to settlement of payment for electronic payment transactions for payment gateway business. The restricted balance in the escrow accounts represents money collected from customers on transaction undertaken and is used for settling of dues to various merchants and commission income of the company as per RBI guidelines.

*** Includes amount under lien against overdraft, working capital demand loans and Default Loss Guarantee (DLG) provision.

15 Contracts assets and contract liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Contract assets		
Current	625.63	173.25
Total (A)	**625.63**	**173.25**
Contract liabilities		
Non-current	243.89	397.74
Current	931.66	501.89
Total (B)	**1,175.55**	**899.63**
Total (A-B)	**(549.92)**	**(726.38)**

A. Movement in contract liabilities during the year

(i) Set out below is the amount of revenue recognised from:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue recognised that was included in the contract liability balance at the beginning of the year	501.89	366.12
Revenue recognised from performance obligations satisfied in previous year	-	-

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

PayU Payments Private Limited
CIN: U72400MH2006PTC293037
Notes to Consolidated Financial Statements for the year ended March 31, 2025
Amounts in INR millions, unless otherwise stated

16 Share Capital

	Particulars	As at March 31, 2025	As at March 31, 2024
A.	**Authorised share Capital**		
	4,000,050,000 (March 31, 2024: 4,000,050,000) Equity shares of INR 10 each	40,000.50	40,000.50
	999,950,000 (March 31, 2024: 999,950,000) Preference shares of INR 10 each	9,999.50	9,999.50
	Issued, subscribed and paid up capital		
	3,221,819,928 (March 31, 2024: 3,015,316,862) Equity shares of INR 10 each fully paid up	32,218.20	30,153.18
	Total	32,218.20	30,153.18

B. Reconciliation of the number of equity shares and share capital

Particulars	Number of shares	Share Capital
As at April 01, 2023	2,04,68,29,027	20,468.29
Conversion of compulsory convertible debenture into equity shares	68,64,402.00	68.64
Equity shares issued during the year	96,16,25,433	9,616.25
As at March 31, 2024	3,01,53,18,862	30,153.18
Equity shares issued during the year	20,65,01,066	2,065.02
As at March 31, 2025	3,22,18,19,928	32,218.20

C. Rights attached to equity shares:
The Company has only one class of equity shares having a par value of INR 10/- per share. Each holder of equity shares is entitled to one vote per share. Each holder is entitled to dividends as and when the Company declares and pays dividend after obtaining shareholders' approval. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of any preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

D. Rights issue
During the financial year 2023-24 & 2024-25, the company has issued shares, details of which are as follows.

Particulars	No of shares	Premium per share	Allotment date	Share Capital	Securities premium
Shares allotted to MIH Payments Holdings B.V.	94,35,111	71.40	January 18, 2024	94.35	579.32
Shares allotted to MIH Payments Holdings B.V.	1,70,75,095	72.54	March 26, 2024	170.75	1,067.88
Shares allotted to MIH Payments Holdings B.V.	4,31,77,397	75.17	June 26, 2024	431.77	2,813.67
Shares allotted to MIH Payments Holdings B.V.	3,33,16,662	75.98	November 30, 2024	333.17	2,198.23
Shares allotted to MIH Payments Holdings B.V.	5,55,41,303	77.96	February 25, 2025	555.41	3,774.59
Shares allotted to MIH Payments Holdings B.V.	7,44,65,704	77.96	March 07, 2025	744.66	5,060.69

E. Conversion of compulsory convertible 8% debentures into equity shares:
During the year ended March 31, 2024, the company has converted the compulsory convertible 8% debentures into equity shares.

Particulars	No of shares	Premium per share	Allotment date	Share Capital	Securities premium
Shares allotted to MIH India (Mauritius) Limited	68,64,402	52.40	June 14, 2023	68.64	291.05

F. Pursuant to the acquisition of Paysense Services India Private Limited, PayU Finance India Private Limited, Lazypay Private Limited, PayU Digital Labs Private Limited (Formerly known as Enstage Software Private Limited) and Wibmo Inc. (a common control transaction in accordance of Appendix C of Ind AS 103), the Holding Company has issued 935,115,227 new equity shares during the year ended March 31, 2024. Please refer note 46 for further details.

Particulars	No of shares	Premium per share	Allotment date	Share Capital	Securities premium
Shares allotted to MIH Payments Holdings B.V.	79,69,10,617	70.33	December 14, 2023	7,969.11	48,077.62
Shares allotted to MIH Payments Holdings B.V.	13,82,04,610	71.40	January 29, 2024	1,382.05	8,485.76

G. Aggregate number of equity shares issued as bonus, shares issued for consideration other than Cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	As at March 31, 2025	As at March 31, 2024
Equity shares issued for acquisition of subsidiaries (refer note:46)	-	935.12

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

Name of shareholder	Relationship	As at March 31, 2025	As at March 31, 2024
MIH India (Mauritius) Limited	Holding company (Till December 19, 2023)		
No. of shares		1	1
Holding %		0.00%	0.00%
MIH Payments Holdings B.V.	Holding company (From December 20, 2023)		
No. of shares		3,22,18,19,927	3,01,53,18,861
Holding %		100.00%	100.00%

On December 20, 2023, MIH India (Mauritius) Limited transferred a total of 1,469,718,668 equity shares to MIH Payments Holdings B.V. As a result of this transfer, MIH Payments Holdings B.V. became the parent company.

I. Details of Promoter's shareholding and shares held by Holding company

As at March 31, 2025

Promoter name	Relationship	No. of shares	% change during the year
MIH Payments Holdings B.V.	Holding company (From December 20, 2023)	3,22,18,19,927	0.00%
		3,22,18,19,927	0.00%

As at March 31, 2024

Promoter name	Relationship	No. of shares	% change during the year
MIH India (Mauritius) Limited	Holding company (Till December 19, 2023)	1	(71.56%)
MIH Payments Holdings B.V.	Holding company (From December 20, 2023)	3,01,53,18,861	71.56%
		3,01,53,18,862	0.00%

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

17 Other equity

Particulars	As at March 31, 2025	As at March 31, 2024
Securities premium	54,832.87	40,986.39
Statutory reserve	10.65	9.70
Capital reserve	(8,035.95)	(8,035.95)
Retained earnings	(39,021.39)	(36,542.53)
Foreign currency translation reserve	3.62	(15.63)
Additional paid in capital	(0.64)	(0.64)
Share based compensation reserve	(1,070.54)	(1,635.38)
Business combination reserve	(3,743.00)	-
	2,975.62	(5,234.04)

Movement of reserves during the year

	Particulars	As at March 31, 2025	As at March 31, 2024
(i)	**Securities premium**		
	Balance as at the beginning of the year	40,986.39	25,465.80
	Add: Issue of share capital during the year	13,847.28	15,524.39
	Less: Share issue expenses	(0.80)	(3.80)
	Balance as at the end of the year	54,832.87	40,986.39
(ii)	**Statutory reserve**		
	Balance as at the beginning of the year	9.70	1.05
	Add: Additions during the year	0.95	8.65
	Balance as at the end of the year	10.65	9.70
(iii)	**Capital reserve**		
	Balance as at the beginning of the year	(8,035.95)	(8,039.27)
	Add: Adjustment on account of business restructuring	0.00	3.32
	Balance as at the end of the year	(8,035.95)	(8,035.95)
(iv)	**Retained earnings**		
	Balance as at the beginning of the year	(36,542.53)	(24,938.47)
	Less: Loss for the year	(2,480.65)	(4,295.11)
	Add: Remeasurement of defined benefit plans	2.74	21.38
	Less: Loss for the acquisition of non controlling interest	-	(7,321.68)
	Less: Creation of statutory reserve	(0.95)	(8.65)
	Balance as at the end of the year	(39,021.39)	(36,542.53)
(v)	**Foreign currency translation reserve**		
	Balance as at the beginning of the year	(15.63)	8.26
	Add/Less: Additions/extinguishment during the year	19.25	(23.89)
	Balance as at the end of the year	3.62	(15.63)
(vi)	**Additional paid in capital**		
	Balance as at the beginning of the year	(0.64)	-
	Add/Less: Additions/extinguishment during the year	-	(0.64)
	Balance as at the end of the year	(0.64)	(0.64)
(vii)	**Share based compensation reserve**		
A.	**Compensation for RSU's Granted during the year**		
	Balance as at the beginning of the year	1,240.90	870.76
	Add/Less: Additions/extinguishment during the year	(367.52)	370.14
	Balance as at the end of the year	873.38	1,240.90
B.	**Cross charge by group company**		
	Balance as at the beginning of the year	(2,876.28)	(2,828.57)
	Add/Less: Additions/extinguishment during the year	932.36	(47.71)
	Balance as at the end of the year	(1,943.92)	(2,876.28)
	Share based compensation reserve (net off cross charge)	(1,070.54)	(1,635.38)
(viii)	**Share application money pending allotment**		
	Balance as at the beginning of the year	-	7,969.11
	Less: Issue of share capital during the year	-	(7,969.11)
	Balance as at the end of the year	-	-
(ix)	**Business combination reserve**		
	Balance as at the beginning of the year	-	-
	Add: Put option liability on acquisition of subsidiary	(3,743.00)	-
	Balance as at the end of the year	(3,743.00)	-

Description of nature and purpose of each reserve

(i) **Securities premium**
Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of Section 52 the Companies Act, 2013.

(ii) **Statutory reserve u/s 45IA RBI Act**
Statutory reserves are created to adhere to requirements of applicable laws and will be utilised in accordance with the said laws.

(iii) **Capital reserve**
The capital Reserve comprises reserve created on account of business restructuring/combination and as per the requirements of Ind AS 103 - Appendix C (Refer note 46)

(iv) **Retained earnings**
Retained earnings are the profits/(loss) that the Group has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholde INR Retained earnings include re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

(v) **Foreign currency translation reserve**
Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

(vi) **Share based compensation reserve**
The reserve represents Share based compensation reserve by the employees of the company from Prosus N.V. The reserve is used to recognise the fair value of the awards issued to the employees of the company net of cross charge to Prosus N.V. (Refer note 38)

(vii) **Business combination reserve**
The reserve represents fair value of put option liability towards acquisition of Mindgate Solution Private Limited.

18 Non - Controlling Interest

Particulars	As at March 31, 2025	As at March 31, 2024
Balance as at the beginning of the year	-	3,928.19
Add: Additions during the year	1,258.13	-
Less: Acquired during the year	-	(3,928.19)
Balance as at the end of the year	1,258.13	-

Non-controlling interest represents 30% equity shares of subsidiary "Mindgate Solutions Private Limited" held by the promoters of Mindgate Solutions Private Limited.

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

19 Borrowings
(At amortized cost)

Particulars	As at March 31, 2025	As at March 31, 2024
Non-current borrowings		
Secured		
Redeemable non-convertible debentures (Refer note A below)	3,925.26	-
- 11.35% Debenture	-	116.67
- 8.90% Debenture	-	350.26
Term Loans (Refer note B below)		
- from bank	20,536.23	17,452.55
- from other parties (NBFC)	3,732.00	1,363.59
Less: Current maturity of long term borrowings	(17,741.40)	(6,645.32)
Total (A)	10,452.09	12,637.75
Current borrowings		
Others, Secured		
Current maturity of long term borrowings	17,741.40	6,645.32
Bank overdraft (Refer note B below)	3,813.13	2,149.30
Working capital demand loans (Refer note B below)	2,999.92	3,935.99
Unsecured		
Commercial paper (Refer note C below)	3,171.94	5,594.73
Total (B)	27,726.39	18,325.35
Total (A+B)	38,178.48	30,963.10

Notes:

A. Redeemable non-convertible debentures :

(i) Terms of debentures

Particulars/ISIN No.	INE0CLA07044	INE0CLA07036	INE0CLA07010	INE0CLA07028
Issuer Party	Vivriti Short Term Bond Fund	Citibank N.A.	Vivriti Short Term Bond Fund	Citibank N.A.
Issue Rating	CRISIL A+/Stable	CRISIL A+/Stable	CRISIL A+/Stable	CRISIL A+/Stable
Rate of interest - Fixed	10.50%	6m T-bill +2.49%	11.35%	8.90%
Listed / unlisted	Fixed	Floating	Fixed	Fixed
Face value	Unlisted	Unlisted	Unlisted	Unlisted
Date of Issue	September 10, 2024	May 30, 2024	November 26, 2021	March 30, 2022
Date of redemption	September 30, 2025 December 31 2025 March 31, 2026 June 30, 2026 September 30, 2026	May 28, 2027	December 31, 2023 December 31, 2024	March 13, 2025
Balance outstanding as at March 31, 2025	989.04	2,936.22	-	-
Balance outstanding as at March 31, 2024	-	-	116.67	350.26

(ii) Terms of repayment schedule

Particulars	As at March 31, 2025	As at March 31, 2024
Interest Rate Range (%)		
Less than 1year	9.14%-10.50%	8.90%-11.35%
1-3 years	9.14%-10.50%	-
Carrying amount		
Less than 1 year	677.85	466.93
1-3 years	3,247.41	-

Notes:
(i) Redeemable Non-Convertible Debentures are repayable in tranches/bullet payments.
(ii) All Non convertible debentures are redeemable at par. All the debentures are privately placed.
(iii) No non convertible debentures is guaranteed by the directors and/or other
(iv) There are no defaults as on balance sheet date in repayment of debt security and interest thereon.
(v) Redeemable Non-Convertible Debentures are secured by pari-passu charge by hypothecation of standard business receivables.

B. Term Loans, bank overdrafts, working capital demand loans

Term Loans, overdrafts and working capital demand loans of Group are secured by pari passu charge by way of hypothecation on moveable assets , current assets and fixed deposits.

Particulars	As at March 31, 2025	As at March 31, 2024
(i) Term loan from banks:		
Interest rate range (%)		
Less than 1 year	8.45% - 11.00%	9.35% - 10.70%
1-3 years	8.45% - 11.00%	9.35% - 10.70%
3 - 5 years		9.55%
Carrying amount		
Less than 1 year	13,736.97	5,002.31
1-3 years	6,774.99	9,487.61
3 - 5 years	21.61	2,962.64
More than 5 years	2.66	-
(ii) Term loan from other parties (NBFC):		
Interest rate range (%)		
Less than 1 year	10.00% - 11.10%	10.00%
1-3 years	10.30% - 11.10%	10.00%
Carrying amount		
Less than 1 year	3,327.59	1,176.09
1-3 years	404.40	187.50
(iii) Bank overdrafts:		
Interest rate range (%)		
Less than 1 year	7.04% to 10.35%	5.75% - 10.30%
Carrying amount		
Less than 1 year	3,813.13	2,149.30

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

(iv) **Working Capital demand loans:**

Interest rate range (%)		
Less than 1 year	9.10% to 10.68%	6.50% - 10.45%
Carrying amount		
Less than 1 year	2,999.92	3,935.99

Notes:

(i) The above Carrying amount represents the principal repayments. Interest accrued and EIR adjustment
(ii) The above loans have both types of rate of interest i.e. fixed and floating

C. Commercial paper:

Details of commercial paper is as follows:

For March 31, 2025

Particulars	Face value	ISIN No.	Rate of Interest	Issue rating	Date of Issue	Repayable Date
Commercial Paper - Citi Bank	2,300.00	INE0CLA14073	10.11%	CRISIL A1+	12-Nov-24	08-Sep-25
Commercial Paper - Citi Bank	1,000.00	INE0CLA14081	10.11%	CRISIL A1+	28-Mar-25	06-Aug-25

For March 31, 2024

Particulars	Face value	ISIN No.	Rate of Interest	Issue rating	Date of Issue	Repayable Date
Commercial Paper - Citi Bank	2,300.00	INE0CLA14040	8.92%	CRISIL A1+	30-Oct-23	29-Oct-24
Commercial Paper - Citi Bank	650.00	INE0CLA14057	9.50%	CRISIL A1+	27-Mar-24	26-Mar-25
Commercial Paper - Citi Bank	285.00	INE0CLA14065	9.50%	CRISIL A1+	28-Mar-24	27-May-24

Notes:
(i) No borrowings is guaranteed by the directors and/or others.
(ii) The Group has submitted the quarterly returns and statements of current assets filed by the group with Banks or financial institutions in agreement with its books of accounts.
(iii) The borrowings obtained by the Group from banks and financial institutions have been applied for the purposes for which such loans were was taken.

