



**PHOENIX ARC PRIVATE LIMITED**  
FIFTEENTH ANNUAL REPORT 2021-22

**Board of Directors**

Mr. Chandan Bhattacharya

Mr. Keki Elavia

Mr. Balan Wasudeo

(Appointed as an Additional Director w.e.f. March 24, 2022)

Mr. Venkattu Srinivasan

Ms. Jyoti Agarwal

**Management Team**

Mr. Sanjay Tibrewala, Chief Executive Officer

Mr. Ajay Walimbe, Head Acquisition

Mr. K. B. Ajit, Head Resolution

Ms. Gauri Bhatkal, Chief Financial Officer

Ms. Gurleen Chhabra, Head Legal

**Company Secretary**

Mr. Kamlesh Rane

**Statutory Auditors**

M/s. Manohar Chowdhry & Associates

**Bankers**

Kotak Mahindra Bank Limited

HDFC Bank Limited

Punjab National Bank

**Registered Office**

5<sup>th</sup> Floor, Dani Corporate Park,  
158, CST Road, Kalina,  
Santacruz (East), Mumbai 400098  
CIN: U67190MH2007PTC168303  
Email: info@phoenixarc.co.in  
Website: www.phoenixarc.co.in  
Tel. No. (022) 68492450

**Registrar & Share Transfer Agent**

Link Intime India Private Limited  
C-101, 247 Park, LBS Marg,  
Vikhroli (West), Mumbai 400083  
Website: www.linkintime.co.in  
Tel. No. (022) 49186000

## NOTICE

NOTICE is hereby given that FIFTEENTH ANNUAL GENERAL MEETING of Phoenix ARC Private Limited will be held on Monday, July 11, 2022 at 11.00 a.m. at 5<sup>th</sup> Floor, Dani Corporate Park, 158, CST Road, Kalina, Santacruz (East), Mumbai 400098 to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt:
  - a. the Audited standalone financial statements including Balance Sheet as at March 31, 2022 and Statement of Profit and Loss Account and Cash Flow Statement for the year ended on that date together with the reports of the Board of Directors and the Auditors thereon.
  - b. the Audited consolidated financial statements including Balance Sheet as at March 31, 2022 and Statement of Profit and Loss Account and Cash Flow Statement for the year ended on that date together with the report of the Auditors thereon.

### SPECIAL BUSINESS:

2. Appointment of Mr. Balan Wasudeo as Director

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Balan Wasudeo (DIN: 00073697), who was appointed as an Additional Director of the Company pursuant to Section 161 of the Companies Act, 2013, holds office up to the date of this Annual General Meeting and being eligible is hereby appointed as Director of the Company."

3. To consider and, if thought fit, to pass with or without modification(s) following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, and pursuant to the provisions of Section 71 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014, and all other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the **"Board"**), to make private placement offers and invitations and issue secured redeemable Non-Convertible Debentures (**"NCDs"**), in one or more tranches / series, on such terms and conditions including the price, coupon, premium / discount, tenor, listed/unlisted etc., as may be determined by the Board (or any other person authorized by the Board), based on the prevailing market conditions;

**RESOLVED FURTHER THAT** the aggregate amount to be raised through the issuance of NCDs within a period of 1 (one) year from the date hereof pursuant to the authority under this Resolution shall not exceed Rs. 600 Crore (Rupees Six Hundred Crore);

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and to execute all such agreements, documents, instruments, applications etc. as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the aforesaid Resolution as it may in its sole discretion deem fit and to delegate all or any of its powers herein conferred to any of the Directors, Committees and/or Officers of the Company, to give effect to this Resolution."

**By Order of the Board of Directors**

### Registered Office

Phoenix ARC Private Limited  
CIN: U67190MH2007PTC168303  
5<sup>th</sup> Floor, Dani Corporate Park, 158, CST Road, Kalina,  
Santacruz (East), Mumbai - 400098

Place : Mumbai

Date : April 25, 2022

**Kamlesh Rane**  
**Company Secretary**

**Notes:**

1. The relative Explanatory Statements pursuant to Section 102 of the Companies Act, 2013, in respect of item nos. 2 & 3 are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Proxies in order to be effective must be deposited at the registered office of the Company not later than 48 hours before the commencement of the meeting.
4. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
5. The Members are requested to promptly notify any change in their address or Email ID to the Registered Office of the Company or by email at [compliance@phoenixarc.co.in](mailto:compliance@phoenixarc.co.in).

**Explanatory Statements setting out material facts concerning the businesses pursuant to Section 102 of the Companies Act, 2013****Item No.2**

The Board of Directors of the Company at its meeting held on January 27, 2022, appointed Mr. Balan Wasudeo (DIN: 00073697) as an Additional Director of the Company subject to approval of Reserve Bank of India (RBI). RBI approved his appointment vide its letter dated March 24, 2022.

As per the provisions of Section 161 of the Companies Act, 2013, Mr. Balan Wasudeo holds office as an Additional Director up to date of this Annual General Meeting.

Mr. Balan Wasudeo has more than 35 years of experience in Finance and Management in various organizations spanning across public sector undertakings, multi-national companies and family-owned Indian companies.

He has been Board member in several companies and has played leadership role in corporate restructuring, large fund-raising exercises and project management.

Brief profile of Mr. Balan Wasudeo is given below for reference of the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives except Mr. Balan Wasudeo is concerned or interested, financially or otherwise, in the resolution.

The Board recommends the resolution for the approval of the Members.

**Item No. 3**

Pursuant to Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, it shall be sufficient if the Company passes a special resolution once in a year for all offers or invitation for the debentures issued during the year. Shareholders of the Company at 14<sup>th</sup> Annual General Meeting held on September 27, 2021 approved issue of Non-Convertible Debentures (NCDs) not exceeding Rs. 600 Cr on private placement basis in one or more tranches. The Special Resolution passed on September 27, 2021 is valid for a period of one year i.e. up to September 26, 2022.

With the object to raise medium term finance, the Board of Directors (the Board) of the Company, at its meeting held on April 25, 2022, subject to approval of the Members of the Company, approved issue of Non-Convertible Debentures up to Rs.600 Crore on private placement basis in one of more tranches. It may be noted that pursuant to Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a company shall not make a private placement of its securities (including non-convertible debentures) unless the proposed offer of securities or invitation to subscribe securities has been previously approved by the shareholders of the company, by way of a special resolution, for each of the offers or invitations and in case of offer or invitation for non-convertible debentures, it shall be sufficient if the company passes a special resolution once in a year for all offers or invitation for such debentures during the year.

Approval of the Members is sought for issue of secured redeemable Non-Convertible Debentures up to Rs. 600 Crore on private placement basis, in one of more tranches, within a period of 1 (one) year from the date of passing the Resolution, on such terms and conditions including the price, coupon, premium / discount, tenor, listed/unlisted etc., as may be determined by the Board (or any other person authorized by the Board), at the prevailing market conditions.

None of the Directors and Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested in the resolution.

The Board recommends the resolution for the approval of the Members.

**By Order of the Board of Directors**

**Kamlesh Rane  
Company Secretary**

**Registered Office**

Phoenix ARC Private Limited  
CIN: U67190MH2007PTC168303  
5<sup>th</sup> Floor, Dani Corporate Park, 158, CST Road, Kalina,  
Santacruz (East), Mumbai - 400098

Place : Mumbai

Date : April 25, 2022

### Details of Director seeking appointment at the Annual General Meeting

|  |   |
|--|---|
| <b>Name</b>  | <b>Balan Wasudeo</b>  |
| Director Identification Number   | 00073697  |
| Age  | 72 Years  |
| Qualification  | Bachelor of Science, Post Graduate Diploma in Business Administration.  |
| Expertise in specific functional areas   | <p>Mr. Balan Wasudeo has more than 35 years of experience in Finance and Management in various organizations spanning across public sector undertakings, multi-national companies and family-owned Indian companies.</p> <p>He has been Board member in several companies and has played leadership role in corporate restructuring, large fund-raising exercises and project management.</p> |
| Date of first Appointment on the Board of the Company                                      | March 24, 2022  |
| Shareholding in the Company  | Nil   |
| No. of Meetings of Board held after March 24, 2022 and attended during the year FY 2021-22 | Nil   |
| Other Directorships as on March 31, 2022   | None  |
| Membership / Chairmanship of Committees of other Boards as on March 31, 2022               | None  |
| Relation with other Directors, Manager or KMP  | None  |
| Terms & Conditions of appointment and Details of Remuneration                              | <p>Mr. Balan Wasudeo is being appointed as Director on the Board of Directors of the Company.</p> <p>Remuneration in form of sitting fees and commission, if any, as applicable as per provisions of the Companies Act, 2013 and as per of the policy of the Company shall be payable to Mr. Balan Wasudeo.</p>   |

## DIRECTORS' REPORT

### To the Members of Phoenix ARC Private Limited

The Board of Directors has pleasure in presenting the Fifteenth Annual Report together with the Audited Financial Statements of your Company for the financial year ended March 31, 2022.

### REVIEW OF OPERATIONS

### CONSOLIDATED FINANCIAL RESULTS

| Particulars  | For the year ended<br>March 31, 2022<br>(Rs. in Lakh) | For the year ended<br>March 31, 2021<br>(Rs. in Lakh) |
|--|---|---|
| Total Income                                       | 26,430.47   | 19,018.18   |
| Profit/(Loss) before tax                           | 8,863.62  | 2,499.84  |
| Provision for tax                                  | (3,058.48)  | (1,224.72)  |
| Profit/(Loss) after Tax                            | 5,805.14  | 1,275.12  |
| Other Comprehensive Income (net of Tax)            | (4.86)  | (5.36)  |
| Total Comprehensive Income transferred to Reserves | 5,800.28  | 1,269.76  |

Consolidated financial results for the year ended March 31, 2022 represent the numbers of the Company along with 38 Trusts which have been consolidated in accordance with the Indian Accounting Standards. The consolidated revenues of the Company for the year were at Rs. 26,430.47 lakhs representing an increase of 1.39 times over the previous year. The Total Comprehensive Income for the year stood at Rs. 5,800.28 lakhs as compared to Rs. 1,269.76 lakhs in the previous year. During the year, there has also been a substantial increase in revenue from fee income. The fee income has increased to Rs.19,657 lakhs in the current year compared to Rs. 14,306 lakhs in the previous year.

### STANDALONE FINANCIAL RESULTS

| Particulars  | For the year ended<br>March 31, 2022<br>(Rs. in Lakh) | For the year ended<br>March 31, 2021<br>(Rs. in Lakh) |
|--|---|---|
| Total Income                                       | 21,252.58   | 15,462.02   |
| Profit/(Loss) before tax                           | 11,504.14   | 4,123.91  |
| Provision for tax                                  | (3,489.12)  | (1,564.75)  |
| Profit/(Loss) after Tax                            | 8,015.02  | 2,559.16  |
| Other Comprehensive Income (net of Tax)            | (4.86)  | (5.36)  |
| Total Comprehensive Income transferred to Reserves | 8,010.16  | 2,553.80  |

For the year ended March 31, 2022, the revenues of your Company were Rs. 21,252.58 lakhs representing an increase of 1.37 times over the previous year. The Total Comprehensive Income for the year stood at Rs. 8,010.16 lakhs as compared to Rs. 2,553.80 lakhs in the previous year. The growth in Total Comprehensive Income is due to substantial increase in the revenue from fee income. The fee income has increased to Rs. 19,925 lakhs in the current year compared to Rs.14,482 lakhs in the previous year.

### DIVIDEND

Your Directors do not recommend any dividend with a view to conserve resources for future growth.

### YEAR UNDER REVIEW AND FUTURE OUTLOOK

During the year, the Company acquired Non-Performing Assets (NPA) from various Banks and Financial Institutions for an amount of Rs. 3,42,028 lakhs. Your Company invested an amount of Rs. 79,730 lakhs during the year. The Company has till date, issued Security Receipts with a face value aggregating to Rs. 16,58,317 lakhs. Assets Under Management as on March 31, 2022 stood at Rs. 9,69,356 lakhs.

During the year, the National Asset Reconstruction Company Limited (NARCL) received all approvals to commence operations. Initially 38 accounts aggregating to Rs. 82,845 crore have been identified for transfer to NARCL in phased manner. Along with NARCL, a service company/ operational entity, India Debt Resolution Company Limited, has also been floated for resolving the stressed assets.

Disruptions caused by the Covid-19 pandemic over the last two years have had a huge impact on the Micro, Small and Medium Enterprises (MSME). As infections decline and the economy rebounds, the overall health of the banking sector is seen improving. However, stressed assets in the MSME and retail banking segments have risen and are expected to rise further.

As per Financial Stability Report released by RBI in December 2021, Gross Non-Performing Assets (GNPA) ratio of Scheduled Commercial Banks may rise from 6.9 % in September 2021 to 8.1% by September 2022 under the baseline scenario and to 9.5% under severe stress scenario. Report also observed emerging signs of stress in MSME & micro finance segments and called for close monitoring of these portfolios going forward.

During the year, the Committee constituted by RBI to review working of ARCs, made several vital recommendations such as allowing ARCs to participate in IBC proceedings as Resolution Applicant, allowing sale of all Special Mention Accounts, sale of fraud accounts by lenders to ARCs, allowing ARCs to acquire stressed loans given to domestic borrowers by regulated overseas banks and financial institutions, permitting ARCs to acquire financial assets from all regulated entities, including Alternate Investment Funds (AIFs), Foreign Portfolio Investors, Asset Management Companies, all Non-Banking Financial Companies (including Housing Finance Companies) irrespective of asset size and from retail investors. The Committee further made recommendations allowing ARCs to sponsor SEBI registered AIF, allowing lenders to sale both debt as well equity pertaining to the borrowers to ARCs, widening of avenues for investment of surplus funds, expansion of list of qualified buyers to include high net-worth investors etc. Management of the Company feels that implementing these recommendations would transform the ARC industry, giving it much required impetus to capitalise on large business opportunities presented by the stressed assets market of the Country. These recommendations are being reviewed by RBI for further action.