20 Lease liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Non-current		
Lease liabilities	720.25	764.62
Total (A)	720.25	764.62
Current		
Lease liabilities	227.28	202.24
Total (B)	227.28	202.24
Total (A+ B)	947.53	966.86

A. The following is the carrying value of lease liability and movement thereof during the year ended March 31, 2025

Particulars	Amount
As at April 01, 2023	701.97
Additions during the year	452.06
Finance cost accrued during the year	97.17
Deletions during the year	(17.70)
Payment of lease liabilities	(266.64)
As at March 31, 2024	966.86
Additions during the year	32.77
Business acquisition	160.27
Finance cost accrued during the year	88.42
Deletions during the year	(6.29)
Payment of lease liabilities	(294.50)
As at March 31, 2025	947.53

21 Provisions

Particulars	As at March 31, 2025	As at March 31, 2024
Non-current		
Provisions for gratuity (Refer Note 37)	225.23	133.14
Provisions for compensated absences	122.66	125.83
Provision for long term employee benefit	18.18	-
Provision for Onerous Contract	5.80	-
Total (A)	371.87	258.97
Current		
Provisions for gratuity (Refer Note 37)	53.40	37.64
Provisions for compensated absences	42.91	47.50
Total (B)	96.31	85.14
Total (A+B)	468.18	344.11

22 Other liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Current		
Statutory liabilities	728.65	381.07
Employee benefits payable	866.79	356.25
Other liabilities	34.42	4.50
Total	1,629.86	741.82

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

23 Trade payables

Particulars	As at March 31, 2025	As at March 31, 2024
Trade payables		
- total outstanding dues of micro enterprises and small enterprises and	83.19	13.12
- total outstanding dues of creditors other than micro enterprises and small enterprises	2,646.14	1,932.45
Total	2,729.33	1,945.57

Notes:

(i) Trade payables are non-interest bearing and are normally settled in 30-60 days.
(ii) For explanations on the Group's credit risk management processes (Refer Note 44)
(iii) Refer Note 41 for related party balances.

Ageing of trade payables

As at March 31, 2025

Particulars	Unbilled	Not Due	From the due date of payment				
			Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade payables							
Micro enterprises and small enterprises	38.14	18.86	21.49	1.11	3.60	-	83.19
Other than micro enterprises and small enterprises	1,774.73	164.83	646.11	59.69	0.02	0.76	2,646.14
Disputed trade payables							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	1,812.86	183.69	667.59	60.80	3.62	0.76	2,729.33

As at March 31, 2024

Particulars	Unbilled	Not Due	From the due date of payment				
			Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade payables							
Micro enterprises and small enterprises	-	3.17	6.31	3.64	-	-	13.12
Other than micro enterprises and small enterprises	1,487.19	50.08	297.37	75.32	19.13	3.36	1,932.45
Disputed trade payables							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	1,487.19	53.25	303.68	78.96	19.13	3.36	1,945.57

24 Other financial liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Non-current		
Employee stock options plan payable*	133.74	366.72
Put option liability	3,743.00	-
Total (A)	3,876.74	366.72
Current		
Security deposits received from merchant	493.55	632.37
Employee stock options plan payable*	956.93	1,589.66
Chargeback payable	-	251.05
Payable to merchants**	26,197.44	749.01
Customer repayment liability	16.87	12.89
Amount refundable to consumers***	182.77	171.45
Management service charge****	-	585.69
Merchant balance held in bank	235.83	321.01
Cashback payable	-	18.65
Collection payable on account of assigned loans	104.92	117.47
Payable for acquisition of subsidiary	6,142.00	-
Provisions for default loss guarantee (DLG) (refer note (i) below)	284.40	114.85
Others	111.57	162.44
Total (B)	34,736.28	4,726.54
Total (A+B)	38,613.02	5,093.26

(i) **Default Loss Guarantee (DLG) provision**
The Group has service agreement with its customers, whereby the group agrees to compensate its customers for any deficiency in its collection services (Default Loss Guarantee (DLG)) up to mutually agreed limits. The total amount of DLG exposure outstanding as at the period end is as follows:

Particulars	As at March 31, 2025	As at March 31, 2024
DLG exposure outstanding as at the year end	212.38	512.79
	212.38	512.79

The Group has also placed deposits with banks which have been lien marked in favour of its clients as a security against its contractual obligations. These deposits have been disclosed as "Lien marked" under cash and bank balances.
The Group accounts for the fair value of guarantee in such cases determined based on the probability of default which is based on historical default rate and expectations of future conditions as a provision at year end. The movement of DLG provision is as follows:

Movement in Default Loss Guarantee (DLG) provisions is as follows:

Description	DLG provision
As at April 01, 2023	198.50
Additional provisions recognised	404.00
Utilization during the year	(487.65)
As at March 31, 2024	114.85
Additional provisions recognised	352.01
Utilization during the year	(182.46)
As at March 31, 2025	284.40

* Employee stock options plan payable represents amount payable to employees on account of share appreciation rights.
** During the year the Group has transitioned from operating Nodal accounts to operating Escrow Accounts as per the Payment Aggregators and Payment Gateways regulations. Accordingly, the merchant liability being amount pending to be paid to merchant for successful online transaction completed by the customer of the merchant has been recognized as a financial liability.

The Group has also chargebacks claims made by the end user via its issuing bank. The potential chargeback payable is recognized based on the expected outflows on such claims. Till previous year these potential outflows were recognized as a financial liability. In current year these have been included as part of the merchant balances in "Amount payable to merchant" balance above.
*** This represents the amount lying under citrus wallet.
**** Refer Note 41 for related party balances.

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
25 Revenue from contracts with customers		
A. Sale of service		
- Revenue from Digital payment services	39,274.05	34,128.85
- Revenue from Digital Financial Services	11,964.61	7,221.02
- Revenue from Authentication services	2,002.63	2,196.37
B. Other operating revenue	2,388.50	1,727.63
Total revenue covered under Ind-AS 115	**55,629.79**	**45,273.87**

Disaggregated details of revenue:

The disaggregation of the Group's revenues from contracts with customers is given below:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
A. Sale of service		
(i) Revenue from Digital payment services		
Payment Gateway Commision	38,682.26	33,490.94
Others	591.79	637.91
Total	**39,274.05**	**34,128.85**
(ii) Revenue from Digital Financial Services		
Interest income on loans	10,420.65	5,475.63
Service and Fee income	1,303.06	1,012.57
Commission income	240.90	248.59
Assignment of loans	-	484.23
Total	**11,964.61**	**7,221.02**
(iii) Revenue from Digital Authentication services		
Transaction based revenue	1,546.52	1,696.13
Software development and support services	456.11	265.54
Others	-	234.70
Total	**2,002.63**	**2,196.37**
Total (A)	**53,241.29**	**43,546.24**
B. Other operating revenue		
First loss default guarantee (FLDG) income	1,247.78	450.44
Other operating revenue	1,140.72	1,277.19
Total (B)	**2,388.50**	**1,727.63**
Revenue from operations (A+B)	**55,629.79**	**45,273.87**

Notes:

(i) Geographical disaggregation

In the following tables, revenue is disaggregated by geography:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Within India	54,418.60	44,597.39
Outside India	1,211.19	676.47
Total	**55,629.79**	**45,273.86**

(ii) Unsatisfied performance obligation

The following table shows unsatisfied performance obligations resulting from fixed-price long-term contracts:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied as at reporting date	1,157.97	109.28
Management expects that the transaction price allocated to the unsatisfied contracts will be recognised as revenue		
- during the next reporting year	914.08	109.28
- Remaining there after	243.89	-

As permitted under Ind AS 115, the transaction price allocated to these unsatisfied contracts which are for periods of one year or less or are billed based on time incurred are not disclosed.

(iii) Timing of revenue recognition

Revenue from Payment gateway comission, interest income on loans, comission income and other operating revenue are recognised to the customers at a point in time, whereas revenue from software development and support services and service and fee income is recognised over a period of time.

(iv) The Group has determined that its contracts with customers do not contain a significant financing component and variable consideration, and therefore the related disclosures have not been given.

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

26 Other income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest income on		
- Bank deposits	126.62	109.23
- Security deposits	8.98	6.62
- Income tax refund	40.60	56.83
- Loans	0.00	0.01
Provision no longer required written back	3.11	3.64
Liability written back	1.37	2.55
Gain on disposal of property, plant and equipment (net)	3.07	1.32
Miscellaneous income	151.59	299.76
Total	**335.34**	**479.96**

27 Cost of services

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Digital Payment services		
Payment gateway cost	33,870.44	29,357.56
Data centre charges	20.21	8.59
Service fee and commission expense	3,079.13	817.50
Other cost of services	16.96	68.46
Digital Financial services		
Interest on borrowings for finance business	3,262.02	1,549.63
Loan processing and verification charges	101.17	126.85
Sales support expenses	645.85	768.85
Collection and repayment expenses	767.84	451.89
Loss on foreclosure charges	46.15	-
First loss default guarantee (FLDG) expenses	352.01	403.99
Digital Authentication services		
SMS charges	115.39	214.57
Software licence and hosting fee	52.88	46.09
Software subscription charges	62.10	122.66
Total	**42,392.17**	**33,936.64**

28 Employee benefits expense

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries, wages and bonus (Refer note 37)	6,142.66	5,518.94
Contribution to provident and other funds	248.28	231.41
Compensated absences	42.99	63.66
Gratuity expenses (Refer note 37)	58.47	66.22
Share based payment expense (Refer note 38)	1,401.37	1,516.52
Cash settled share based compensation remeasurement*	(1,327.81)	(354.40)
Staff welfare expenses	110.24	93.50
Total	**6,676.20**	**7,135.85**

*Pertains to fair value measurement of SARs

29 Finance costs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest on :		
-Financial liabilities measured at amortised cost		
- Lease liabilities	88.42	97.17
- Others	3.56	11.78
Total	**91.98**	**108.95**

30 Depreciation and amortisation expense

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation on property, plant and equipment (Refer note 3)	80.90	47.10
Depreciation on right-of-use assets (Refer note 4)	235.22	236.70
Amortisation of intangible assets (Refer note 5)	56.31	51.38
Total	**372.43**	**335.18**

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

31 Impairment allowance and write-off of financial assets

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Impairment loss on loans and receivables		
Change in Expected credit loss allowance	1,023.24	833.18
Written off *	3,502.59	1,936.87
Total (A)	**4,525.83**	**2,770.05**
Impairment allowance on other financial assets		
Expected credit loss		
Trade receivables	93.14	58.94
Excess interest receivable	-	7.01
Other receivables	-	4.88
Written off		
Trade receivable written off	-	27.13
Total (B)	**93.14**	**97.96**
Total (A+B)	**4,618.97**	**2,868.00**

Notes:

* The group in accordance with its policy has written off loan assets (net off recovery of INR 293.19) amounting to INR 3,350.93 (March 31, 2024: INR 1,365.81) which are overdue for more than 180 days and consumer receivables (net off recovery of INR 58.77) amounting to INR 202.76 (March 31, 2024: INR 445.40) which are overdue for more than 90 days.

32 Other expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Marketing and promotional expenses	252.27	184.72
IT and related costs	593.90	357.35
Legal and professional expenses	766.43	879.34
Management Fees (refer note 41)	549.73	484.28
Hosting and bandwidth expense	889.59	832.32
Rates, taxes and fees	45.61	115.53
Provision for chargeback	73.20	134.96
Travelling and conveyance	162.62	137.45
Office maintenance	297.48	351.83
Auditors remuneration	55.34	43.98
Communication	17.47	16.23
CSR Expenditure	2.24	3.17
Bank charges	13.36	14.24
Power and Fuel	27.62	25.05
Insurance	15.19	10.04
Foreign exchange loss/(gain)	81.37	38.70
License Fees - Thought Machine	128.96	186.75
Rent	221.55	170.35
Repairs & maintenance	11.09	59.78
Software Development Expense	3.27	-
Director sitting fees and commision	54.62	0.68
Miscellaneous expenses	47.14	20.49
Total	**4,310.05**	**4,067.24**

Note: Payment to auditors

- Statutory audit fees	38.59	22.62
- Group audit fees	6.36	6.70
- Fees for other services	6.72	12.22
- Reimbursement of expenses	1.94	0.10
Total	**53.61**	**41.64**

33 Exceptional Item

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Employee benefit expense*	-	(36.54)
Total	-	**(36.54)**

* These costs pertain to expenses incurred in the process of rightsizing as part of a restructuring program aimed at optimizing the utilization of the workforce.

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

34 Tax expense

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Current tax expense*	(7.76)	1,412.16
Deferred tax expense / (benefit)	(8.27)	148.38
Total	**(16.03)**	**1,560.54**

* One of the subsidiary of the group, Wibmo Inc has paid taxes amounting to INR 1,393.41 in USA jurisdiction on account of transfer of PayU Digital Labs Private Limited (Formerly known as Enstage Software Private Limited) by Wibmo Inc to MIH Payments Holdings B.V. pursuant to change in shareholding structure during FY 2023-24.

The Income tax expense for the year can be reconciled to the accounting profit as follows:

Loss before tax	(2,496.67)	(2,734.57)
Income tax using the Company's domestic tax rate*	25.17%	25.17%
Expected tax income	**(623.18)**	**(682.98)**
Tax effects of amounts which are deductible for taxable income	(259.09)	(612.58)
Tax related to expenses not deductible for income tax	588.62	410.13
Losses and unabsorbed depreciation on which deferred tax not recognised	396.16	1,253.90
Other temporary difference on which deferred tax not recognised	(38.92)	(15.97)
Effect of current tax related to earlier years	1.18	-
Tax effect of higher tax rate in different jurisdiction	-	(5.33)
Tax on capital gain recognised	-	1,393.41
Reversal of deferred tax asset	-	148.38
Others		
Other items	(80.80)	(324.87)
Depreciation and amortisation on PPE and intangbles	-	(3.55)
Income tax recognized in the statement of Profit or Loss	**(16.03)**	**1,560.54**

Deferred tax

(i) The balance comprises temporary differences attributable to:

Partiiculars	March 31, 2025	March 31, 2024
Deferred tax asset		
Provision for employee benefits	121.39	74.63
Share based payments	277.05	478.00
Provision for first loss default guarantee (FLDG)	71.58	28.91
Security deposit	3.52	0.66
Loss allowance on financial assets	153.19	513.30
Provision for chargeback	86.35	63.20
Provision for impairment of investments	9,169.43	268.75
Lease liability	238.88	243.35
Revenue adjustment-ICDS impact	6.16	17.97
Net foreign exchange differences (unrealised)	(1.15)	0.38
Processing fee defer	164.86	-
Deferred Revenue	1.56	3.08
Other items	-	0.50
Carry forward tax losses	4,565.84	4,861.14
Total deferred tax asset (A)	**14,858.66**	**6,553.87**
Deferred tax liability		
Property, plant and equipment and Intangibles	77.83	84.66
Right of use asset (ROU)	210.44	228.15
Customer acquisition cost	172.43	36.60
Receivable on account of FLDG	-	94.20
State deferred tax credit	36.61	36.61
Fair value of intangibles acquired	752.27	-
Unamortized processing fee - borrowing	36.81	17.88
Excess Interest receivable	44.67	116.32
Total deferred tax liabilty (B)	**1,331.06**	**614.42**
Deferred tax asset (net) [A-B]	**13,527.60**	**5,939.45**
Deferred tax asset restricted to deferred tax liability (C)	**1,331.06**	**614.42**
Deferred tax asset recognized	**120.63**	-
Deferred tax liability recognized	**752.27**	-

Note:

1. The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the resultant deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

2. Group has not recognized a net deferred tax asset on account of uncertainty on availability of future taxable profits which can be utilized against these brought forward tax losses. Further, allowability of brought forward tax losses of company may be scrutinized by tax authorities in future.

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

(ii) **Unused tax losses on which no deferred tax asset is recognised in Balance sheet**

	March 31, 2025	March 31, 2024
Unused tax losses	14,073.51	15,143.52
Tax impact on unused tax losses	3,542.02	3,811.32
Unused depreciation allowance	7,081.91	4,170.54
Tax impact on unused depreciation allowance	1,782.38	1,049.64

Note:
The Group has tax losses which arose in India (except in case of Wibmo) and that are available for offsetting for eight years against future taxable profits of the Group in which the losses arose. The Group also has unused depreciation allowance which arose in India (except in case of Wibmo) and which is available for offsetting for indefinite period against future taxable profits of the Group in which the losses arose.