## **CHANGES IN BOARD OF DIRECTORS**

Mr. Balan Wasudeo (DIN: 00073697) was appointed as an Additional Director on the Board of Directors of the Company subject to approval of Reserve Bank of India (RBI). RBI vide its letter dated March 24, 2022 approved his appointment.

Approval of the Members is being sought for appointment of Mr. Balan Wasudeo as Director of the Company at the ensuing Annual General Meeting of the Company.

Mr. Balan Wasudeo has more than 35 years of experience in finance and management in various organizations spanning across public sector undertakings, multi-national companies and family-owned Indian companies. He has been Board member in several companies and has played leadership role in corporate restructuring, large fund-raising exercises and project management.

## **CHANGES IN KEY MANAGERIAL PERSONNEL**

During the year, Mr. Ajay Walimbe, Head Acquisition & Company Secretary relinquished position of Company Secretary of the Company. Mr. Ajay Walimbe ceased to be Company Secretary with effect from June 16, 2021, however he continues to be Head Acquisition of the Company. Mr. Kamlesh Rane has been appointed as a Company Secretary of the Company with effect from June 16, 2021.

Mr. Kamlesh Rane is a Company Secretary and member of Institute of Company Secretaries of India. He is a commerce graduate and also holds bachelor's degree in Law. He has an experience of over ten years in banking and financial services industry.

## **DEBENTURES**

As approved by Members at Annual General Meeting held on September 27, 2021, during the year, Company issued Secured Non-Convertible Debentures amounting to Rs. 95 Crores on private placement basis. These Non-Convertible Debentures have been listed on Wholesale Debt Segment of National Stock Exchange of India Limited. The Company has appointed Vistra ITCL (India) Limited as Debenture Trustee.



#### **Details of Debenture Trustee:**

Vistra ITCL (India) Limited, The IL&FS Financial Centre, Plot No. C-22, G Block, 7<sup>th</sup> Floor, Bandra Kurla Complex, Bandra (East), Mumbai-400051,

Tel: +91 2226593535, Email: mumbai@vistra.com

#### **DEPOSITS**

The Company has not accepted any deposits from public during the year under review, further there are no deposits due and outstanding as on March 31, 2022.

#### **LOANS, INVESTMENTS AND GUARANTEES**

Particulars of loans disbursed, and investments made, if any, are disclosed in the Financial Statements. During the year ended March 31, 2022, the Company has not given any guarantee.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

During the year under review, there were no transactions with related parties referred to in Section 188 (1) of the Companies Act, 2013. Thus, disclosure in Form AOC-2 is not required.

#### **RISK MANAGEMENT**

The Company has established well defined risk management framework. The framework provides for early identification, assessment and effective mitigation/management of Business & Financial Risk, Reputation Risk, Operational Risk and various other potential risks. Risk Management Committee of the Company reviews the risk management framework from time to time.

#### **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

Energy conservation continues to receive priority attention at all levels. All efforts are made to conserve and optimize use of energy.

There was no technology absorption during the year under review. Hence, the information in respect of technology absorption as required under Section 134 (3)(m) of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014 is to be regarded as Nil.

#### **PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

The Company has zero tolerance for sexual harassment of women at workplace and has in place an Anti-Sexual Harassment Policy in line with requirements of 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013'. Internal Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy. No incidences of sexual harassment were reported during the year.

#### **VIGIL MECHANISM**

The Company has adopted Vigil Mechanism Policy pursuant to which whistle blowers can raise their concerns relating to fraud, unethical business conduct, abuse of authority, malpractice or any other activity or event which is against the interest of the Company or society as whole. The policy provides for safeguarding the whistle blower against victimization. Functioning of the Vigil Mechanism is overseen by the Audit Committee. During the year under review no case was reported.

#### **CORPORATE GOVERNANCE**

A detailed report on the Corporate Governance system and practices of the Company forms part of the Annual Report as "Annexure I".

#### **ANNUAL RETURN**

In accordance with the provisions of the Companies Act, 2013 and the Rules framed thereunder, the Annual Return is available on the website of the Company: URL: [http://www.phoenixarc.co.in/financial\\_reports.php](http://www.phoenixarc.co.in/financial_reports.php).

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Pursuant to Section 135 of the Companies Act, 2013, the CSR expenditure incurred during the financial year 2021-22 amounts to Rs.108 Lakh as against Rs.114 Lakh in the previous financial year. Your Company does not consider its Administrative Overheads as part of CSR Expenditure. The CSR Committee of the Board confirms that the implementation and monitoring of CSR activities, is in compliance with CSR objectives and policy of the Company.

The Report containing details of CSR activities pursuant to Section 135 of the Companies Act, 2013 is annexed hereto as "Annexure II".

## **FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year under review, there were no foreign exchange earnings and expenditure.

## **STATUTORY AUDITORS**

In terms of Section 139 of the Companies Act, 2013, Members have appointed M/s. Manohar Chowdhry & Associates (Firm Registration No. 001997S) as Statutory Auditors of the Company for a period of three years from the conclusion of the Fourteenth Annual General Meeting until the conclusion of the Seventeenth Annual General Meeting of the Company.

During the year under review, there were no instances of fraud reported by the Auditors. The Auditor's Report does not contain any qualification, reservation or adverse remark.

## **SECRETARIAL AUDITOR**

M/s Parikh & Associates, Practicing Company Secretaries, have carried out the Secretarial Audit of the Company for the Financial Year 2021-22 and as per the provisions of Section 204 of the Act a Secretarial Audit Report in the prescribed format given by M/s. Parikh & Associates is attached as "Annexure III" to the Director's Report. The Report does not contain any qualification, reservation or adverse remark.

## **SECRETARIAL STANDARDS**

During the year under review, the Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by Central Government under Section 118 (10) of the Companies Act, 2013.

## **INTERNAL FINANCIAL CONTROLS**

The Company has put in place an adequate internal control systems commensurate with size, scale and nature of its operations to ensure compliance with its policies and procedures. With a view to ensure and review the effectiveness of the systems and operations, the Audit Committee regularly reviews them. The Company has implemented internal financial controls in consultation with M/s. Pipalia Singhal & Associates.

## **INTERNAL AUDITORS**

The Company has appointed CNK & Associates LLP, Chartered Accountants (Firm Registration No. 101961W/W100036) as independent Internal Auditors to periodically review various aspects of the financial systems, implementation of policies and other statutory compliances. The Internal Auditors attend Audit Committee meetings regularly and their reports are reviewed by the Audit Committee.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors confirm that in preparation of the annual accounts:

- i) the applicable accounting standards have been followed and no material departures have been made from the same;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended on that date;

- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the accounts have been prepared on a going concern basis;
- v) internal financial controls have been laid down and such internal financial controls are adequate and are operating effectively;
- vi) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **ACKNOWLEDGEMENT**

The Board acknowledges and sincerely thanks the Shareholders, Investors, Bankers, Regulators and other business associates for their continued support during the year. The Board placed on record its appreciation for the efforts of the employees of the Company.

**On behalf of the Board of Directors**

**Keki Elavia**  
Director  
(DIN: 00003940)

**Venkattu Srinivasan**  
Director  
(DIN: 01535417)

Place : Mumbai

Date : April 25, 2022

## Annexure I

### CORPORATE GOVERNANCE REPORT

#### I. Company's Policy

The corporate governance framework of the Company is based on an effective independent Board and segregation of the Board's supervisory role from the hands-on operations undertaken by the Management team.

##### **Board of Directors**

The Board comprises of five Directors including three independent directors. The Board is responsible for overall management of the Company's business including formulation of strategic and business plans, review of corporate performance and reporting to the Shareholders. The Directors provide inputs to Management based on their knowledge and expertise. The Board members ensure that their other responsibilities do not materially impact their responsibility as Directors of the Company.

The Board meets at least once a quarter to review the performance, formulate plans & strategy and to consider other business items of the agenda. Management Committee members are invited to attend the Board meeting to provide additional inputs.

##### **Audit Committee**

Audit Committee comprises of four members which includes two Independent Directors viz. Mr. Chandan Bhattacharya & Mr. Keki Elavia and Mr. Venkattu Srinivasan & Ms. Jyoti Agarwal, Directors. The Audit Committee meets every quarter. Audit Committee reviews financial statements, financial controls and adequacy of internal control systems of the Company.

Meetings of the Audit Committee are also attended by Management Committee members and Auditors as special invitees.

##### **Risk Management Committee**

Risk Management Committee constituted during the year comprises of three Directors viz. Mr. Chandan Bhattacharya, Mr. Keki Elavia and Mr. Venkattu Srinivasan. Committee Members also include Mr. Sanjay Tibrewala, Chief Executive Officer and Ms. Gauri Bhatkal, Chief Financial Officer & Chief Risk Officer. Risk Management Committee reviews risk management framework of the Company from time to time.

##### **Corporate Social Responsibility (CSR) Committee**

As part of Company's commitment towards economic, environmental and social well-being of communities, Corporate Social Responsibility Committee has been constituted at the Board level pursuant to provisions of Section 135 of the Companies Act, 2013. The Committee consists of four Directors which includes two Independent Directors viz. Mr. Chandan Bhattacharya & Mr. Keki Elavia and Mr. Venkattu Srinivasan & Ms. Jyoti Agarwal as Directors. The Committee takes decisions on deployment of allocated funds to meet the objectives of CSR Policy. The Committee makes recommendation to the Board of Directors on CSR policy and related matters.

##### **Allotment Committee**

Allotment Committee consists of four Directors which includes two Independent Directors viz. Mr. Chandan Bhattacharya & Mr. Keki Elavia, and Mr. Venkattu Srinivasan & Ms. Jyoti Agarwal as Directors. The Committee functions to allot any securities including Shares, Debentures and Bonds and to issue security certificates.

##### **Record of the General Meetings, Board and it's Committee Meetings**

During the year, Directors of the Company had 13 Board Meetings, 5 Audit Committee Meetings, 1 Risk Management Committee Meeting, 4 CSR Committee Meetings and 1 Allotment Committee Meeting. Annual General Meeting of the Members of the Company was held on September 27, 2021.

### **Management Committee**

Management Committee comprises of Chief Executive Officer and other senior executives of the Company. The Management Committee monitors and regulates day to day operations of the Company including evaluation of acquisition proposals, approval of investments, formulation of resolution strategy in respect of acquired assets. The Management Committee meets as and when required and reports to the Board.

### **II. Disclosures**

- (1) During the year under review there were no transactions of the Company with its Directors, Key Managerial Personnel and their relatives that had potential conflict with the interest of the Company at large.
- (2) None of the Directors of the Company are related to each other.

### **III. Shareholders' Information**

All the securities of the Company have been dematerialised through National Securities Depository Limited. The Company has appointed Link Intime India Private Limited as Registrar and Share Transfer Agent.

#### **On behalf of the Board of Directors**

**Keki Elavia**  
Director  
(DIN: 00003940)

**Venkattu Srinivasan**  
Director  
(DIN: 01535417)

Place : Mumbai  
Date : April 25, 2022

**Annexure II**  
**CSR REPORT**

**1. Brief outline on CSR Policy of the Company.**

The CSR Policy articulates the Company's aim to positively contribute towards economic, environmental and social well-being of communities through its Corporate Social Responsibility agenda. The core CSR focus areas outlined are:

- Education & livelihood
- Healthcare
- Environment and Sustainable Development
- Relief & Rehabilitation
- Sports

**2. Composition of CSR Committee:**

| Sl. No. | Name of Director         | Designation/ Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|--------------------------|-------------------------------------|--|--|
| 1       | Mr. Chandan Bhattacharya | Independent Director                | 4  | 4  |
| 2       | Mr. Keki Elavia          | Independent Director                | 3  | 1  |
| 3       | Mr. Venkattu Srinivasan  | Director                            | 4  | 4  |
| 4       | Ms. Jyoti Agarwal        | Director                            | 4  | 4  |

**3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company: [www.phoenixarc.co.in](http://www.phoenixarc.co.in)**

**4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):**  
Not Applicable

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:** Not Applicable

**6. Average net profit of the company as per section 135(5) : Rs. 538,745,336.00**

**7. (a) Two percent of average net profit of the company as per section 135(5): Rs. 10,800,000.00**

**(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil**

**(c) Amount required to be set off for the financial year: Nil**

**(d) Total CSR obligation for the financial year (7a+7b-7c): Rs. 10,800,000.00**

**8. (a) CSR amount spent or unspent for the financial year:**

| Total Amount Spent for the Financial Year (in Rupees) | Amount Unspent (in Rupees)                                       |                  |  |        |                  |
|---|--|------------------|--|--------|------------------|
|   | Amount transferred to Unspent CSR account as per Section 135 (6) |                  | Amount transferred to any fund specified under Schedule VII as per Section 135 (5) |        |                  |
| 10,800,000.00   | Amount   | Date of Transfer | Name of the Fund   | Amount | Date of Transfer |
|   | Nil  | Nil              | Nil  | Nil    | Nil              |