The aforesaid tax losses and unabsorbed depreciation will lapse in the subsequent years as follows :

	March 31, 2025	March 31, 2024
Within 0-5 years	4,966.27	6,175.58
From 5-10 years	9,107.24	8,967.94
Unlimited	7,081.91	4,170.54

35 **Components of Other Comprehensive Income (OCI)**

	Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
A.	**Items that will be reclassified to profit or loss**		
	Exchange differences on translation of foreign operations	(8.86)	(23.89)
B.	**Items that will not be reclassified to profit or loss**		
	Remeasurements of the defined benefit plans	2.74	21.38
	Financial asset measured at FVTOCI	-	-
	Total	**(6.12)**	**(2.51)**

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

	Particulars	For the year March 31, 2025	For the year ended March 31, 2024
36	**Earnings per equity share**		
	Face value per share	10	10
	Profit/(Loss) attributable to the equity shareholders (A)	(2,480.64)	(4,295.11)
	Weighted average number of equity shares for calculation of basic earnings per share (B)	3,06,98,85,204	2,87,52,79,218
	Weighted average number of equity shares for calculation of diluted earnings per share (C)	3,06,98,85,204	2,87,52,79,218
	Basic Earnings per share (A/B)	(0.81)	(1.49)
	Diluted Earnings per share (A/C)	(0.81)	(1.49)

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

37 Employee benefits

(a) Defined contribution plans
The Group pays provident fund contributions to the Regional Provident Fund Commissioner as per the 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 are recognised as employee benefits expense when they are due.

The Group has recognised the following amounts for Employer's contributions to the Provident Fund, Employee State Insurance, National Pension Scheme and Labour Welfare Fund contribution in the Restated Consolidated Statement of Profit and Loss. The contributions payable to the plan by the Group is at the rate specified in rules to the scheme.

The Group has recognized the following amounts in the Consolidated Statement of Profit and Loss:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Contributions to provident fund	247.68	230.83
Other funds	0.60	0.58

(b) Defined benefit plans - Gratuity

The Group provides for gratuity for employees as per Payment of Gratuity Act, 1972 as amended. Employees who are in continuous service for 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month proportionately for 15 days salary multiplied for number of completed years of service. The gratuity scheme covers substantially all regular employees. Commitments are actuarially determined at year-end. Gains and losses of changed actuarial assumptions are charged to Other comprehensive income.

A. Gratuity is a defined benefit plan and Group is exposed to the following risks:

(i) Interest rate risk:
A fall in the discount rate which is linked to the Government Security Rate will increase the present value of the liability requiring higher provision.

(ii) Salary Risk:
The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

(iii) Asset Liability Matching Risk:
The plan faces the ALM risk as to the matching cash flow. Group has to manage pay-out based on pay as you go basis from own funds.

(iv) Mortality risk:
Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity.

B. Actuarial Assumptions

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Discount rate	6.60% - 6.92%	6.90% - 7.13%
Salary escalation rate	6.00% - 8.00%	8.00%
Expected future working life	25.44 - 30.18	1.11 - 30.98
Mortality table	100% of IALM (2012 - 14)	100% IALM (2012-2014)
Withdrawal rates (In %age) :		
Up to 30 years	22% - 57%	5% - 52%
From 31 to 44 years	22% - 57%	5% - 52%
Above 44 years	22% - 57%	5% - 52%
Retirement age	60 years	60 years

C. The following tables summarises the components of net benefit expense/ income recognised in the Consolidated Statement of Profit and Loss, Consolidated Other Comprehensive Income and amounts recognised in the Consolidated Balance Sheet :

(i) Changes in defined benefit obligation

Particulars	As at March 31, 2025	As at March 31, 2024
Defined benefit obligation at the beginning of the year	196.16	171.25
Acquisition adjustment	90.08	-
Interest cost	13.89	12.45
Past service cost	-	(4.54)
Current service cost	46.40	59.93
Benefit paid directly by the Group	(37.96)	(23.25)
Actuarial (gain) /loss	(2.77)	(19.69)
Defined benefit obligation at the end of the year	**305.80**	**196.16**

(ii) Changes in the fair value of plan assets

Particulars	As at March 31, 2025	As at March 31, 2024
Fair Value of plan assets at the beginning of the year	25.38	22.06
Expected Interest Income	1.81	1.62
Actuarial gain /(loss)	(0.03)	1.70
Fair value of plan assets at the end of the year	**27.16**	**25.38**

(iii) Bifurcation of present benefit obligation (PBO) at the end of year in current and non current provisions

Particulars	As at March 31, 2025	As at March 31, 2024
Current	53.40	37.64
Non-current	225.23	133.14
Total PBO at the end of year	**278.63**	**170.78**

(iv) Amount included in the Consolidated Balance Sheet arising in respect of its defined benefit obligation/plans

Particulars	As at March 31, 2025	As at March 31, 2024
Present value of defined benefit obligation/ plans	305.79	196.16
Fair value of plan assets	27.16	25.37
Net defined benefit obligation	**278.63**	**170.79**

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

(v) Amount recognised in the Consolidated Statement of Profit and Loss

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Current service cost	46.40	59.94
Past service cost	-	(4.54)
Interest cost	13.88	12.45
Actual return on plan assets	(1.81)	(1.63)
Expenses recognized in the Consolidated Statement of Profit and Loss	58.47	66.22

(vi) Amount recognised in the Consolidated Other Comprehensive Income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Return on plan assets, excluding amounts included in interest (expense)/income	(0.03)	1.70
Gain/(loss) from change in demographic assumptions	1.81	7.80
Gain/(loss) from change in financial assumptions	10.14	2.96
Experience gains/(losses)	(9.18)	8.92
Total amount recognised in other comprehensive income	2.74	21.38

(vii) Sensitivity analysis for the defined benefit obligations*

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Impact of change in discount rate		
Present value of obligation at the end of the year	305.80	196.16
- Impact due to increase in 0.50% - 1%	(8.42)	(4.12)
- Impact due to decrease in 0.50% - 1%	9.10	4.22
Impact of the change in salary increase		
Present value of obligation at the end of the year	305.80	196.16
- Impact due to increase in 0.50% - 1%	7.28	3.96
- Impact due to decrease in 0.50% - 1%	(7.03)	(3.91)

*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 Consolidated Balance Sheet.

(viii) The expected maturity analysis of gratuity is as follows:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Within the next 12 months	53.79	37.64
Between 2 and 5 years	159.44	104.33
Between 5 and 10 years	92.57	60.26
Total Expected Payments	305.80	202.23

(ix) Average duration of defined benefit obligations

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Average duration of defined benefit obligations	1.31 - 3.62	1.83 - 14.35

(x) The major categories of plans assets are as follows:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Funds managed by Insurer	27.16	25.38
Total	27.16	25.38

The group has invested during the year ended March 31, 2022 in gratuity funds which is administered through Life Insurance Corporation of India.

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

38 Share based payments

Naspers Limited ('Naspers') has offered certain employees of the Company various equity compensation plans. 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').

All awards are granted subject to the completion of a requisite service (vesting) period by employees, ranging from one year to four years. Unvested awards are subject to forfeiture on termination of employment. Vesting takes place in tranches depending on the duration of the total vesting period.

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 or its subsidiaries equity instruments on the vesting date.

The group share trusts hold Naspers shares or its subsidiaries equity instruments (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. This Plan has been discontuined in financial year 2024.

a) Changes in options during the year

Particulars	March 31, 2025		March 31, 2024	
	Number of options	Weighted average exercise price (ZAR)	Number of options	Weighted average exercise price (ZAR)
Balance at the beginning of the year	-	-	162	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	(162)	-
Expired during the year	-	-	-	-
Balance at the end of the year	-	-	-	-

B. MIH Fintech Holdings SAR Plan (Global Payments)

Under the MIH Fintech Holdings BV Share Appreciation Rights ('SAR') Scheme, no more than 2.5% of the total number of ordinary shares is available for issue. SARs may be granted with an exercise price of not less than 100% of the fair value of the SARs at the time of the grant. This plan is classified as cash-settled. All offers vest equally over four years. SAR offers expire after 10 years from date of grant for any SAR granted issued prior to 19 April 2022 and 6 years from the date of grant for any SAR Granted on or after 19 April 2022.

During the previous year MIH Fintech Holdings BV SAR plan and MIH Payments Holdings BV SAR Plan (2022) have been merged as one plan namely MIH Fintech Holdings SAR Plan (Global Payments).

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 inputs and assumptions:

	March 31 2025	March 31 2024
Weighted average fair value at measurement date (in US$)	-	3.75
Weighted average share price (in US$)	-	9.83
Weighted average exercise price (in US$)	-	10.63
Weighted average expected volatility (in %), determined using historical annual company valuations.	-	46.40%
Weighted average option life (in years)	-	6.01
Weighted average dividend yield (in %)	-	0.00%
Weighted average risk-free interest rate (in %), based on zero rate bond yield	-	4.08%
Weighted average sub-optimal rate (in %)	-	180%
Weighted average vesting period (in years)	-	2.50

b) Changes in SAR during the year:

Particulars	March 31, 2025		March 31, 2024	
	Number of options	Weighted average exercise price (USD)	Number of options	Weighted average exercise price (USD)
Balance at the beginning of the year	4,60,693	59.65	6,27,444	54.59
Granted during the year	-	-	65,851	10.63
Movements (In/Out)	18,551	120.45	(3,332)	(63.16)
Forfeited/cancelled during the year	(2,21,772)	23.23	(2,01,806)	22.95
Exercised during the year	(67,293)	62.01	(1,29,459)	33.95
Reinstatement	347	140.26	1,01,995	13.14
Expired during the year	-	-	-	-
Balance at the end of the year	**1,90,526**	**96.80**	**4,60,693**	**59.65**
Vested and exercisable	1,62,309	99.71	2,20,576	81.75

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

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

As on March 31, 2025 Exercise prices (in US$)	SARs outstanding			SARs currently available	
	Number outstanding at 31 March 2025	Weighted average remaining contractual life (years)	Weighted average exercise price (in US$)	Exercisable at 31 March 2025	Weighted average exercise price (in US$)
10.01	11,106	3.24	10.01	3,702	10.01
10.63	7,056	4.25	10.63	1,764	10.63
10.70	1,531	6.91	10.70	1,146	10.70
40.63	684	0.47	40.63	684	40.63
40.92	1,595	1.42	40.92	1,595	40.92
58.44	590	2.24	58.44	590	58.44
75.16	1,083	3.24	75.16	1,083	75.16
82.86	44,703	5.48 - 5.62	82.86	44,703	82.86
95.18	62,339	4.31 - 4.65	95.18	62,339	95.18
140.26	59,839	6.23 - 6.45	140.26	44,703	140.26
	1,90,526		**96.80**	**1,62,309**	**99.71**

As on March 31, 2024 Exercise prices (in US$)	SARs outstanding			SARs currently available	
	Number outstanding at 31 March 2024	Weighted average remaining contractual life (years)	Weighted average exercise price (in US$)	Exercisable at 31 March 2024	Weighted average exercise price (in US$)
6.54	20,338	6.48	6.54	-	-
10.01	85,554	4.25	10.01	21,388	10.01
10.61	47,198	7.23	10.61	23,598	10.61
10.63	65,851	5.25	10.63	-	-
10.70	1,531	7.92	10.70	764	10.70
40.63	875	1.47	40.63	875	40.63
40.92	1,595	2.42	40.92	1,595	40.92
58.44	1,279	3.24	58.44	1,279	58.44
75.16	1,467	4.25	75.16	1,467	75.16
82.86	78,707	6.48 - 6.63	82.86	53,283	82.86
95.18	76,694	5.25 - 5.69	95.18	76,694	95.18
140.26	79,604	7.23 - 7.42	140.26	39,633	140.26
	4,60,693		**55.97**	**2,20,576**	**79.83**

C. MIH Payments Holdings SAR Plan (India Payments)

Under the MIH Payments Holdings SAR Plan (India Payments) , no more than 15% of the total number of ordinary shares is available for issue. SARs may be granted with an exercise price of not less than 100% of the fair value of the SARs at the time of the grant. This plan is classified as cash-settled. All offers vest equally over four years. SAR offers expire after 10 years from date of grant for any SAR granted issued prior to 19 April 2022 and 6 years from the date of grant for any SAR Granted on or after 19 April 2022.

During the previous year Naspers Fintech BV SAR Scheme ('Naspers Fintech') and PayU Global BV SAR Plan (2020) have been merged as one plan namely MIH Payments Holdings SAR Plan (India Payments).

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 inputs and assumptions:

	March 31 2025	March 31 2024
Weighted average fair value at measurement date (in US$)	12.32	32.90
Weighted average share price (in US$)	42.42	72.99
Weighted average exercise price (in US$)	72.99	87.62
Weighted average expected volatility (in %), determined using historical annual company valuations.	48.10%	42.04%
Weighted average option life (in years)	6.00	10.01
Weighted average dividend yield (in %)	0.00%	0.00%
Weighted average risk-free interest rate (in %), based on zero rate bond yield	4.08%	3.84%
Weighted average sub-optimal rate (in %)	180%	180%
Weighted average vesting period (in years)	2.50	2.52

b) Changes in SAR during the year:

Particulars	March 31, 2025		March 31, 2024	
	Number of options	Weighted average exercise price (USD)	Number of options	Weighted average exercise price (USD)
Balance at the beginning of the year	4,47,371	80.66	2,93,146	76.28
Granted during the year	6,17,795	72.99	1,76,584	87.62
Movements (In/Out)	-	-	6,591	76.61
Forfeited/cancelled during the year	(1,73,937)	77.71	(16,994)	78.97
Exercised during the year	(3,998)	72.89	(12,217)	76.13
Reinstatement	5,076	73.83	261	76.65
Expired during the year	-	-	-	-
Balance at the end of the year	**8,92,307**	**75.92**	**4,47,371**	**80.66**
Vested and exercisable	1,42,157	78.77	68,727	75.95

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

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

As on March 31, 2025 Exercise prices (in US$)	SARs outstanding			SARs currently available	
	Number outstanding at 31 March 2025	Weighted average remaining contractual life (years)	Weighted average exercise price (in US$)	Exercisable at 31 March 2025	Weighted average exercise price (in US$)
72.89	22,389	6.95	72.89	16,155	72.89
72.99	5,45,048	5.33 - 5.41	72.99	-	-
76.65	1,73,022	3.25	76.65	82,248	76.65
77.45	23,241	3.92	77.45	11,620	77.45
87.62	1,28,607	5.86 - 8.25	87.62	32,134	87.62
	8,92,307		**75.92**	**1,42,157**	**78.77**

As on March 31, 2024 Exercise prices (in US$)	SARs outstanding			SARs currently available	
	Number outstanding at 31 March 2024	Weighted average remaining contractual life (years)	Weighted average exercise price (in US$)	Exercisable at 31 March 2024	Weighted average exercise price (in US$)
72.89	31,435	7.96	72.89	14,935	72.89
76.65	2,20,034	4.25	76.65	47,982	76.65
77.45	23,241	4.92	77.45	5,810	77.45
87.62	1,72,661	5.93 - 9.25	87.62	-	-
	4,47,371		**80.66**	**68,727.00**	**75.90**

D. PROSUS RSU (EUR):

Prosus N.V Share Award Plan has been introduced during the previous 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 inputs and assumptions:

	March 31 2025	March 31 2024
Weighted average fair value at measurement date (in EUR)	33.23	53.92
Weighted average share price (in EUR)	33.23	53.92
Weighted average exercise price	0.00	0.00
Weighted average expected volatility (in %) - determined using historical daily share prices	0.01%	0.01%
Weighted average option life (in years)	10.00	10.01
Weighted average dividend yield (in %)	0%	0%
Weighted average risk-free interest rate (in %), based on zero rate bond yield	2.33%	2.44%
Weighted average annual sub-optimal rate (%)	180%	180%
Weighted average vesting period (years)	2.50	2.51

b) Changes in options during the year

Particulars	March 31, 2025		March 31, 2024	
	Number of options	Weighted average exercise price (EUR)	Number of options	Weighted average exercise price (EUR)
Balance at the beginning of the year	5,81,309	-	4,76,366	-
Movements (In/Out)	2,417	-	-	
Granted during the year	1,43,325	-	3,08,790	-
Forfeited/cancelled during the year	(1,31,580)	-	(90,527)	-
Exercised during the year	(1,68,217)	-	(1,19,680)	-
Reinstatement	7,519	-	6,360	-
Expired during the year	-	-	-	-
Balance at the end of the year	**4,34,773**	**-**	**5,81,309**	**-**

c) Share options outstanding at the end of the year

The share option outstanding at the end of year had remaining contractual life of 8.16 - 8.55 years (2024: 8.25 - 9.05 years)

E. 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. SARs may be granted with an exercise price of not less than 100% of the fair value of the SARs at the time of the grant. This plan is classified as cash-settled. All offers vest equally over four years. SAR offers expire after 10 years from date of offer.

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

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 inputs and assumptions:

	March 31 2025	March 31 2024
Weighted average fair value at measurement date (in US$)	-	8.89
Weighted average share price (in US$)	-	35.08
Weighted average exercise price (in US$)	-	56.97
Weighted average expected volatility (in %), determined using historical annual company valuations.	-	81.39%
Weighted average option life (in years)	-	6.01
Weighted average dividend yield (in %)	-	0
Weighted average risk-free interest rate (in %), based on zero rate bond yield	-	4.08%
Weighted average sub-optimal rate (in %)	-	180%
Weighted average vesting period (in years)	-	2.50

b) Changes in SAR during the year:

Particulars	March 31, 2025		March 31, 2024	
	Number of options	Weighted average exercise price (USD)	Number of options	Weighted average exercise price (USD)
Balance at the beginning of the year	1,82,474	37.21	6,83,942	36.77
Granted during the year			18,320	56.97
Movements (In/Out)	713	138.71	(82,383)	38.39
Forfeited/cancelled during the year	(30,879)	39.73	(2,11,525)	40.16
Exercised during the year	(40,991)	23.53	(2,33,528)	36.01
Reinstatement	-	-	7,648	32.10
Expired during the year	-	-	-	-
Balance at the end of the year	**1,11,317**	**41.56**	**1,82,474**	**37.21**
Vested and exercisable	56,716	37.16	45,030	28.45

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

As on March 31, 2025

Exercise prices (in US$)	SARs outstanding			SARs currently available	
	Number outstanding at 31 March 2025	Weighted average remaining contractual life (years)	Weighted average exercise price (in US$)	Exercisable at 31 March 2025	Weighted average exercise price (in US$)
23.53	18,225	5.48 - 5.53	23.53	18,225	23.53
39.57	32,650	6.23 - 6.54	39.57	19,082	39.57
45.92	48,708	3.25	45.92	16,477	45.92
56.97	11,734	4.25	56.97	2,932	56.97
	1,11,317		**41.56**	**56,716**	**37.16**

As on March 31, 2024

Exercise prices (in US$)	SARs outstanding			SARs currently available	
	Number outstanding at 31 March 2024	Weighted average remaining contractual life (years)	Weighted average exercise price (in US$)	Exercisable at 31 March 2024	Weighted average exercise price (in US$)
23.53	62,209	6.48 - 6.55	23.53	31,694	23.53
39.57	51,335	7.40 - 7.54	39.57	12,157	39.57
45.92	45,763	4.25	45.92	1,179	45.92
45.92	11,433	4.25	45.92	-	-
56.97	11,734	5.25	56.97	-	-
	1,82,474		**37.21**	**45,030**	**28.45**

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	2,12,864	5.26	76.65	-	-
	2,42,950		**76.18**	**7,411**	**72.89**

F. Red Dot Payment Pte Ltd SAR Plan

Under the Red Dot Payment Pte Ltd SAR Plan Scheme, no more than 20% of the companies issued/notional share capital is available for the plan. One-quarter vests after years one, two, three and four. The awards are settled in cash.

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

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 inputs and assumptions:

	March 31 2025	March 31 2024
Weighted average fair value at measurement date (in US$)	33.17	-
Weighted average share price (in US$)	125.59	-
Weighted average exercise price (in US$)	240.41	-
Weighted average expected volatility (in %), determined using historical annual company valuations.	48.10%	-
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	4.07%	-
Weighted average sub-optimal rate (in %)	180%	-
Weighted average vesting period (in years)	2.50	-

b) Changes in SAR during the year:

Particulars	March 31, 2025		March 31, 2024	
	Number of options	Weighted average exercise price (USD)	Number of options	Weighted average exercise price (USD)
Balance at the beginning of the year	-	-	-	-
Granted during the year	3,744	240.41	-	-
Movements (In/Out)	-	-	-	-
Forfeited/cancelled during the year	-	-	-	-
Exercised during the year	-	-	-	-
Reinstatement	-	-	-	-
Expired during the year	-	-	-	-
Balance at the end of the year	**3,744**	**240.41**	**-**	**-**
Vested and exercisable	-	-	-	-

c) Share options outstanding at the end of the year

As on March 31, 2025	SARs outstanding			SARs currently available	
Exercise prices (in US$)	Number outstanding at 31 March 2025	Weighted average remaining contractual life (years)	Weighted average exercise price (in US$)	Exercisable at 31 March 2025	Weighted average exercise price (in US$)
240.41	3,744	5.33	240.41	-	-

(This space has been left blank intentionally)

Amounts in INR millions, unless otherwise stated

39 Contingent Liability

Particulars	As at March 31, 2025	As at March 31, 2024
39.1 Claims against the Group not acknowledged as debts		
Other cases in Consumer forum/ district courts	327.33	49.90
Other bank disputes	109.10	163.27
Total	**436.43**	**213.17**

39.2 Other litigations with no significant impact

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.

40 Commitments

Particulars	As at March 31, 2025	As at March 31, 2024
- Property, plant and equipment	6.37	21.41
- Intangible assets	-	-
Total	**6.37**	**21.41**

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

41 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 are as below:

A. List of related parties

(i) Related parties where control exists

(i) Ultimate Parent Company	- Naspers Limited, South Africa
(ii) Parent Company	- MIH India (Mauritius) Limited (Till December 19, 2023) - MIH Payments Holding B.V. (From December 20, 2023)
(iii) Subsidiary Company	- PayU Innovation Private limited (Wholly-owned subsidiary) - PaySense Services India Private Limited (w.e.f. 14 December 2023) - PayU Finance India Private Limited (w.e.f. 14 December 2023) - PayU Digital Labs Private Limited (Formerly known as Enstage Software Private Limited) (w.e.f. 14 December 2023) - LazyPay Private Limited (w.e.f.- 14 December 2023) - Wibmo Inc. (w.e.f.- 04 December 2023) - Mindgate Solutions Private Limited (w.e.f.- 20 March 2025) - Mindgate Solutions FZ LLC (w.e.f.- 20 March 2025) - Mindgate PTE Limited (w.e.f.- 20 March 2025) - Mindgate Solutions, Inc (w.e.f.- 20 March 2025) - Mindgate Solutions (UK) Limited (w.e.f.- 20 March 2025)

(ii) Other related parties

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

- Aasaanjobs Private Limited
- Swiggy Limited (earlier known as "Bundl Technologies Private Limited")
- Dotpe Private Limited
- Finwizard Technology Pvt Ltd
- MIH Fintech Holdings BV
- PayU Global BV.
- iyzi Ödeme ve Elektronik Para Hizmetleri
- MIH PayU BV
- MIH Services FZ LLC
- Myriad Services B.V
- Ntex Transportation Services Private Limited
- OLX India Private Limited
- Paysense Pte. Ltd
- PayU Credit BV
- Prosus services BV
- Red Dot Payment Pte. Ltd
- Zooz Mobile Limited
- MIH Payments Holdings BV
- MIH Internet Holding B.V.
- Gobrisk Technologies Private Limited
- Fashnear Technologies Pvt Ltd. (Meesho)
- Similarweb Ltd
- Flat White Capital Private Limited
- Vastu Housing Finance Corporation Limited

(ii) Key management personnel

- Mr. Aakash Moondhra, Director till 30 September 2023
- Mr. Anirban Mukherjee, Executive Director and CEO
- Mr. Arvind Agarwal, Executive Director and CFO (w.e.f. 19 December 2022)
- Ms. Anuradha Aggarwal, Company secretary (Upto August 27, 2024)
- Ms. Dimple Mehta, Company Secretary (w.e.f. August 28, 2024)
- Mr. Gautam Ujwal Thakar, Non-Executive Non-Independent Director w.e.f August 28, 2024
- Ms. Renu Sud Karnad, Independent Director w.e.f. 1 February 2024
- Mr. Jairaj Manohar Purandare, Independent Director w.e.f. 1 February 2024
- Mr. Johannes Bune, Non-Executive- Non-Independent Director w.e.f. 1 February 2024
- Mr. Laurent Dominique Le Moal, Non-Executive Non-Independent Director w.e.f. 6 February 2024
- Ms. Gopika Pant, Independent Director w.e.f. 27 February 2024
- Mr Subhash Sheoratan Mundra, Independent Director w.e.f. 13 May 2025
- Mr Ashutosh Sharma, Non-Executive Non-Independent Director w.e.f. 13 May 2025
- Mr Manoj Kumar Agarwal, Independent Director w.e.f. 13 May 2025

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

B. Details of transactions with related parties

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Issue of equity share capital		
- MIH Payments Holdings B.V.	15,912.39	77,443.08
- MIH India (Mauritius) Limited	-	428.34
Sale of services		
- Swiggy Limited (earlier known as "Bundl Technologies Private Limited")	451.65	256.28
- Finwizard Technology Pvt Ltd	0.00	0.02
- Dotpe Private Limited	9.35	7.71
- Gobrisk Technologies Private Limited	0.01	-
- Fashnear Technologies Pvt Ltd. (Meesho)	17.57	-
- OLX India Private Limited	-	7.16
- Paysense Pte. Ltd	-	54.10
- PayU Credit BV	-	1.33
Other income		
- MIH Fintech Holdings B.V.	-	228.42
- Zooz Mobile Limited	0.78	5.08
- Red Dot Payment Pte. Ltd	48.34	69.55
- MIH Services FZ LLC	17.14	-
- Flat White Capital Private Limited	0.02	-
- Prosus services BV	80.49	8.18
Interest Income		
- Vastu Housing Finance Corporation Limited	0.05	-
Cost of services		
- Zooz Mobile Limited	160.65	78.75
- Red Dot Payment Pte. Ltd	0.68	-
Commission Expense		
- Swiggy Limited (earlier known as "Bundl Technologies Pvt Ltd")	1.70	-
- Meesho Payments Private Limited	4.99	-
ESOP expenses		
- MIH Internet Holdings B.V.	-	69.68
Reimbursement by company towards settlement of stock options		
- Paysense Pte. Ltd	-	56.53
Advance towards Restricted Stock Units		
- MIH Internet Holdings B.V.	90.46	731.70
Finance cost		
- MIH India (Mauritius) Limited	-	6.95
Support services fee		
- PayU Credit BV	-	2.47
- MIH Payments Holdings B.V.	-	(1.26)
- Dotpe Private Limited	0.03	-
Management service charge		
- MIH Payments Holdings B.V.	548.74	437.18
- PayU Credit B.V.	-	42.95
IT and other costs		
- PayU Credit B.V.	-	6.98
- MIH Fintech Holdings BV	-	4.56
- MIH Payments Holdings BV	-	(2.19)
- Similarweb Ltd	3.38	-
Reimbursement of expense incurred by		
- MIH PayU BV	-	0.95
- Myriad Services B.V	1.87	1.63
- Prosus Services B.V	7.51	48.78
- MIH Fintech Holdings B.V.	59.61	26.89
- MIH Services FZ LLC	47.54	187.65
- MIH Payments Holdings B.V.	-	19.45
- Red Dot Payment Pte Ltd	42.91	15.64
Recovery of expenses incurred on behalf of		
- MIH Fintech Holdings BV	7.67	13.08
- Red Dot Payment Pte. Ltd	0.07	2.95
- PayU Global BV.	3.82	-
- MIH Services FZ LLC	0.07	-
- Prosus Services B.V	1.60	-
- iyzi Ödeme ve Elektronik Para Hizmetleri	0.06	-
- MIH Payments Holdings BV	0.35	-
Transactions with key management personnel *		
- Short term employee benefits	99.95	86.19
- Share based payments	154.56	8.17
- Director sitting fees	54.62	0.40

*Gratuity and leave encashment amounts accrued attributable to key management personnel cannot be separately determined as the actuarial valuations have been performed by an independent actuary at the Company level and hence not included in transactions above.

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

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

Particulars	As at March 31, 2025	As at March 31, 2024
Other receivables		
- Prosus Services B.V	0.16	8.18
- Zooz Mobile Limited	-	1.19
- MIH Fintech Holdings B.V.	-	125.69
- Swiggy Limited (earlier known as "Bundl Technologies Pvt Ltd")	-	29.06
- MIH Services FZ LLC	17.14	-
-PayU Fintech Investments BV	-	0.04
- Red Dot Payment Pte. Ltd	9.54	69.55
- PayU Fintech Investments BV	-	0.04
- Vastu Housing Finance Corporation Limited	0.05	-
Direct Assignment loan Asset		
- Vastu Housing Finance Corporation Limited	179.71	-
Trade receivables		
- MIH Payments Holdings BV	0.10	-
- Swiggy Limited (earlier known as "Bundl Technologies Pvt Ltd")	0.52	-
Other current assets		
- Red Dot Payment Pte Ltd	2.42	-
Trade payables		
- MIH PayU B.V.	-	0.39
- MIH Services FZ LLC	2.34	3.01
- MIH Payments Holdings B.V.	153.28	152.33
- MIH Fintech Holdings B.V.	13.55	9.98
- Prosus Services B.V	2.19	-
- PayU Payments Solutions (Pty) Ltd	-	2.76
- MIH Internet Holdings B.V.	3.51	85.77
- Red Dot Payment Pte Ltd	4.90	3.35
Other financial liabilities		
- Prosus Services B.V	-	14.37
- MIH Fintech holdings B.V.	-	23.13
- MIH Services FZ LLC	-	84.12
- MIH Payments Holdings B.V.	-	163.05
-MIH Payu BV	-	0.39
- Zooz Mobile Ltd	-	42.02
- Swiggy Limited (earlier known as "Bundl Technologies Pvt Ltd")	33.86	-
- Meesho Payments Private Limited	3.88	-

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

42 Segment Reporting

a) Description of segments and principal activities

i) Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Group to make decisions for performance assessment, resource allocation and for which information is available discretely. The reporting of segment information is the same as provided to the management for the purpose of the performance

ii) The group has formed an executive committee (comprising of the CEO and CFO) which would assume the primary responsibility around key operating decisions and resource allocations and accordingly designated it as its CODM and has identified two reportable segments of its business.

iii) The reportable segments of the Group comprise of the following:

Segment	Description of activity
Digital Payment Services	This part of Business comprises of the following services which is monitored by the committee separately:- 1) Payment gateway services for E-commerce transactions; 2) Web-Technologies and consultancy services addressed to business process engineering and Information Technology; 3) Risk-based authentication and payment security related services; 4) Fraud risk identification, predominantly on India.
Digital Financial Services	This part of Business comprises the following services which is monitored by the committee separately:- 1) Lending credit by way of personal loan and deferred credit facility for short term duration on the basis of the the internal business reporting systems; 2) Finance related technology services to the third party customers; 3) Financing through Buy now pay later (BNPL) services.
Corporate Segment	This segment comprises entities providing various corporate functions and activities. These services include, but are not limited to, executive oversight, information management, legal, treasury, control and accounting, human resources, taxes and investor relations.

iv) Geographical segments are categorised as 'India' and 'Outside India' and are based on the domicile of the customers.

b) Operating Segments

For the year ended March 31, 2025

Particulars	Digital Payment	Digital financial services	Corporate segment	Adjustments and eliminations	Consolidated
Segment Revenue					
External customers	41,909.35	13,720.45	-	-	55,629.80
Inter-segment	710.03	1,058.84	-	(1,768.87)	-
Total Segment Revenue	**42,619.38**	**14,779.29**	**-**	**(1,768.87)**	**55,629.80**
Segment Assets	**1,10,446.76**	**96,784.29**	**-**	**(86,284.88)**	**1,20,946.18**
Segment Liabilities	**39,086.27**	**42,233.22**	**-**	**3,174.88**	**84,494.37**
Segment Results and Reconciliation of Segment results to Profit/(Loss) before Tax					
Profit / (loss) before tax	906.77	(2,613.06)	(856.70)	66.32	(2,496.68)
Interest expense	8.27	32.49	-	(37.20)	3.56
Other income	(405.51)	(118.84)	-	189.01	(335.34)
Remeasurement of cash settled share based expenses	(1,165.56)	(162.25)	-	-	(1,327.81)
EBIT/Trading profit / (loss)	**(656.03)**	**(2,861.66)**	**(856.70)**	**218.12**	**(4,156.27)**
Share based payment expense	1,138.79	262.58	-	-	1,401.37
Management cross charge	523.03	26.70	-	-	549.73
Interest on lease liabilities	49.01	39.41	-	-	88.42
Amortisation of intangible assets	102.13	25.58	-	(71.40)	56.31
Depreciation on tangible assets and ROU	233.10	83.02	-	-	316.12
Adjusted EBITDA	**1,390.03**	**(2,424.37)**	**(856.70)**	**146.72**	**(1,744.31)**