**(b) Details of CSR amount spent against ongoing projects for the financial year:**

| Sl. No. | Name of the Project            | Item from the list of activities in Schedule VII to the Act | Local area | Location of the Project |                 | Amount spent for the Project (in Rupees) | Mode of Implementation Direct (Yes/No) | Mode of Implementation – Through Implementing Agency |                         |
|---------|--------------------------------|---|------------|-------------------------|-----------------|--|--|--|-------------------------|
|         |                                |   |            | State                   | District        |  |  | Name   | CSR Registration Number |
| 1       | Community Nutrition Initiative | Healthcare  | Yes        | Maharashtra             | Bhiwandi, Thane | 40,00,000.00                             | No                                     | Foundation for Mother & Child Health India           | CSR00002719             |
| 2       | Aid to walk in cancer patients | Healthcare  | Yes        | Maharashtra             | Mumbai, Pune    | 68,00,000.00                             | No                                     | Cancer Patients Aid Association                      | CSR00000926             |

**(c) Details of CSR amount spent against other than ongoing projects for the financial year : Nil**

**(d) Amount spent in Administrative Overheads: Nil**

**(e) Amount spent on Impact Assessment, if applicable: Not Applicable**

**(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 10,800,000.00**

**(g) Excess amount for set off, if any:**

| Sl. No. | Particulars   | Amount (in Rupees) |
|---------|---|--------------------|
| (i)     | Two percent of average net profit of the company as per section 135(5)                                      | 10,800,000.00      |
| (ii)    | Total amount spent for the Financial Year   | 10,800,000.00      |
| (iii)   | Excess amount spent for the financial year [(ii)-(i)]   | Nil                |
| (iv)    | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | Nil                |
| (v)     | Amount available for set off in succeeding financial years [(iii)-(iv)]                                     | Nil                |

**9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil**

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s) : Nil**

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): Not Applicable**

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable**

**On behalf of the Board of Directors**

**Keki Elavia**  
Director  
(DIN: 00003940)

**Venkattu Srinivasan**  
Director & Member of CSR Committee  
(DIN: 01535417)

Place : Mumbai  
Date : April 25, 2022



**Annexure III**

**FORM No. MR-3**

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022**

(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,  
The Members,  
Phoenix ARC Private Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Phoenix ARC Private Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company, the information to the extent provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the Covid-19 pandemic, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2022 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings: (Not applicable to the Company during the audit period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011: (Not applicable to the Company during the audit period);
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time: (Not applicable to the Company during the audit period);
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021: (Not applicable to the Company during the audit period);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client: (Not applicable to the Company during the audit period);
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021: (Not applicable to the Company during the audit period); and



- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018: (Not applicable to the Company during the audit period);
- (vi) Other laws specifically applicable to the Company namely:
- (a) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

1. The Company had issued Commercial Papers (CPs) amounting to Rs. 100 crores and redeemed CPs amounting to Rs. 150 crores during the year.
2. The Company had issued Non-Convertible Debentures (NCDs) on private placement basis amounting to Rs. 95 crores and redemption of NCDs amounting to Rs. 100 crores during the year.

**For Parikh & Associates**  
Company Secretaries

**Sarvari Shah**  
Partner

FCS No: 9697 CP No: 11717  
UDIN: F009697D000200954  
PR No.: 1129/2021

Place: Mumbai  
Date : April 25, 2022

*This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.*

## Annexure A

To,  
The Members,  
Phoenix ARC Private Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events, etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

**For Parikh & Associates**  
Company Secretaries

**Sarvari Shah**  
Partner  
FCS No: 9697 CP No: 11717  
UDIN: F009697D000200954  
PR No.: 1129/2021

Place: Mumbai  
Date : April 25, 2022

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Phoenix ARC Private Limited

### **Report on the Audit of the Consolidated Ind AS Financial Statements**

#### **Opinion**

We have audited the accompanying consolidated Ind AS financial statements of PhoenixARC Private Limited (hereinafter referred to as "the Company") and trusts controlled by the Company (the Company and its trusts together referred to as "the Group") comprising of the consolidated Balance Sheet as at 31<sup>st</sup> March, 2022, the consolidated Statement of Profit and Loss, including consolidated statement of Other Comprehensive Income, consolidated Statement of Changes in Equity and the consolidated Cash Flow Statement for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2022 and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and the consolidated changes in equity for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SA), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### **Emphasis of Matter**

We also draw attention to note XIII of the notes to accounts of the accompanying Consolidated Ind AS financial statements which describes the uncertainties arising from COVID-19 pandemic on the company's operations and recoverability of its assets.

Our Opinion is not modified in this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended 31<sup>st</sup> March, 2022. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

| Key audit matters   | How our audit addressed the key audit matter  |
|---|---|
| <p><b>a) Impairment of financial instruments (loans, trade receivables and advances recoverable from trust) (Refer note M of the significant accounting policies and XIII (i) of the notes to accounts of the consolidated Ind AS financial statements)</b></p>   |   |
| <p>Loans, trade receivables (majorly management fee receivable) and advances recoverable from trusts amount to Rs 3,330.13 lakhs (net of impairment provision) as disclosed in the consolidated Ind AS financial statements as at 31<sup>st</sup> March, 2022.</p> <p>IndAS 109 Financial instruments (IndAS 109) requires the Group to provide for impairment of its financial instruments (designated as amortized cost or fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles mentioned in the standard. In the process of applying such principles and other requirements of the standard, a significant degree of judgment has been applied by the management in respect of following matters:</p> <p>a) Grouping of the trade receivables and recoverable from trust under homogenous pools in order to determine probability of default (PD) on a collective basis.</p> <p>b) Determining the staging of loans, trade receivables and advances recoverable from trust</p> <p>c) Determining effect of past defaults on future probability of default.</p> <p>d) Estimation of management overlay for macro-economic factors which could impact the ECL provisions.</p> <p>e) Estimation of loss given default (LGD) based on past recovery rates.</p> <p>Further, in light of the business disruption caused due to the COVID-19 situation, the management has done an assessment of the impact on the ECL on the abovementioned financial assets. The management has used certain statistical assumptions/models to stress test the PDs and the LGDs derived from its model to arrive at a probable impact on COVID-19 on the ECL provision. These assumptions and judgements used have an inherent uncertainty of the actual impact of COVID-19 and the impact may be different from these estimates. Given the complexity, significant judgement and the uncertainty of impact of COVID-19 involved in the estimation of impairment of financial assets, we have considered this area as a key audit matter.</p> | <ul style="list-style-type: none"> <li>• Our audit procedures included considering the Company's board approved policies for impairment of financial instruments and assessing compliance with the policies in terms of Ind AS 109.</li> <li>• We understood the process of ECL estimation and tested the design and operating effectiveness of key controls around data extraction and validation.</li> <li>• We understood the methodology used by the management to arrive at their ECL provision and examined certain assumptions used by the Group in their model for grouping and staging of financial assets into various categories and default buckets and for determining the PD and LGD rates including the macro-economic factors.</li> <li>• We have understood the methodology applied by the management to stress test its PD and LGD to ascertain a best estimate impact of COVID-19 on the ECL provision and tested the key assumptions and judgements made by the management. The actual impact may vary from the estimates made by the management. We tested the operating effectiveness of the controls for staging of loans and receivables based on their past-due status. We performed test of details to verify the completeness and accuracy of the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records.</li> <li>• We tested the arithmetical accuracy of computation of ECL provision performed by the Group in spreadsheets.</li> <li>• We assessed the disclosures included in the consolidated Ind AS financial statements with respect to such allowance/estimate are in accordance with the requirements of Ind AS 109 and Ind AS 107 Financial Instruments: Disclosures.</li> </ul> |

| Key audit matters  | How our audit addressed the key audit matter  |
|--|---|
| <b>b) Fair valuation of Security Receipts (SR) (Refer note P of the significant accounting policies and XIII (ii) of the notes to accounts of the consolidated Ind AS financial statements)</b>  |   |
| <p>The Group holds investments in the form of security receipts which represent the investments in underlying pool of assets. The fair valuation of these investments as at 31<sup>st</sup> March, 2022 is Rs. 86,098.33 lakhs as disclosed in the consolidated Ind AS financial statements. These investments are classified as fair value through the profit and loss. In accordance with Ind AS 113 Fair Value measurement (Ind AS 113), the objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.</p> <p>As required by RBI regulations, these SRs are valued on a half yearly basis from eligible credit rating agencies ("CRA"). These CRA perform an independent evaluation of the underlying assets based on certain estimates and judgements and provide range of recovery of these underlying assets. The management then decides the fair value of the security receipts based on its best estimate of recovery, based on the range of recovery provided by the CRA.</p> <p>Further, the recoverability from the underlying assets of SRs could be impacted due to the COVID-19 situation. The management and CRA have done an assessment to ascertain future recoverability estimates of the underlying assets while assessing the value of these SRs. In making these assessments, the management and CRA have used several estimates, assumptions and sources of information (both internal and external). These assumptions, estimates and information used by the management and CRA have an inherent uncertainty of the impact of COVID-19 and the actual results may differ from the estimates and assumptions made.</p> <p>Given the significance of fair valuation of investments in Security Receipts to overall financial statements and the degree of management's judgement involved in the estimate, involvement of external CRA in the fair value estimation and uncertainty of the impact of COVID-19 on the recoverability of the SRs, we have considered this area as a key audit matter.</p> | <ul style="list-style-type: none"> <li>• Our audit procedures included an assessment of internal controls over measurement of fair value and we have understood the management process of providing key inputs to the CRAs such as, resolution plan, security value, projected cash flows, restructuring plans, etc. in determining the fair value.</li> <li>• We have understood the management process of providing key inputs to the CRAs such as, resolution plan, security value, projected cash flows, restructuring plans, etc. including the impact of COVID-19 on key inputs required for the purpose of valuation.</li> <li>• We tested the operating effectiveness of the controls for the purpose of fair valuation of security receipts.</li> <li>• We have performed testing on a sample basis of key inputs as mentioned above to validate the reasonableness of the input values.</li> <li>• We have understood of the valuation process followed by the CRAs and test the fair valuation of sample cases. We understood the key inputs, judgements and discounting factors applied by the CRAs and independently verified sample cases including key inputs used to ascertain fair valuation of the SRs.</li> <li>• We have tested on a sample basis, the management rationale for declaring the fair value of the SRs in range provided by CRA, to assess for reasonableness of the recovery range declared.</li> <li>• We have understood the management's assessment process to ascertain the impact of COVID-19 on the future recoverability estimates of the SRs along with key inputs used and judgements made. On a sample basis we have tested the assumptions and inputs used for this assessment with the help of our valuation experts. The future recoverability estimates are subject to significant uncertainty and the actual results may vary from the assumptions and estimates as events unfold.</li> <li>• We assessed disclosures included in consolidated Ind AS financial statements with respect to such fair valuation.</li> </ul> |



| Key audit matters  | How our audit addressed the key audit matter   |
|--|--|
| <b>c) Valuation of Purchase or originated credit impaired assets (POCI). (Refer note M of the significant accounting policies and XIII (i) of the notes to accounts of the consolidated Ind AS financial statements)</b>   |  |
| <p>The trusts that are consolidated have assets on their books which are impaired and accordingly in accordance with Ind AS 109 classified as purchased or originated credit impaired assets (“POCI”). The Group has POCI assets (net of impairment) assets amounting to Rs. 35,616.31 lakhs as disclosed in the consolidated Ind AS financial statements as at 31<sup>st</sup> March 2022.</p> <p>These assets are measured using projected cash flows based on management estimates of recovery and then discounted at the credit adjusted effective interest rate.</p> <p>Further, the recoverability of these assets could be impacted due to the COVID-19 situation. The management has made an assessment on each POCI asset to ascertain future recoverability estimates. In making this assessment, the management has used several estimates, assumptions and sources of information (both internal and external), including but not limited to quality of collateral available, external credit reports, economic forecasts for future expected performance of the underlying companies etc. The assumptions and estimates used by the management may vary and actual results may differ from the estimates and assumptions.</p> <p>Considering the significant management estimate and judgement involved in assessing cash flows and the discount rate, we have considered this as a key audit matter.</p> | <ul style="list-style-type: none"> <li>• For POCI assets, we have understood methodology applied by the management to value these assets including the key inputs in that process which included future cash flow projections and the calculation of credit adjusted effective interest rate for discounting those cash flows and tested for samples these key inputs and estimates used.</li> <li>• We tested the operating effectiveness of the controls for collating the information for future recovery estimates and past collections records.</li> <li>• Verified on a sample basis the calculation of the credit adjusted effective interest rate used for the purpose of discounting these assets.</li> <li>• We have understood the management’s assessment process to ascertain the impact of COVID-19 on the future recoverability of the POCI along with key inputs used and judgements made. For sample cases verified, the assumptions and inputs used for this assessment to ascertain future recoverability estimates. The future recoverability estimates are subject to significant uncertainty and the actual results may vary from the assumptions and estimates as events unfold.</li> <li>• We have verified the arithmetical accuracy of the valuation of the POCI assets using the expected cash flow and discount rate performed by the Group using spreadsheets.</li> <li>• We have assessed disclosures included in the financial statements with respect to these assets in accordance with Ind AS 107 and Ind AS 109.</li> </ul> |
| <b>d) Consolidation of Trusts (Refer Note 4 of the notes to accounts of the consolidated Ind AS financial statements)</b>  |  |
| <p>The Group sets up trusts to acquire stressed assets for the purpose of carrying on the activity of Securitisation and Asset Reconstruction. These Trusts issue SRs which represent the beneficial undivided right, title and interest in the assets of the respective trust to the beneficiaries. The Group acts as assets manager in respect of these trusts and consolidates the trusts which it controls.</p> <p>As per Ind AS 110 Consolidated Financial Statements, the company needs to consolidate the entity when it controls it. Control is achieved when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To assess control various factors, need to be considered based on relevant facts and circumstances.</p> <p>Considering the significant management judgement and estimate involved in assessing control, we have considered this a key audit matter.</p>   | <ul style="list-style-type: none"> <li>• We have understood the structure of all the trusts managed by the company and reviewed the beneficial interest, the waterfall mechanism of distribution of returns and other relevant clauses of the trust deeds.</li> <li>• We have obtained and reviewed the workings made by the management to assess the variability of returns from the recovery in the trusts based on estimated recovery in the trusts.</li> <li>• We have read and understood the management’s policy on the assessment of the percentage of variability for the Company to be classified from agent to principal for the purpose of consolidation, in accordance with Ind AS 110.</li> <li>• We have verified the consolidation of these trusts done by the Group.</li> <li>• We have assessed disclosures included in the financial statements with respect to these assets in accordance with Ind AS 107 and Ind AS 110.</li> </ul>  |

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

The Group's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report (which includes the Director's report, the Corporate Governance report, extract of annual return and Corporate Social Responsibility report), but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

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

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

## **Responsibilities of Management for the Consolidated Ind AS Financial Statements**

The Group's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The Board of Directors of the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Board of Directors of the Group, as aforesaid.