For the year ended March 31, 2024

Particulars	Digital Payment	Digital financial services	Corporate segment	Adjustments and eliminations	Consolidated
Segment Revenue					
External customers	36,473.37	8,800.50	-	-	45,273.86
Inter-segment	755.45	1,013.01	-	(1,768.46)	-
Total Segment Revenue	**37,228.82**	**9,813.51**	**-**	**(1,768.46)**	**45,273.86**
Segment Assets	**96,100.41**	**75,504.71**	**-**	**(1,05,731.69)**	**65,873.43**
Segment Liabilities	**8,033.30**	**35,330.64**	**-**	**(2,409.62)**	**40,954.32**
Segment Results and Reconciliation of Segment results to Profit/(Loss) before Tax					
Profit / (loss) before tax	(1,025.67)	(1,330.29)	(501.66)	159.57	(2,698.05)
Interest expense	24.85	38.88	-	(51.94)	11.79
Other income	(607.59)	(152.96)	-	280.60	(479.95)
Remeasurement of cash settled share based expenses	94.07	(448.47)	-	-	(354.40)
EBIT/Trading profit / (loss)	**(1,514.34)**	**(1,892.85)**	**(501.66)**	**388.22**	**(3,520.62)**
Share based payment expense	1,352.46	231.47	-	(67.41)	1,516.52
Management cross charge	417.61	66.67	-	-	484.28
Interest on lease liabilities	56.82	39.48	-	0.88	97.17
Amortisation of intangible assets	99.05	23.74	-	(71.40)	51.38
Depreciation on tangible assets and ROU	190.24	83.29	-	10.27	283.79
Adjusted EBITDA	**601.82**	**(1,448.20)**	**(501.66)**	**260.57**	**(1,087.47)**

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

Notes:

(i) Adjusted EBITDA is a non-Ind AS measure that represents operating profit/loss, as adjusted,
a) Depreciation and amortisation expense (refer note 30)
b) Share based payment expense (refer note 38)
c) Management cross charge (refer note 32)
d) Exceptional items (refer note 33)
e) Other income (refer note 26)
f) Interest expense (refer note 29)
g) Interest on lease liabilities (refer note 29)

(ii) Trading (loss)/profit is a non-Ind AS measure that refers to adjusted EBITDA adjusted for
a) Depreciation and amortisation expense (refer note 30)
b) Interest on lease liabilities (refer note 29)
c) Share based payment expense (excluding remasurement cash settled share based payment expenses) (refer note 38)
d) Management cross charge (refer note 32)

(iii) CODM uses Adjusted EBITDA and trading profit as measure to analyse operational profitability.

c) Disaggregation of revenue from contracts with customers

Sales between segments are carried out at arm's length and are eliminated on consolidation. The segment revenue is measured in the same way as in the statement of profit and loss. The group derives revenue from transfer of goods and services over time and at a point of time in the following major product lines and geographical areas.

Geographical Information

Particulars	For the year ended March 31, 2025		As at March 31, 2025	
	Revenue from external customers		Non-current operating assets	
	Digital payment	Digital financial services	Digital payment	Digital financial services
India	40,035.65	14,382.94	8,740.24	1,865.48
Outside India	1,211.19	-	0.50	-
Total	**41,246.85**	**14,382.94**	**8,740.74**	**1,865.48**

Particulars	For the year ended March 31, 2024		As at March 31, 2024	
	Revenue from external customers		Non-current operating assets	
	Digital payment	Digital financial services	Digital payment	Digital financial services
India	35,852.33	8,745.07	8,382.38	1,493.84
Outside India	621.03	55.43	-	-
Total	**36,473.37**	**8,800.50**	**8,382.38**	**1,493.84**

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

43 Fair value and fair value hierarchy

The group uses the following hierarchy for determining and disclosing the fair value of financial instrument by valuation technique:
- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices); and
- Level 3 - derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

i) Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are recurringly measured at fair value.

Particulars	Level of Fair Value Measurement	As at March 31, 2025		As at March 31, 2024	
		Carrying value	Fair value	Carrying value	Fair value
Financial Assets					
Measured at fair value through other comprehensive income					
- Unquoted equity shares (i)	Level 3	77.04	77.04	77.04	77.04
Financial Liabilities					
- Net Put Option with Non Controlling Interest (ii)	Level 3	3,743.00	3,743.00	-	-

Valuation Methodology:

(i) Unquoted Equity Shares represents investments in Ferbine and NPCI . The group being minority shareholder, does not have any other alternate source to determine the fair value of investments in unqoted shared as at March 31, 2025. 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.

(ii) The group has entered into Call and Put Option with promoters of Mindgate Solution Private Limited for purchase of remaining stake in the company which has been recognised as Put Option Liability. The company used Monte Carlo Simulation to calculate the expected consideration payable for the remaining stake to be purchased. The models incorporate various inputs including Revenue Volatility, Equity Volatility, EBITDA Volatility, Risk Adjusted Discount Rate for Revenue and Risk Adjusted Discount Rate for EBITDA and Weigheted Average Cost of Capital.

Reconciliation of Level 3 fair value measurement is as follows:

Particulars	As at March 31, 2025	As at March 31, 2024
Unquoted equity shares		
Balance at the beginning of the year	77.04	77.04
Gains/(losses) recognised in other comprehensive income	-	-
Balance at the end of the year	**77.04**	**77.04**
Net put option liability with non controlling interest		
Balance at the beginning of the year	-	-
Additions during the year	3,743.00	-
Gains/(losses) recognised in profit/loss	-	-
Balance at the end of the year	**3,743.00**	**-**

ii) Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are not recurringly measured at fair value (i.e, carried at amortised cost).

Particulars	Level of Fair Value Measurement	As at March 31, 2025		As at March 31, 2024	
		Carrying value	Fair value	Carrying value	Fair value
Financial Assets					
Measured at amortised cost					
- Trade receivables	Level 3	3,645.69	3,645.69	1,664.57	1,664.57
- Cash and cash equivalents	Level 1	14,570.72	14,570.72	10,777.17	10,777.17
- Bank balances other than above	Level 1	26,193.40	26,193.40	4,231.42	4,231.42
- Loans	Level 3	42,985.08	43,508.66	31,552.15	31,669.94
- Other financial assets	Level 3	8,005.69	8,005.69	4,783.29	4,783.29
Total		**95,400.58**	**95,924.17**	**53,008.59**	**53,126.38**
Financial Liabilities					
Measured at amortised cost					
- Borrowings	Level 3	38,178.48	38,328.51	30,963.10	31,529.20
- Lease liabilities	Level 3	947.52	947.52	966.86	966.86
- Trade payables	Level 3	2,729.33	2,729.33	1,945.57	1,945.57
- Other financial liabilities	Level 3	34,870.02	34,870.02	5,093.26	5,093.26
Total		**76,725.35**	**76,875.39**	**38,968.79**	**39,534.89**

Notes:

The management assessed that cash and cash equivalents, other Bank balances, loans, trade receivables, trade payables, bank overdrafts and other financial assets / liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

There are no financial instruments measured at Level 1 and Level 2 fair value as at respective reporting dates.

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

44 Risk management framework

The Group has exposure to the following risks arising from the financial statements:
i) Credit risk
ii) Liquidity risk
iii) Market risk

The Group 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.

(I) Credit risk

Credit risk is the risk of financial loss to the Group 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, cash and cash equivalents, loans and other financial assets.

Financial assets that expose the entity to credit risk

Particulars	As at March 31, 2025	As at March 31, 2024
Loans (Refer Note A below)	42,985.08	31,552.15
Trade receivables (Refer Note B below)	3,645.69	1,664.57
Contract assets (Refer Note B below)	625.63	173.25
Investments (Refer Note C below)	77.04	77.04
Cash and cash equivalents (Refer Note C below)	14,570.72	10,777.17
Other bank balances (Refer Note C below)	26,193.40	4,231.42
Other financial assets (Refer Note C below)	8,005.69	4,783.29
Total	**96,103.25**	**53,258.89**

A. Credit Risk - Loans

In compliance with regulatory requirements and accounting standards, the group has adopted a robust framework for the identification, measurement, and management of credit risk. This disclosure includes a detailed analysis of the credit risk associated with different portfolios of loans, as well as the calculation of Expected Credit Loss (ECL) as per IndAS 109.

The group is in the business of providing credit in the form of loans and transactional credit. The loans are unsecured and vary in tenure from 3 months to 60 months.

The credit risk is primarily related to the four key portfolios mentioned below:
i.) Personal Loan - (Own Lending Portfolio) - This portfolio comprises loans disbursed through our internal apps and are sourced through DSAs, online aggregators and marketing. The maximum loan tenure is 60 months and the maximum ticket size in 7.5 lakhs.
ii.) Personal Loan - API Lending Portfolio - This portfolio consists of loans originated through third-party Lead Service Providers integrations, including collaborations with fintech platforms, e-commerce services, and other third-party lenders under a Co-lending arrangement.
iii.) Small Merchant Business Loans (SMB) Portfolio - Loans in this portfolio are extended to small and medium-sized businesses (SMBs) to support their operational needs.
iv.) Buy Now Pay Later (BNPL) Lending Model - This portfolio consists of short-term loans extended to consumers who make purchases and repay over time.

Each of these portfolios has unique characteristics and credit risk is measured and managed differently depending on the portfolio type.

The group's lending is governed by board approved Credit Policy. Risk Management Committee evaluates all policies and portfolio performance on quarterly basis. It also reviews Operational, Information Security and Fraud Risk. The Chief Risk Officer (CRO) from the Risk Management Committee of the Company is responsible for the key policies and processes for managing credit risk, which include formulating credit policies and risk rating frameworks, guiding the Company's appetite for credit risk exposures, undertaking independent reviews and objective assessment of credit risk, monitoring performance and management of portfolios.

Credit risk management

The Group's exposure to credit risk is influenced mainly by the characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk arrizing from macro-econmomic factors.

The basic credit risk management would cover three key areas, viz., (a) customer selection (b) customer management & (c) ECL Methodology and measurement . These are governed by Committee/Board Approved Credit Policy and Collections Policy which is reviewed on a regular basis.

a,) Customer Selection:
Key criterion for customer selection is in accordance with Committee/Board Approved Credit Policy, which defines, inter alia, type of customers, category, market segment, income criterion, KYC requirement, documentation etc. The Policy also spells out details of credit appraisal process, delegation structure. The customer selection process aims to ensure quality portfolio and lower delinquency.

i.) Personal Loan- Own Lending- Customer Selection- The Own Lending Portfolio consists of loans disbursed directly by PayU Finance under its proprietary lending programs against the leads originated by PaySense
All the fulfilled approved applications undergo a number of checks which include:
• Ensuring the eligibility of the customers through the built in logics in the applications
• Scrutiny of KYC and income documents
• Bureau checks
• Internal deduplication checks,
• Fraud deduplication check
• Anti Money Laundring Check etc.

ii.) Personal Loan- API Lending- Customer Selection:
The API Lending Portfolio consists of loans originated through third-party Lead Service Providers integrations, including collaborations with fintech platforms, e-commerce services, and other third-party lenders through a Co-lending arrangement. Credit risk is shared between PayU Finance and its partners. Partner platforms are responsible for initial credit assessment, while PayU Finance performs additional monitoring and validation of creditworthiness.
The company has credit policy in place for API Lending Portfolio as well, which defines the customer eligibility for Lending through PayU Finance. The API Partner is responsible for collection iof KYC documents, basic KYC Checks and others documets check at first.
As we received the applications through LSP, those applications undergo a number of checks which include:• AMS check to verify the loan amount, loan tenure and interest rate.
• Scrutiny of KYC documents
• Bureau Score checks
• Name and Tempering Check for Signatures
• Anti Money Laundring Check etc.

iii.) SMB Lending- Customer Selection:
The SMB Portfolio consists of loans extended to small and medium-sized businesses (SMBs) to support their growth and operational needs.
The company has credit policy in place for SMB Lending Portfolio as well, which defines the customer eligibility for Lending through PayU Finance. The Company has onboarded LSPs likes BharatPe, PhonePe, Meesho etc. which provides an assessment of Credit risk based on the financial health of SMBs, including cash flow analysis and credit history.
LSPs are responsible for KYC Checks and others documets check at first.
As we received the applications through LSP, those applications undergo a number of checks which include:
• Basic information Match
• Bureau checks
• Anti Money Laundring Check etc.

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

iv.) BNPL Model Lending- Customer Selection:
The BNPL Portfolio consists of short-term loans extended to consumers who make purchases and repay the loan. The creditworthiness of BNPL borrowers is assessed at the point of sale, with simple credit checks, transaction history, and behavioral data.

In all cases credit limits and intrest rates are assigned based on Company's internal policies and models

b.) Customer Management

Customer management relates to credit controls once a loan is disbursed, broadly consisting of:

i.) Portfolio monitoring:
The Company perform continuous monitoring of the portfolio leveraging various capabilities including review of aging, behavior scores, bureau refresh, bureau alerts, payment behavior, transaction trends, and periodic update on DPD (Days Past dues)

ii.) Portfolio management:
Portfolio management activities enable us to grow lower risk exposures while restricting high risk. The Company have robust capabilities around dynamic limit management, cross-sell of term loans, balance transfers. Account management capabilities including a robust blocking strategy, reinstatements, dispute management, and overlimit strategies

iii.) Fraud control:
Continuous monitoring of transactions and a risk-based approach is leveraged to identify instances of fraud like account takeover, unauthorised access. Algorithm built in the applications are leveraged to identify potential frauds and proactively protect against the same

iv.) Collection strategy:
Customers who fail to pay their dues by the stipulated payment due dates, at various stages of delinquency come under the purview of collection and recovery strategies. The Company has developed algirithms in application to prioritise collection efforts and also guide the intensity of efforts across delinquency buckets. Hardship tools are leveraged to help resolve cases including settlements and restructuring.

c) ECL Methodology and measurement

The group measures Expected credit losses ('ECL') using Probability of Default (PD), Exposure of Default (EAD), Loss Given Default (LGD). At initial recognition, an allowance or provision is recognised for ECL resulting from possible default events within the next 12 months, or less, where the remaining life is less than 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is recognised for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, and so are considered to be in default or otherwise credit impaired are in 'stage 3'.

The group uses multiple economic factors to measure the ECL on a forward looking basis. Some of these factors include change in inflation, growth in investment, Consumer Price Index (CPI), currency circulation. Correlations have been tested with past NPA trends. Factors where management views the correlations to be acceptable are then used to assess the extent of impact on the portfolio.

The assessment of credit risk and the estimation of ECL are unbiased and probability-weighted, and incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money. In general, The Group calculates ECL using three main components: a probability of default ('PD'), a loss given default ('LGD') and the exposure at default ('EAD'). The 12-month ECL is calculated by multiplying the 12-month PD, LGD and EAD. Lifetime ECL is calculated using the lifetime PD instead. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively.

The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the hitorical trands and the expected behaviour of the loan.

The Group categorises loan assets and receivables into stages based on the days past due status:
- Current - Stage 1
- 0-30 days past due - Stage 1
- 31- 90 days past due - Stage 2
- More than 90 days past due - Stage 3,

Segmentation:
For measurement of ECL, the group segments its portfolios. This is done to account for the differences in riskiness in behavior between segments and sub-segments. The segmentation is finalized primarily based on the historical daata supported by the business understanding and rationale of their products. This is further supported by quantitative techniques incorporated to assess segment differentiation.

The financial assets have been segmented into following categories:
- ► **Product Type:** Different loan products may have unique features and risk factors, so it's important to segment them based on their specific characteristics.
- ► **Distribution Channel:** The way loans are distributed can affect the risk profile. For example, online loans might attract different customers than loans distributed through physical branches.
- ► **Approval Process:** The underwriting criteria and approval process can influence the likelihood of repayment, so loans approved through different processes are segmented accordingly.
- ► **Loan Duration (Tenor):** The length of the loan term can impact the borrower's ability to repay, with longer loans potentially carrying more risk.

Probability of default (PD):
For PD calculation, the group has done PD Segmentation as well:

The segmentation within the PL portfolio is designed to categorize loans into groups that share similar risk and behavioural characteristics. For instance,
- ► Segment consisting of short-term loans distributed online with an automated approval process
- ► Segment consisting of long-term loans offered through physical branches with a approval process.