In preparing the consolidated Ind AS financial statements, the Board of Directors of the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the financial reporting process of the Group.

## **Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements**

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors.

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 Group and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended 31<sup>st</sup> March, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit and on the consideration of separate financial statements of the trusts and the other financial information of trusts, we report, to the extent applicable, that:

- a) We have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind



AS Financial Statements have been kept by the Group so far as it appears from our examination of those books;

- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e) On the basis of the written representations received from the directors of the Group as on 31<sup>st</sup> March, 2022 taken on record by the Board of Directors of the Group none of the directors of the Group is disqualified as on 31<sup>st</sup> March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “Annexure A” which is based on the auditors’ reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
- g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Group for the year ended 31<sup>st</sup> March, 2022;
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us trusts:
  - i. The Group does not have any pending litigations which would impact its consolidated financial position;
  - ii. The Group, did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended 31<sup>st</sup> March, 2022
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group, during the year ended 31<sup>st</sup> March, 2022.
  - iv. (a) The respective management of the Company and trusts controlled by the Company has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or trusts controlled by the Company to or in any other persons or entity, including foreign entities (‘Intermediaries’), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company or any of such trusts (‘Ultimate Beneficiaries’) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The respective Managements of the Company and trusts controlled by the Company which are incorporated or established in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such trusts from any person or entity, including foreign entity (‘Funding Parties’), with the understanding, whether recorded in writing or otherwise, that the Company or any of such trusts 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 that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its trusts which are incorporated or established in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us 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. There were no dividends declared or paid during the year by the company.

With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its trusts included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

**For Manohar Chowdhry & Associates**  
Chartered Accountant  
ICAI Firm Registration Number: 001997S

**Ameet N Patel**  
Membership Number: 039157  
Place of Signature: Mumbai  
UDIN: 22039157AHSVOT6813  
Date: April 25, 2022

## **ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF PHOENIX ARC PRIVATE LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Phoenix ARC Private Limited ("the Company") as of 31<sup>st</sup> March, 2022 in conjunction with our audit of the consolidated Ind AS financial statements of the Group for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with respect to the consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with respect to the consolidated Ind AS financial statements were 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 system over financial reporting with respect to the consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with respect to the consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of 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 over financial reporting with respect to these consolidated Ind AS financial statements.

#### **Meaning of Internal Financial Controls Over Financial Reporting with respect to the consolidated Ind AS financial statements**

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

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting with respect to the consolidated Ind AS financial statements**

Because of the inherent limitations of internal financial controls over financial reporting with respect to the consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal

financial controls over financial reporting with respect to the consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with respect to the consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with respect to the consolidated Ind AS financial statements and such internal financial controls over financial reporting with respect to the consolidated Ind AS financial statements were operating effectively as at 31<sup>st</sup> March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting includes only the Company. The trusts forming part of the consolidated Ind AS financial statements are not companies as defined as per the Act and accordingly reporting on the adequacy and operating effectiveness of the internal controls is not applicable to these trusts.

**For Manohar Chowdhry & Associates**  
Chartered Accountant  
ICAI Firm Registration Number: 001997S

**Ameet N Patel**  
Membership Number: 039157  
Place of Signature: Mumbai  
UDIN: 22039157AHSVOT6813  
Date: April 25, 2022

**PHOENIX ARC PRIVATE LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2022**

(Amount in lakhs)

| Particulars  | Note No. | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|----------|-------------------------|-------------------------|
| <b>Assets</b>  |          |                         |                         |
| <b>Financial assets</b>  |          |                         |                         |
| Cash and cash equivalents  | 2        | 6,883.22                | 9,914.33                |
| Trade receivables  | 3        | 1,434.44                | 1,105.93                |
| Loans  | 4        | 37,268.26               | 22,654.80               |
| Investments  | 5        | 86,327.66               | 69,856.98               |
| Other financial assets   | 6        | 277.94                  | 285.97                  |
| <b>Sub total</b>   |          | <b>1,32,191.52</b>      | <b>1,03,818.01</b>      |
| <b>Non-financial assets</b>  |          |                         |                         |
| Current tax assets (net)   |          | 1,491.69                | 487.87                  |
| Deferred tax assets (net)  | 26       | 5,538.04                | 5,402.92                |
| Property, plant and equipment  | 7        | 343.12                  | 384.31                  |
| Intangible assets under development  |          | 9.10                    | -                       |
| Other intangible assets  | 8        | -                       | 0.94                    |
| Other non-financial assets   | 9        | 50.47                   | 13.44                   |
| <b>Sub total</b>   |          | <b>7,432.42</b>         | <b>6,289.48</b>         |
| <b>Total assets</b>  |          | <b>1,39,623.94</b>      | <b>1,10,107.49</b>      |
| <b>Liabilities and equity</b>  |          |                         |                         |
| <b>Liabilities</b>   |          |                         |                         |
| <b>Financial liabilities</b>   |          |                         |                         |
| Payables   |          |                         |                         |
| Trade payables   |          |                         |                         |
| total outstanding dues of creditors other than micro enterprises and small enterprises | 10       | 1.79                    | 5.42                    |
| Debt securities  | 11       | 33,306.62               | 34,932.93               |
| Borrowings (other than debt securities)  | 12       | 40,730.55               | 19,965.14               |
| Other financial liabilities  | 13       | 1,302.74                | 950.51                  |
| <b>Sub total</b>   |          | <b>75,341.70</b>        | <b>55,854.00</b>        |
| <b>Non-financial liabilities</b>   |          |                         |                         |
| Current tax liabilities (net)  |          | 4,820.35                | 2,002.20                |
| Provisions   | 14       | 140.36                  | 114.19                  |
| Other non-financial liabilities  | 15       | 4,466.75                | 3,082.60                |
| <b>Sub total</b>   |          | <b>9,427.46</b>         | <b>5,198.99</b>         |
| <b>Equity</b>  |          |                         |                         |
| Equity share capital   | 16       | 16,800.00               | 16,800.00               |
| Other equity   | 17       | 38,054.78               | 32,254.50               |
| <b>Sub total</b>   |          | <b>54,854.78</b>        | <b>49,054.50</b>        |
| <b>Total liabilities and equity</b>  |          | <b>1,39,623.94</b>      | <b>1,10,107.49</b>      |
| Significant accounting policies & notes on accounts                                    | 1        |                         |                         |

In terms of our report attached.