Days past due (DPD) analysis is the primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by type of product or borrower as well as by DPD. The Group employs statistical models to analysed the data collected and generate estimates of the PD of exposures and how these are expected to change as a result of passage of time.

Probability of Default "PD" (Through the Cycle)

The section encompasses the overall methodology used for developing the TTC PD models for PayU Fin portfolios. The calculated default rates are utilized for computation of PIT PDs for Personal Loan Own Lending Portfolio and SMB Lending Portfolio by using OLS regression. In case of Personal Loans- API Lending Portfolio (all partners excluding NIRO), historical Probability of Default "PD" (Through the Cycle) has been used. For NIRO, similar to Personal Loan Own Lending Portfolio and SMB Lending Portfolio, calculated default rates are utilized for computation of PIT PDs.
For the calculation of Through-the-Cycle (TTC) PD, two methods are applied across different segments:

•**Observed Default Rate Approach :** The Observed Default Rate (ODR) approach is used for Personal Loans (PL) and Small Merchant Business (SMB) Loans to measure the default rate at which borrowers shift from performing loans to default status over a defined period. This historical data is critical in assessing the Probability of Default (PD) for borrowers. For ODR computation, the historical data ranges from January 2021 till September 2024 for the personal loan's portfolio. The default rate obtained from the analysis for each cohort is defined as the Observed Default Rate (ODR). The Observed Default Rate is computed monthly at Month on Book (MOB) level.

•**Flow Rate Analysis:** The Flow-Rate Method was employed for Buy Now Pay Later (BNPL) to estimate the Through-The-Cycle (TTC) Probability of Default (PD). This method involves analyzing the transitions of accounts between different delinquency buckets over time. The process uses historical data to compute transition rates between these buckets, which are then used to estimate default probabilities.

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

Probability of Default (PD) – PIT PD

•As required by Ind AS 109 the expected loss is measured through the incorporation of forward-looking information. Forward looking information is addressed through scenarios linked to macro-economic factors. The PD values derived so far are unconditional, however, Ind AS 109 requires PD estimates to be conditional on relevant forward-looking information and thereby considers Point in Time (PIT) PD a better risk estimate. Unlike the Through-The-Cycle (TTC) approach, which considers the entire economic cycle, the PIT PD approach reflects the credit risk associated with current conditions and factors affecting the borrower at a particular moment.

•PIT PD models are typically focused on short-term horizons, such as the next 12 months, although the exact timeframe may vary depending on the institution's risk management practices and regulatory requirements. The models aim to capture changes in credit risk over relatively brief periods.

•OLS Regression analysis is used for variable selection to be used in the Vasicek methodology for calculation of PIT PD forecasts and term structures.For creating macroeconomic models, the macroeconomic factors/ variables are used as Independent factors. As iterated above, the data for the systemic factors is obtained from the IMF (World Economic Outlook Database, October 2024). The model is trained using annual historical time series data from 2019 to 2024, with forecasts provided for the period 2025-2029 based on data from the IMF. All macroeconomic variables, except inflation (CPI), are sourced from the IMF database, while inflation data is obtained from the RBI database. This methodology was adopted after obtaining consensus from PayU's senior management. The RBI provided annual historical time series data for 2019-2024, with forecasts available up to 2026. For values beyond the forecast period, the latest available annual forecasted value from the RBI is treated as constant for extrapolation. Exogenous macroeconomic parameters were used as independent (X) variables to predict the dependent (Y) variable (PIT PD).

•After selection of two macroeconomic variables vasicek model has been developed using these 2 factors for Personal Loans- Own Lending portfolio.

Exposure at default (EAD)

The exposure at default (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Group.

Loss given default (LGD)

Loss given default is an estimate of loss from a transaction given that a default occurs. Each segment is treated separately for the calculation of Loss Given Default (LGD).

For Personal Loans- Own Lending Portfolio and API Lending Portfolio , data from January 2018 to February 2024 has been utilized in the calculation of LGD.
Defaulted Customers identified; Recovery Period/Recovery Threshold was established. After the recovery period, the entire population for LGD calculation is finalized. This population includes all closed, which are considered for the calculation. For open accounts, only those that have completed their recovery window. These accounts form the data input used for the LGD calculation. To calculate the economic loss of a defaulted facility, the observed recoveries need to be discounted back to the default date, reflecting the time value of money. The discount rate applied is the interest rate prevailing at the time of default. The cost of recovery is considered as 15% of the recovery amount for PL. The discounted recoveries are multiplied by this cost percentage to determine the actual recoveries after accounting for recovery costs.

(Buy Now Pay Later - BNPL): For BNPL LGD computation, the historical data ranges from April 2021 till March 2023. This dataset includes all defaults from April 2021, and the recovery amounts already reflect 12 months of recovery. For BNPL, the recovery window is considered to be 12 months.

For the Small Merchant Business (SMB) portfolio, there are insufficient defaults, resulting in limited LGD data. Due to this lack of data, a 65% regulatory LGD is applied as a conservative estimate.

Exposure at default (EAD)
The calculation of Exposure at Default (EAD) incorporates the following key assumptions:

•**Repayment Period and EAD Factor (Own Lending Portfolio+ SMB Portfolio + API Lending Long tenure Loan):** For the purposes of EAD calculation, it is assumed that repayments occur over a 6-month period. Since defaults can occur at any time during the year, the repayment is considered up to the midpoint of the repayment period to accurately reflect the exposure at the point of default. To adjust the exposure for the full 12-month period, the EAD factor is calculated as the ratio of the EAD at the end of the 6-month repayment period to the EAD at the reporting date. This ensures the exposure is appropriately scaled to reflect the full 12-month period, accounting for repayments and changes in exposure over time.

•**Repayment Period and EAD Factor (API Lending except Long Tenure Loans of API Lending):** For the purpose of EAD calculation for API Lending partners expected number of repayments before loan becomes NPA is assumed. This EMI rundown is based on MOB, DPD Bucket and lender segment. 3 lender segments are created;

Portfolio 1 Loans with tenure <=5 months

Portfolio 1 loans with tenure >5 months

Others All Portfolio of API Lending

DPD_Bucket	Portfolio 1 (Tenure 0-5)	Portfolio 1 (Tenure 5+)	Others
Bucket 0	1 EMI rundown in 0-2 MOB No rundown MOB 3 onwards	2 EMI rundown across MOB	2 EMI rundown across MOB
Bucket 1	No rundown	1 EMI rundown across MOB	1 EMI rundown across MOB
Bucket 2	No rundown	1 EMI rundown across MOB	1 EMI rundown across MOB
Bucket 3	No rundown	No rundown	No rundown

•**EAD Discounting (12 months):** The exposure is discounted for 12 months of the repayment period. This method accounts for the time value of money, providing a more accurate representation of the exposure in the event of default. The 12 months discounting approach considers the average time-weighted exposure, enhancing the reliability of the EAD calculation by adjusting for the timing of cash flows

Assessment of significant increase in credit risk

The credit risk on a financial asset of the Group are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. Accordingly the financial assets shall be classified as Stage 2, if on the reporting date, it has been more than 30 days past due.

Credit Impaired

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days from the day it is due. Accordingly the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due.

Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as macro economic (ME) inputs. Some of these factors include change in inflation, growth in investment, Consumer Price Index (CPI), currency circulation. Correlations have been tested with past NPA trends. Factors where management views the correlations to be acceptable are then used to assess the extent of impact on the portfolio. Overtime, new ME variable may emerge to have a better corelation and may replace ME being used now.

Policy on write off

Financial assets are fully provided for or written off (either partially or in full) as per the Group's accounting policy. However, financial assets that are written off could still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in statement of profit or loss on actual realization from customer.

New Portfolio acquired during the year

On March 31, 2025, the Company acquired a portfolio of housing loans from a financial institution. At the time of acquisition, management conducted a comprehensive review of the portfolio. The Company is currently in the process of implementing a dedicated system to monitor credit access risks associated with this portfolio.

The carrying value of the portfolio, net of Expected Credit Loss (ECL), is INR 176.53 million.

Haskins & Sells LLP Deloitte Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

Changes to the ECL Methodology during the year

The Group has introduced new ECL Methodology in the current year and used assumption in the various factors of ECL mentioned below:
>Segmentation
> Use of Point in time PD's for longer period tenure loans and historical PDs for shorter tenure loans
> Loss Given Default
> Exposure at Default
The application of the new Methodology did not result in a significant impact on the ECL measurement.

ECL Matrix

The following tables gives Receivables and credit risk / exposure concentration by client portfolio:
(i) Concentration by client portfolio

As at 31-Mar-25

Portfolio		Stage 1 (Performing)	Stage 2 (Underperforming)	Stage 3 (Defaulted)	Total Loan Balance/ Impairment
Own Lending	Loan Balance	17,249.22	371.58	609.03	18,229.83
	ECL Balance	628.42	124.08	495.83	1,248.33
	ECL%	3.64%	33.39%	81.41%	6.85%
API Lending	Loan Balance	12,373.63	459.91	556.01	13,389.55
	ECL Balance	363.82	222.35	495.42	1,081.59
	ECL%	2.94%	48.35%	89.10%	8.08%
SMB Portfolio	Loan Balance	12,488.66	235.74	157.53	12,881.93
	ECL Balance	374.66	38.16	109.03	521.85
	ECL%	3.00%	16.19%	69.21%	4.05%
BNPL Portfolio	Loan Balance	1,181.28	64.76	2.48	1,248.52
	ECL Balance	36.70	50.77	2.48	89.95
	ECL%	3.11%	78.40%	100.00%	7.20%
Housing Loan Portfolio	Loan Balance	179.71	-	-	179.71
	ECL Balance	2.73	-	-	2.73
	ECL%	1.52%	0.00%	0.00%	1.52%

As at 31-Mar-24

Portfolio		Stage 1 (Performing)	Stage 2 (Underperforming)	Stage 3 (Defaulted)	Total Loan Balance/ Impairment Provision
Own Lending	Loan Balance	17,001.07	359.14	330.56	17,690.77
	ECL Balance	624.56	153.48	226.44	1,004.48
	ECL%	3.67%	42.74%	68.50%	5.68%
API Lending	Loan Balance	12,952.33	260.56	185.35	13,398.23
	ECL Balance	505.87	118.70	177.74	802.30
	ECL%	3.91%	45.55%	95.89%	5.99%
SMB Portfolio	Loan Balance	1,628.04	4.81	1.00	1,633.86
	ECL Balance	96.38	1.96	0.78	99.12
	ECL%	5.92%	40.69%	77.64%	6.07%
BNPL Portfolio	Loan Balance	739.92	55.36	4.82	800.10
	ECL Balance	27.59	32.50	4.82	64.91
	ECL%	3.73%	58.71%	100.00%	8.11%

(ii) Movements in the gross carrying amount in respect of loans and receivable, i.e. asset on finance

Particulars	Performing (stage 1)	Under-performing (stage 2)	Non-performing (stage 3)	Total
As at April 01, 2023	**16,706.64**	**594.61**	**514.38**	**17,815.63**
Transfer during the year				
- Transfer to stage 1	8.95	(8.09)	(0.86)	-
- Transfer to stage 2	(255.95)	256.24	(0.29)	-
- Transfer to stage 3	(1,528.60)	(493.55)	2,022.15	-
Changes in opening credit exposures (repaid net of disbursal)	(11,085.36)	(120.94)	(346.99)	**(11,553.29)**
New credit exposure (net of repayments)	28,475.73	451.55	465.28	**29,392.56**
Amount written off during the year	-	-	(2,131.95)	**(2,131.95)**
As at March 31, 2024	**32,321.42**	**679.82**	**521.72**	**33,522.96**
As at April 01, 2024	**32,321.42**	**679.82**	**521.72**	**33,522.96**
Transfer during the year				
- Transfer to stage 1	13.77	(10.42)	(3.35)	-
- Transfer to stage 2	(552.63)	552.97	(0.34)	-
- Transfer to stage 3	(2,922.24)	(564.74)	3,486.85	**(0.13)**
Changes in opening credit exposures (repaid net of disbursal)	(18,159.39)	(250.27)	(562.13)	**(18,971.79)**
New credit exposure (net of repayments)	32,771.59	724.64	1,526.37	**35,022.60**
Amount written off during the year	-	-	(3,644.09)	**(3,644.09)**
As at March 31, 2025	**43,472.51**	**1,132.00**	**1,325.03**	**45,929.54**

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

The loss allowance for loans and receivables as at 31st March 2024 reconciles to the opening loss allowance as follows *:

Particulars	Performing (stage 1)	Under-performing (stage 2)	Non-performing (stage 3)	Total
Loss allowance as at 1st April 2023	**564.46**	**368.92**	**399.57**	**1,332.95**
Transfer during the year				
- Transfer to stage 1	5.50	(4.77)	(0.73)	-
- Transfer to stage 2	(9.21)	9.44	(0.23)	-
- Transfer to stage 3	(58.65)	(309.96)	368.60	-
Net remeasurement of loss allowance	(7.81)	89.96	1,675.27	**1,757.42**
Changes in opening credit exposures (repaid net of disbursal)	(338.13)	(39.56)	(273.93)	**(651.62)**
New credit exposure (net of repayments)	1,098.25	192.61	373.15	**1,664.01**
Amount written off during the year	-	-	(2,131.95)	**(2,131.95)**
Loss allowance as at 31st March 2024	**1,254.40**	**306.64**	**409.77**	**1,970.81**

The loss allowance for loans and receivables as at 31st March 2025 reconciles to the opening loss allowance as follows *:

Particulars	Performing (stage 1)	Under-performing (stage 2)	Non-performing (stage 3)	Total
Loss allowance as at 1st April 2024	**1,254.40**	**306.64**	**409.77**	**1,970.81**
Transfer during the year				
- Transfer to stage 1	7.35	(4.67)	(2.68)	-
- Transfer to stage 2	(21.16)	21.43	(0.27)	-
- Transfer to stage 3	(111.78)	(252.60)	364.38	-
Net remeasurement of loss allowance	103.58	170.17	3,126.37	**3,400.11**
Changes in opening credit exposures (repaid net of disbursal)	(683.15)	(81.68)	(431.37)	**(1,196.20)**
New credit exposure (net of repayments)	846.81	276.08	1,290.92	**2,413.81**
Amount written off during the year	-	-	(3,644.09)	**(3,644.09)**
Loss allowance as at 31st March 2025	**1,396.05**	**435.37**	**1,113.04**	**2,944.46**

B. Credit Risk - Trade receivables and Contract assets

The expected loss rates are based on the payment profiles of sales over a period of 36 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Moreover, given the diverse nature of the Group's business trade receivables are spread over a number of customers with no significant concentration of credit risk. No single customer accounted for 10.0% or more of trade receivable on a % basis in any of the years indicated.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 43.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments.

Loss allowance was determined for both trade receivables and contract assets under the simplified approach:

Particulars	As at March 31, 2025	As at March 31, 2024
Trade receivables		
Gross carrying amount - trade receivables	3,849.03	1,752.71
Expected credit loss - trade receivables	(203.34)	(88.14)
Carrying amount of trade receivables (net of impairment)	**3,645.69**	**1,664.57**
Contract assets		
Gross carrying amount - contract assets	625.63	173.25
Expected credit loss - contract assets	-	-
Carrying amount of contract assets (net of impairment)	**625.63**	**173.25**

Reconciliation of loss allowance provision of trade receivables and contract assets

Particulars	As at March 31, 2025	As at March 31, 2024
Opening Balance	88.14	113.51
Provision for expected credit losses	114.54	61.65
Utilized during the year	-	(2.29)
Reversal of provision	-	(86.21)
Exchange difference on translation	0.65	1.48
Closing Balance	**203.34**	**88.14**

Write-offs of trade receivables

Trade receivables written off which is not expected to recover	-	27.13

C. Credit Risk - Other financial assets

Other financial assets mainly include security deposits, excess interest spread, receivable from the related party, bank deposits, other receivables etc. where the credit risk is envisaged to be minimal.

(ii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity risk.

A. Foreign Currency risk

The Group is subject to foreign exchange risk primarily due to its foreign currency expenses & foreign operations. Considering the countries and economic environment in which the Group 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 Group. The Group 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 Group.

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Exposure to currency risk

The following tables demonstrate the sensitivity to a reasonably possible change in USD & EURO exchange rates, with all other variables held constant. The impact on the Group profit before tax and equity is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognised by the Group that have not been hedged by a derivative instrument or otherwise are as under.

Particulars	Nature	As at March 31, 2025		Impact on profit before tax and equity	
		Amount in INR	Amount in Foreign currency	5% Increase	5% Decrease
Financial assets	Trade receivables (USD)	352.75	4.13	17.64	(17.64)
		352.75	4.13	17.64	(17.64)
Financial liabilities	Trade payables (USD)	225.80	2.64	(11.29)	11.29
	Trade payables (Euro)	3.15	0.03	(0.16)	0.16
	Trade payables (GBP)	-	-		
	Trade payables (SAR)	-	-	-	-
	Other financial liabilities (Euro)	-	-	-	-
	Other financial liabilities (USD)	22.33	0.26	(1.12)	1.12
	Other financial liabilities (GBP)	-	-	-	-
		251.28	2.94	(12.56)	12.56
Net receivable/ (payable)		101.47	1.19	30.20	(30.20)

Particulars	Nature	As at March 31, 2024		Impact on profit before tax and equity	
		Amount in INR	Amount in Foreign currency	5% Increase	5% Decrease
Financial assets	Trade receivables (USD)	252.70	3.03	12.64	(12.64)
		252.70	3.03	12.64	(12.64)
Financial liabilities	Trade payables (USD)	351.94	4.22	(17.60)	17.60
	Trade payables (Euro)	12.27			
	Trade payables (GBP)	0.04			
	Trade payables (SAR)	2.53			
	Other financial liabilities (Euro)	17.08	0.19		
	Other financial liabilities (USD)	484.61	5.81	(24.23)	24.23
	Other financial liabilities (GBP)				
		868.47	10.22	(41.83)	41.83
Net receivable/ (payable)		(615.76)	(7.19)	54.46	(54.46)

Hedge accounting

The group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk.

	March 31, 2025	March 31, 2024
Outstanding forward contracts as at the reporting date (millions USD)-Payable	163.50	450.81
Outstanding forward contracts as at the reporting date (millions EURO)-Payable	5.97	39.23
Outstanding forward contracts as at the reporting date (millions GBP)-Payable	0.58	5.74
Outstanding forward contracts as at the reporting date (millions SGD)-Payable	0.56	0.93

There is no impact on statement of profit and loss and balance sheet since all the contracts have been entered on 31st March 2025 and 31st March 2024 for their respective years.

The group's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instrument.

For forward contracts, hedge effectiveness is measured using hypothetical derivative method. Ineffectiveness is measured by comparing the change in the fair value of the actual derivative i.e. forward contracts designated as the hedging instrument and the change in the fair value of a hypothetical derivative representing the hedged item i.e. highly probable forecast transactions.Hypothetical derivative matches the critical terms i.e. maturity date, currency and amount of highly probable forecast transactions.

B. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in

Particulars	As at March 31, 2025	As at March 31, 2024
Floating rate borrowings	28,544.33	19,402.67

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Change in interest rate	As at March 31, 2025	As at March 31, 2024
Interest rates increased	1%	285.44	194.03
Interest rates decreased	1%	(285.44)	(194.03)

C. Other price risk - equity investment

The Group's non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments.

Particulars	As at March 31, 2025	As at March 31, 2024
Financial Assets measured at Fair value through Other comprehensive Income		
Investments	77.04	77.04
	77.04	77.04

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

Price risk sensitivity analysis

The following table details the Group's sensitivity to a 1% increase and decrease in the NAV of investments held. The sensitivity analysis includes only outstanding investments and adjusts their position at the period end for a 1% change in NAV. A positive number below indicates an increase in profit or equity where NAV increases by 1%. For a 1% weakening in NAV, there would be a comparable impact on the profit or equity, and the balances below would be negative.
Every 1% increase / decrease in the NAV of investments, will affect the Group's profit before tax as given in below table:

Particulars	Change in NAV	As at March 31, 2025	As at March 31, 2024
Profit or loss - Strengthening/(Weakening)	1%	.77/(.77)	.77/(.77)
Equity (net of tax) - Strengthening/(Weakening)	1%	.58/(.58)	.58/(.58)

(iii) Liquidity risk

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

A. Financing arrangements

The Group had access to the undrawn borrowing facilities at the end of the reporting period:

Particulars	As at March 31, 2025	As at March 31, 2024
Expiring within one year (bank overdraft and other facilities)	2,795.39	1,523.66
Expiring beyond one year (bank loans)	2,000.00	350.50

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

B. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

As at March 31, 2025

Particulars	Within 1 year	1-2 years	2-5 years	More than 5 year	Total
Borrowings	29,507.86	2,859.79	8,519.82	-	**40,887.47**
Lease liability	588.14	171.59	241.93	72.06	**1,073.72**
Trade payables	2,481.40	129.10	108.73	10.10	**2,729.33**
Other financial liabilities	34,076.11	135.32	3,741.41	-	**37,952.84**
Total	**66,653.51**	**3,295.80**	**12,611.89**	**82.16**	**82,643.36**

As at March 31, 2024

Particulars	Within 1 year	1-2 years	2-5 years	More than 5 year	Total
Borrowings	20,410.38	3,323.17	9,969.52	-	**33,703.07**
Lease liability	289.68	327.08	377.00	308.97	**1,302.73**
Trade payables	2,618.83	-	-	-	**2,618.83**
Other financial liabilities	2,134.49	111.40	325.45	-	**2,571.34**
Total	**25,453.38**	**3,761.65**	**10,671.97**	**308.97**	**40,195.97**

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

45 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group 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 Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations.

Particulars	As at March 31, 2025	As at March 31, 2024
Total debt (including current maturities of long term debt) (Refer A below)	38,178.48	30,963.10
Less: cash and cash equivalents	(14,570.72)	(10,777.17)
Net debt	**23,607.76**	**20,185.93**
Total equity (Refer B below)	35,193.82	24,919.14
Total capital	**35,193.82**	**24,919.14**
Total capital and net debt	**58,801.58**	**45,105.07**
Gearing ratio	**40.15%**	**44.75%**
A- Total debt		
- Non-current borrowings	10,452.09	12,637.75
- Current borrowings	27,726.39	18,325.35
	38,178.48	**30,963.10**
B - Total equity		
- Equity share capital	32,218.20	30,153.18
- Other equity	2,975.62	(5,234.04)
	35,193.82	**24,919.14**

In order to achieve this overall objective, the Group'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 year ended March 31, 2025 and March 31, 2024.

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

46 Business combinations

(i) Acquisitions during the year ended March 31, 2025

On March 20, 2025, the Group entered into a shareholder's agreement (SHA) with the selling shareholders of Mindgate Solutions Private Limited (Mindgate). As per the SHA, the Group acquires initially 42.8% shareholding for a consideration of INR 5,805 and is obligated to purchase additional 27.2% for INR 6,142 which is also considered as part of purchase consideration. (42.8% in Tranche I and 27.2% in Tranche II). Accordingly, on March 20, 2025 Mindgate become a subsidiary of the Group.

Post acquisition of 70% of equity share capital in Mindgate (42.8% in Tranche I and 27.2% in Tranche II), the Group has the option to purchase the balance 28.4% stake subject to achievement of certain targets by Mindgate Group via a combination of Call and Put Options that the Group has on the balance 28.4% (fully dilutive stake) stake.

The Group has assessed that it does not have present ownership interest over the balance 28.4% (fully dilutive stake) of the equity shares. The call and put option over the non controlling interest is recognised at the present value of the expected redemption amount.

The Group is in the process of completion of the Purchase Price Allocation (PPA) in accordance with Ind AS 103 Business Combinations. On balance sheet date, the Group has accounted for acquisition on provisional basis. Accordingly, it has recognised the group's share in the carrying amount of assets and liabilities of the subsidiary, Non Controlling Interest (NCI) including put option liability for INR 3,743 and goodwill of INR 9,011.66 on provisional basis.

The fair values of the identifiable assets and liabilities of Mindgate Group as at the acquisition date were:

Particulars	Fair value of assets taken over
Assets acquired	
Property, plant and equipment	114.55
Right-of-use asset	147.64
Intangible assets	
Computer software and license	-
Customer relationship	2,138.00
Developed technology	817.00
Order backlog	34.00
Intangible assets under development	-
Deferred tax asset (net)	112.36
Non current tax asset	61.68
Trade receivables	1,287.67
Cash and cash equivalents	1,091.91
Other financial asset	94.49
Other current asset	108.80
Derivative asset	-
Contract asset	255.57
Total Assets acquired (A)	**6,263.68**
Lease liabilities	160.26
Borrowings	61.13
Trade payables	191.70
Other current liabilities	330.58
Provisions	120.13
Deferred tax liability	752.27
Derivative liability	-
Contract liabilities	453.79
Total Liabilities assumed (B)	**2,069.86**
Net identifiable assets acquired (A-B)	**4,193.82**
Non-controlling interest measured at proportionate share in identifiable net assets (C)	**(1,258.13)**
Goodwill	**9,011.66**
Purchase consideration transferred	**11,947.35**

***Goodwill here represents residual asset value attributable to unidentified intangible assets acquired by the acquirer. Goodwill will not be deductible for tax purposes.**

The goodwill on acquisition is attributable to assembled workforce, expected synergies from acquisition and other intangible assets of the Company that cannot be identified separately.

The fair value of the non-controlling interest in Mindgate, has been estimated by applying a proportionate share of net assets method.

B. Calculation of purchase consideration

Purchase consideration	Amount
Tranche I consideration paid in cash	5,805.35
Tranche II Liability	6,142.00
Purchase consideration	**11,947.35**

C. Consideration transferred

Purchase consideration	Amount
Cash consideration	5,805.35
Less: Cash and cash equivalents acquired	(1,091.91)
Net cashflow on acquisition	**4,713.44**

D. Revenue and profit contribution

The acquisition date is the date on which Group obtained control of Mindgate, i.e., March 20 ,2025. For practical purposes and basis materiality, this transaction initially recognised as at March 31, 2025. Considering the date of acquisition is March 31, 2025, the acquired business did not contributed any revenue and profit to the Group for the period ended March 31, 2025.

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

(ii) Acquisitions during the year ended March 31, 2024

On December 14, 2023, the Group acquired PaySense Services India Pvt Ltd ('PaySense India') including its wholly owned Subsidiary PayU Finance India Pvt Ltd ('PayU Finance'), Wibmo Inc ('Wibmo'), PayU Digital Labs Private Limited (Formerly known as Enstage Software Private Limited) ('PayU Digital') and Lazypay Private Ltd ('Lazypay') pursuant to a **Share Purchase Agreement (the "Share Purchase Agreement")** in order to simplify existing group structure and unlock value synergies.

Pursuant to the terms of the Share Purchase Agreement, the Group acquired such businesses on December 14, 2023 in exchange for consideration amounting to INR 8,737.73 comprising cash of INR 768.62 and companies own shares of INR 7,969.11.

Group, directly or through its subsidiaries, acquired entities which were ultimately controlled by the same parties who also control the group, both before and after the business combination. The nature of these transactions primarily involved the purchasing of the existing shareholders' equity stake.

As per the guidance available in Appendix C of the Ind AS 103, these business combinations under common control are accounted for using the pooling of interest method.

General nature of transferor companies are as follows:

(a) Paysense Services India Private Limited : The business of the Company is to provide innovative payment and financing related services to Indian consumers. The Company also provides development and maintenance services to the holding company, and deals in Information Technology enabled Services.

(b) PayU Finance (Wholly owned subsidiary of PaySense India) : The Company is a registered non-banking finance company engaged in the business of providing finance i.e. business of lending credit by way of personal loan and deferred credit facility for short term duration. The Company is registered with the Reserve Bank of India as a Non-Banking Finance Company (NBFC) with effect from 26 February 1998.

(c) Wibmo : The Company provides innovative payment and payment security solutions. The Company also provides solutions ranging from mobile payments, fraud and risk management, prepaid solutions and a host of merchant services

(d) PayU Digital : The Company is primarily engaged in the business of providing risk-based authentication and payment security services. It also provides solutions ranging from mobile payments, fraud and risk management, prepaid solutions and a host of merchant services

(e) Lazypay : The business of Company is to provide Buy Now, Pay Later (BNPL) services. This enables the customer to spend/purchase products/services and allows merchants to sell the goods /services on the credit financed by the company.

Accounting for Business Combination under common control

Business combinations involving entities or businesses under common control are accounted for using the **pooling of interest method.**

Under pooling of interest method, the assets and liabilities of the combining entities or businesses are reflected at their carrying amounts after making adjustments necessary to harmonise the accounting policies. The identity of the reserves is preserved in the same form in which they appeared in the financial statements of the transferor and the difference, if any, **between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve.**

Consequently, the financial information of the Group, includes the financial information of the businesses transferred by the transferor to the transferee and has been restated from the earliest period presented in the restated consolidated financial information of the Group.

(a) Details of % of each companies equity shares exchanged to effect the business combination:

Particulars	Paysense India (Inc. PayU Finance)	Wibmo	PayU Digital	Lazypay
Number of shares issued transferor companies in exchanged	37,81,957	1,008	14,01,874	6,79,75,394
% of Equity shares of transferor companies in exchanged	100%	100%	100%	100%

(b) Details of business combinations, carrying value of the assets acquired, liabilities assumed, reserves acquired and harmonized as per the revised accounting policies of the Group, and the resultant capital reserve are given below :

Particulars	Paysense India (Including PayU Finance)	Wibmo	PayU Digital	Lazypay	Total
Purchase consideration (A)	**6,690.85**	**768.14**	**843.12**	**435.62**	**8,737.73**
Assets and liabilities taken over					
Assets acquired	8,694.83	1,605.14	1,349.13	1,292.20	12,941.31
Liabilities assumed	(1,110.71)	(288.83)	(838.65)	(749.81)	(2,988.01)
Reserve and surplus acquired	(7,562.79)	(1,316.21)	(498.20)	(88.89)	(9,466.09)
Net identifiable assets acquired (B)	**21.34**	**0.10**	**12.28**	**453.50**	**487.22**
Capital Reserve as on April 01, 2022 (A - B)	**(6,669.51)**	**(768.04)**	**(830.83)**	**17.88**	**(8,250.51)**
Adjustment on account of change in share capital, assets and reserves and surplus	13.17	0.00	1.74	226.25	241.15
Capital Reserve as on March 31, 2023	**(6,656.35)**	**(768.04)**	**(829.10)**	**244.13**	**(8,009.35)**
Adjustment on account of change in share capital, assets and reserves and surplus	3.32	0.00	0.00	0.00	3.32
Capital Reserve as on March 31, 2024	**(6,653.03)**	**(768.04)**	**(829.10)**	**244.13**	**(8,006.04)**
Adjustment on account of change in share capital, assets and reserves and surplus	-	-	-	-	-
Capital Reserve as on March 31, 2025	**(6,653.03)**	**(768.04)**	**(829.10)**	**244.13**	**(8,006.04)**

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

47 Interest in other entities - Subsidiaries

The group's subsidiaries as at March 31, 2025 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Principal activities	Ownership interest held by the group		Ownership interest held by non-controlling interests *	
			As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
Paysense Services India Private Limited	India	To provide innovative payment and financing related services to Indian consumers	100.00%	100.00%	-	-
PayU Finance India Private Limited	India	NBFC engaged in the business of providing finance by way of personal loan and deferred credit facility for short term duration.	100.00%	100.00%	-	-
Lazypay Private Limited	India	Provide Buy Now, Pay Later (BNPL) services	100.00%	100.00%	-	-
PayU India Innovations Private Limited	India	Engaged primarily in the business of Web-Technologies and consultancy services.	100.00%	100.00%	-	-
PayU Digital Labs Private Limited (Formerly known as Enstage Software Private Limited)	India	Providing risk-based authentication and payment security services	100.00%	100.00%	-	-
Wibmo Inc.	U.S.A	Provides innovative payment and payment security solutions	100.00%	100.00%	-	-
Mindgate Solutions Private Limited (Group)	India	Provides digital payment services	70.00%	-	30.00%	-

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

48 Additional information required by Schedule III in respect of subsidiaries

For the year ended March 31, 2025

Name of the entity	Net assets (Total assets minus total liabilities)		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 other comprehensive Income	Amount	As % of consolidated total comprehensive Income	Amount
Parent								
PayU Payments Private Limited	190.58%	67,070.57	1438.25%	(35,678.04)	59.63%	(3.65)	1434.86%	(35,681.69)
Subsidiary - Indian								
PayU Finance India Private Limited	55.69%	19,599.30	27.06%	(671.31)	49.03%	(3.00)	27.12%	(674.31)
PayU Digital Labs Private Limited (Formerly known as Enstage Software Private Limited)	3.28%	1,153.57	(6.57%)	163.08	71.89%	(4.40)	(6.38%)	158.68
Paysense Services India Private Limited	96.86%	34,087.60	73.77%	(1,830.02)	(201.16%)	12.32	73.10%	(1,817.71)
Lazypay Private Limited	2.46%	864.17	4.50%	(111.73)	(2.23%)	0.14	4.49%	(111.60)
PayU India Innovations Private Limited	0.34%	120.22	(3.10%)	76.84	(21.89%)	1.34	(3.14%)	78.18
Mindgate Solutions Private Limited (Group)	6.32%	2,223.95	0.00%	-	0.00%	-	0.00%	-
Subsidiary - Foreign								
Wibmo Inc.	2.25%	792.18	(5.72%)	141.93	(282.97%)	17.33	(6.40%)	159.26
Non-controlling interest in all subsidiaries	(3.57%)	(1,258.13)	0.00%	-	0.00%	-	0.00%	-
Inter-company Elimination and Consolidation Adjustments	(254.19%)	(89,459.75)	(1428.20%)	35,428.59	427.70%	(26.19)	(1423.63%)	35,402.40
Total	100%	35,193.68	100%	(2,480.65)	100%	(6.12)	100%	(2,486.77)

For the year ended March 31, 2024

Name of the entity	Net assets (Total assets minus total liabilities)		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 other comprehensive Income	Amount	As % of consolidated total comprehensive Income	Amount
Parent								
PayU Payments Private Limited	347.20%	86,518.11	63.53%	(2,728.68)	88.49%	(2.22)	63.54%	(2,730.90)
Subsidiary - Indian								
PayU Finance India Private Limited	49.93%	12,441.59	(1.01%)	43.27	61.72%	(1.55)	(0.97%)	41.72
PayU Digital Labs Private Limited (Formerly known as Enstage Software Private Limited)	3.61%	899.01	0.91%	(38.92)	(842.66%)	21.15	0.41%	(17.77)
Paysense Services India Private Limited	107.38%	26,759.28	29.79%	(1,279.53)	(183.20%)	4.60	29.67%	(1,274.93)
Lazypay Private Limited	3.91%	973.20	2.19%	(94.03)	1.47%	(0.04)	2.19%	(94.07)
PayU India Innovations Private Limited	0.07%	17.08	(0.93%)	39.75	22.25%	(0.56)	(0.91%)	39.19
Subsidiary - Foreign								
Wibmo Inc.	2.54%	632.92	33.24%	(1,427.75)	907.66%	(22.78)	33.75%	(1,450.53)
Non-controlling interest in all subsidiaries	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Inter-company Elimination and Consolidation Adjustments	(414.63%)	(1,03,322.07)	(27.72%)	1,190.77	44.26%	(1.11)	(27.68%)	1,189.66
Total	100%	24,919.12	100%	(4,295.13)	100%	(2.51)	100%	(4,297.64)

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

49 Relationship with struck off companies

As at March 31, 2025

Name of struck off company	Nature of transactions	Transactions during the year	Balance outstanding	Relationship
O2O Ecosystem Private Limited	Revenue	0.00*	-	Merchant

As at March 31, 2024

Name of struck off company	Nature of transactions	Transactions during the year	Balance outstanding	Relationship
Calcutta Electronics	Revenue	0.00*	-	Merchant

*Transaction amount is appearing to be ₹ 0.00 Lakhs due to rounding off threshold.

50 Transfer to Merchant Protection Fund

During the year the Group has transferred certain Merchants liability amounting to INR 945.7 from Nodal Account to current account/ Fixed deposit. Out of these Certain balances amounting to INR 422.8 has been considered as Legally extinguished and therefore has been recognized as other operating revenue. As per the group's internal policies the amount transferred in these current accounts are earmarked for settlement of potential merchant claims if and when such claims may arise. The balance of such earmarked bank accounts are: a.) Amount in current Account INR 33.5 b.) Amount in Deposit with original maturity of less than 3 month INR 509.7 and c.) Amount in Fixed deposits with original maturity more than 3 months INR 412.3.

51 Ind AS 8 Accounting Policies, Change in accounting estimates and errors

During FY 2024-25, the Group has revised its estimation criteria for determining the behavioural life of its customer contracts. This revision constitutes a change in accounting estimate in accordance with the provisions of Indian Accounting Standard (Ind AS 8) Accounting Policies, Change in accounting estimates and errors.

The change has been made to better reflect the processing fees income and its cost of acquisition on the basis of customer contracts. As a result of this change in estimate, the profit before tax for the current year has increased by INR 55.18. This change has been accounted for prospectively in the financial statements for the year ended March 31, 2025.

52 Long- term contracts

The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses other than disclosed in Note 24.

53 Investor Education and Protection Fund

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

54 Going concern Assessment

The Intermediate Holding Company has confirmed to provide financial support to fully support the operating, investing and financing activities of the Group. As a result, the financial statements are prepared based on going concern assumption.

55 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stake holders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

56 Events occurring after the reporting period

In response to the application filed by PayU Payments Pvt. Ltd. with the Reserve Bank of India (RBI), on 13 May 2025, the RBI issued final authorization to the Company to operate as an online Payment Aggregator. There have been no other material subsequent events between the balance sheet date and the date of signing this report.

57 During the year, the Company received certain allegations through its "speak up" channel which are being investigated as per management's internal policies. As on the date of issuance of these financial statements, these investigations are substantially completed, and the management has concluded that these allegations are not expected to have a material effect on the Company's financial statements or its internal control assessment.

58 Other Statutory disclosures

(i) The Group does not have 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.

(ii) There are no funds which have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Group or
b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(iii) There are no funds which have been received by the Group from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group shall:
a) directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
b) provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year or prior years. Further, the Group has not received any deposits or advances from any person for the purpose of trading or investing in Crypto Currency or Virtual Currency.

(v) The Group has complied with the number of layers prescribed under section 2(87) of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017

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

(vii) The Group does not have any charge which is yet to be registered with ROC beyond the statutory period.

(viii) The Group 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.

(ix) The group has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

(This space has been left blank intentionally)

Deloitte Haskins & Sells LLP Chartered Accountants

PayU Payments Private Limited

59 As per MCA notification dated 05 August 2022, the Central Government has notified the Companies (Accounts) Fourth Amendment Rules, 2022. As per the amended rules, the Group are required to maintain back-up of the books of account and other relevant books and paper in electronic mode that should be accessible in India at all the time. Also, the companies are required to create backup of accounts on servers physically located in India on a daily basis. The management of the parent company and its subsidiaries has maintained proper books of account and the backup is kept on a daily basis of such of books of accounts maintained in electronic mode in a server physically located in India except for-

a) for IVS which was used throughout the year for which the server are maintained in India but Backup is kept on weekly basis.

In relation to compliance with the requirement of the audit trail, refer note 60 to the financial statements.

60 Audit Trail

The Parent Company (PayU Payments Private Limited) has used accounting software's for maintaining its books of account for the year ended March 31, 2025, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that:

a) In respect of accounting software ("Transaction Platform- Biz, Admin Panel, Redshift and Salesforce") used for maintaining accounting records of revenue and cost, the accounting software did not have the audit trail feature enabled throughout the year;
b) In respect of accounting software ("SAP S4HANA") which was used for maintaining accounting records related to all general ledgers, the accounting software did not have the audit trail feature enabled for the said period at the application level.

Further, no instances of audit trail feature being tampered with has been noticed in respect of the accounting software for the period for which the audit trail feature was operating.

Additionally, the audit trail that was enabled and operated for the year ended March 31, 2024, has been preserved by the Company as per the statutory requirements for record retention.
Following is the audit trail assessment for subsidiaries companies:

Subsidiary 1:

The Subsidiary Company (Paysense Services India Private Limited) has used accounting software's for maintaining its books of account for the year ended March 31, 2025 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that:
a) In respect of accounting software ("Pscore") which was used for maintaining accounting records related to maintenance of loan origination by the Company, did not have the audit trail feature enabled during the period starting from April 01, 2024 to May 08, 2024 at the application level.
b) In respect of accounting software ("Payments") which was used for maintaining accounting records related to collections made by the Company, did not have the audit trail feature enabled during the period starting from April 01, 2024 to March 06, 2025 at the application level
c) In respect of accounting software ("SAP S4HANA") which was used for maintaining accounting records related to all general ledgers, the accounting software did not have the audit trail feature enabled for the said period at the application level.

Further, no instances of audit trail feature being tampered with has been noticed in respect of the accounting software for the period for which the audit trail feature was operating.

As audit trail feature was not enabled for the year ended March 31, 2024, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable.

Subsidiary 2:

The Subsidiary Company (Lazypay Private Limited) has used accounting software's for maintaining its books of account for the year ended March 31, 2025 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that:
a) In respect of accounting software ("SAP S4HANA") which was used for maintaining accounting records related to all general ledgers, the accounting software did not have the audit trail feature enabled for the said period at the application level.

Further, no instances of audit trail feature being tampered with has been noticed in respect of the accounting software for the period for which the audit trail feature was operating.

Additionally, the audit trail that was enabled and operated for the year ended March 31, 2024, has been preserved by the Company as per the statutory requirements for record retention.

Subsidiary 3:

The Subsidiary Company (PayU Finance India Private Limited) has used accounting software for maintaining its books of account for the year ended March 31, 2025 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that:
a) the accounting softwares ("Finflux") used for maintaining accounting records of revenue and SMB loan balances, did not have the audit trail feature enabled throughout the year;
b) the accounting software ("Pscore") which was used for maintaining accounting records related to maintenance of loan origination by the Company, did not have the audit trail feature enabled during the period starting from April 01, 2024 to May 08, 2024 at the application level.
c) the accounting software ("Payments") which was used for maintaining accounting records related to collections made by the Company, did not have the audit trail feature enabled during the period starting from April 01, 2024 to March 06, 2025 at the application level
d) the accounting software ("SAP S4HANA") which was used for maintaining accounting records related to all general ledgers, did not have the audit trail feature enabled for the said period at the application level.

Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with in respect of the accounting software for the period for which the audit trail feature was operating.

Additionally, the audit trail that was enabled and operated for the year ended March 31, 2024, has been preserved by the Company as per the statutory requirements for record retention.

Subsidiary 4:

The Subsidiary Company (PayU Digital Labs Private Limited) has used accounting software's for maintaining its books of account for the year ended March 31, 2025 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that:
a) In respect of accounting software ("IVS") used for maintaining accounting records of revenue, the accounting software did not have the audit trail feature enabled throughout the year;
b) In respect of accounting software ("SAP S4HANA") which was used for maintaining accounting records related to all general ledgers, the accounting software did not have the audit trail feature enabled for the said period at the application level.

Further, no instances of audit trail feature being tampered with has been noticed in respect of the accounting software for the period for which the audit trail feature was operating.

Additionally, the audit trail that was enabled and operated for the year ended March 31, 2024, has been preserved by the Company as per the statutory requirements for record retention.

Subsidiary 5:

The Subsidiary Company (PayU India Innovation Private Limited) has used accounting software's for maintaining its books of account for the year ended March 31, 2025, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that:
a) In respect of accounting software ("Realtime score provider dashboard and Inquiry DB") used for maintaining accounting records of revenue, the accounting software did not have the audit trail feature enabled throughout the year;
b) In respect of accounting software ("SAP S4HANA") which was used for maintaining accounting records related to all general ledgers, the accounting software did not have the audit trail feature enabled for the said period at the application level.

Further, no instances of audit trail feature being tampered with has been noticed in respect of the accounting software for the period for which the audit trail feature was operating.

Additionally, the audit trail that was enabled and operated for the year ended March 31, 2024, has been preserved by the Company as per the statutory requirements for record retention.

Subsidiary 6:

The Subsidiary Company (Mindgate Solutions Private Limited) has used accounting software ("Tally") for maintaining its books of account for the year ended March 31, 2025, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software.
Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with in respect of the accounting software for the period for which the audit trail feature was operating.

Additionally, the audit trail that was enabled and operated for the year ended March 31, 2024, has been preserved by the Company as per the statutory requirements for record retention.

(This space has been left blank intentionally)

Haskins & Sells LLP Deloitte Chartered Accountants

PayU Payments Private Limited

Amounts in INR millions, unless otherwise stated

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

62 These financial statements were approved and adopted by the Board of Directors of the Company in their meeting dated June 13, 2025, and are subject to shareholder's approval at the forthcoming Annual General Meeting of shareholders.

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

Anirban Mukerjee	**Arvind Agarwal**	**Dimple Mehta**
Executive Director & CEO	Executive Director & CFO	Company Secretary
DIN: 07157585	DIN: 02175753	ISCI: F12560
Place: MUMBAI	Place: MUMBAI	Place: MUMBAI
Date: JUNE 13, 2025	Date: JUNE 13, 2025	Date: JUNE 13, 2025

Deloitte Haskins & Sells LLP
Chartered Accountants

PayU Payments Private Limited

FORM NO. AOC-1

Statement containing salient features of the financial statement of subsidiaries or associate companies or Joint ventures

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

PART A: SUBSIDIARIES

(Information in respect of each subsidiary to be presented with amounts in Rs. Lakhs)

Sr. No.	Particulars	PayU Finance India Private Limited (Step-down subsidiary)	LazyPay Private Limited	PaySense Services India Private Limited	PayU Digital Private Limited (Formerly known as Enstage Software Private Limited)	PayU India Innovations Private Limited (formerly known as PayU India Settlement and Processing Private Limited)	Wibmo Inc.*	Mindgate Solutions Pvt Ltd.*#
1.	The date since when subsidiary was acquired	14-12-2023	14-12-2023	14-12-2023	14-12-2023	29-04-2022	29-12-2023	20-03-2025
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	From 1st April 2024 to 31st March 2025	From 1st April 2024 to 31st March 2025	From 1st April 2024 to 31st March 2025	From 1st April 2024 to 31st March 2025	From 1st April 2024 to 31st March 2025	From 1st April 2024 to 31st March 2025	From 1st April 2024 to 31st March 2025
3.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	N/A	N/A	N/A	N/A	N/A	USD Balance Sheet rate- Rs. 85.46 Profit & Loss rate- Rs 84.61	N/A
4.	Share capital	13,048.28	6,797.54	519.17	140.19	5.00	1.00	120.00
5.	Reserves and surplus	1,82,944.65	1,844.20	3,40,357.35	11,395.46	1,197.28	7,920.82	20,312.22
6.	Total assets	5,92,307.68	9,746.56	3,65,804.19	18,821.80	4,238.96	8,765.06	33,608.13
7.	Total Liabilities	3,96,314.75	1,104.82	24,927.67	7,286.15	3,036.68	843.26	13,175.91
8.	Investments (excluding Investments made in subsidiaries)	-	-	-	0.03	-	-	-
9.	Turnover	1,16,382.07	4,781.33	14,775.85	19,843.62	6,795.78	6,418.90	-
10.	Profit/(Loss) before taxation	(6,760.49)	(1,117.32)	(18,300.24)	1,630.81	913.73	1,113.77	-
11.	Provision for taxation	-	-	-	-	145.29	(305.56)	-
12.	Profit/(Loss) after taxation	(6,760.49)	(1,117.32)	(18,300.24)	1,630.81	768.44	1,419.33	-

Sr. No.	Particulars	PayU Finance India Private Limited (Step-down subsidiary)	LazyPay Private Limited	PaySense Services India Private Limited	PayU Digital Private Limited (Formerly known as Enstage Software Private Limited)	PayU India Innovations Private Limited (formerly known as PayU India Settlement and Processing Private Limited)	Wibmo Inc.*	Mindgate Solutions Pvt Ltd.*#
13.	Proposed Dividend	-	-	-	-	-	-	-
14.	Extent of shareholding (in percentage)	100	100	100	100	100	100	70

* Unaudited Financial Statements are considered for Consolidation.

Figures of Mindgate Solutions Private Limited are as per their consolidated financial statements which also includes its share in subsidiaries 'Mindgate Pte Ltd', 'Mindgate Solutions FZ LLC-UAE', 'Mindgate Solutions UK Ltd' and 'Mindgate Solutions Inc USA'.

Notes:

1. All subsidiaries of the Company have commenced commercial operations.
2. No subsidiary was liquidated or sold during the year.

PART B: ASSOCIATES AND JOINT VENTURES

Not Applicable

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

Anirban Mukerjee
Executive Director & CEO
DIN: 07157585
Place: Mumbai
Date: June 13, 2025.

Arvind Agarwal
Executive Director & CFO
DIN: 02175753
Place: Mumbai
Date: June 13, 2025.

Dimple Mehta
Company Secretary
ISCI: F12560
Place: Mumbai
Date: June 13, 2025