**For Manohar Chowdhry & Associates**

Chartered Accountants  
Firm Registration No. 001997S

**Ameet N Patel**  
Partner  
Membership No. 039157

**Keki Elavia**  
Director  
DIN : 00003940

**For and on behalf of the Board of  
Directors of Phoenix ARC Private Limited**

**Venkattu Srinivasan**  
Director  
DIN : 01535417

**Sanjay Tibrewala**  
Chief Executive Officer

Mumbai, 25 April, 2022

**Gauri Bhatkal**  
Chief Financial Officer

**Kamlesh Rane**  
Company Secretary  
Membership No. A29339

**PHOENIX ARC PRIVATE LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022**

(Amount in lakhs)

|               | Particulars  | Note no. | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---------------|--|----------|--------------------------------------|--------------------------------------|
|               | <b>Revenue from operations</b>   |          |                                      |                                      |
|               | Interest income  | 18       | 6,531.33                             | 4,619.12                             |
|               | Fees and commission income   | 19       | 19,657.34                            | 14,306.29                            |
| <b>(I)</b>    | <b>Total revenue from operations</b>   |          | <b>26,188.67</b>                     | <b>18,925.41</b>                     |
| <b>(II)</b>   | <b>Other income</b>  | 21       | <b>241.80</b>                        | <b>92.77</b>                         |
| <b>(III)</b>  | <b>Total income ( I + II )</b>   |          | <b>26,430.47</b>                     | <b>19,018.18</b>                     |
|               | <b>Expenses</b>  |          |                                      |                                      |
|               | Finance costs  | 22       | 4,000.85                             | 4,533.27                             |
|               | Net loss on fair value changes   | 20       | 5,311.39                             | 5,768.36                             |
|               | Impairment on financial instruments  | 23       | 5,959.39                             | 4,881.99                             |
|               | Employee benefits expenses   | 24       | 1,493.06                             | 705.54                               |
|               | Depreciation, amortization and impairment                                    |          | 90.76                                | 86.76                                |
|               | Other expenses   | 25       | 711.40                               | 542.42                               |
| <b>(IV)</b>   | <b>Total expenses</b>  |          | <b>17,566.85</b>                     | <b>16,518.34</b>                     |
| <b>(V)</b>    | <b>Profit/(loss) before tax (III -IV )</b>                                   |          | <b>8,863.62</b>                      | <b>2,499.84</b>                      |
| <b>(VI)</b>   | <b>Tax expense</b>   | 26       |                                      |                                      |
|               | (1) Current tax  |          | 3,191.96                             | 2,739.79                             |
|               | (2) Deferred tax   |          | (133.48)                             | (1,515.07)                           |
|               | <b>Total tax expense (1+2)</b>   |          | <b>3,058.48</b>                      | <b>1,224.72</b>                      |
| <b>(VII)</b>  | <b>Profit/(loss) for the period (V-VI)</b>                                   |          | <b>5,805.14</b>                      | <b>1,275.12</b>                      |
| <b>(VIII)</b> | <b>Other comprehensive income</b>  |          |                                      |                                      |
|               | Items that will not be reclassified to profit or loss                        |          |                                      |                                      |
|               | - Remeasurements of the defined benefit plans                                |          | (6.50)                               | (7.16)                               |
|               | <b>Sub-total</b>   |          | <b>(6.50)</b>                        | <b>(7.16)</b>                        |
|               | Income tax relating to items that will not be reclassified to profit or loss | 26       | 1.64                                 | 1.80                                 |
|               | <b>Total</b>   |          | <b>(4.86)</b>                        | <b>(5.36)</b>                        |
| <b>(IX)</b>   | <b>Total comprehensive income for the period (VII+VIII)</b>                  |          | <b>5,800.28</b>                      | <b>1,269.76</b>                      |
| <b>(X)</b>    | <b>Earnings per equity share</b>   | 27       |                                      |                                      |
|               | Basic (Rs.)  |          | 3.46                                 | 0.76                                 |
|               | Diluted (Rs.)  |          | 3.46                                 | 0.76                                 |

In terms of our report attached.

**For Manohar Chowdhry & Associates**

Chartered Accountants  
Firm Registration No. 001997S

**Ameet N Patel**  
Partner  
Membership No. 039157

**Keki Elavia**  
Director  
DIN : 00003940

**For and on behalf of the Board of  
Directors of Phoenix ARC Private Limited**

**Venkattu Srinivasan**  
Director  
DIN : 01535417

**Sanjay Tibrewala**  
Chief Executive Officer

Mumbai, 25 April, 2022

**Gauri Bhatkal**  
Chief Financial Officer

**Kamlesh Rane**  
Company Secretary  
Membership No. A29339

**PHOENIX ARC PRIVATE LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2022**

(Amount in lakhs)

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Cash flow from operating activities</b>  |                                      |                                      |
| <b>Profit before tax</b>  | 8,863.62                             | 2,499.84                             |
| <b>Adjustments to reconcile profit before tax to net cash generated from / (used in) operating activities</b> |                                      |                                      |
| Depreciation and amortization expense   | 90.76                                | 86.76                                |
| Gain on realisation of proceeds from investments  | 2,096.03                             | 181.87                               |
| Net loss on fair value changes  | 2,820.78                             | 5,586.49                             |
| Impairment on trade receivables   | (133.28)                             | 4,882.00                             |
| Profit on sale of fixed assets  | (0.17)                               | (2.88)                               |
| Interest income (other than loans and advances)   | (110.09)                             | (68.71)                              |
| Interest on lease liability   | 29.24                                | 6.39                                 |
| Impairment on loans & advances  | 6,174.58                             | -                                    |
| Finance costs   | 4,896.61                             | 4,526.88                             |
| Gratuity  | 13.29                                | 12.25                                |
| <b>Operating profit before working capital changes</b>  | <b>24,741.37</b>                     | <b>17,707.09</b>                     |
| <b>Working capital adjustments</b>  |                                      |                                      |
| Adjustments for (increase) / decrease in operating assets   |                                      |                                      |
| Loans and advances  | (20,213.05)                          | 1,837.94                             |
| Trade receivables   | (195.22)                             | (1,469.62)                           |
| Other assets  | (462.75)                             | (344.80)                             |
| Adjustments for increase / (decrease) in operating liabilities  |                                      |                                      |
| Trade payables  | (3.63)                               | (17.25)                              |
| Provisions  | (51.98)                              | (11.23)                              |
| Other liabilities   | 1,852.61                             | 1,094.74                             |
|   | <b>(19,074.02)</b>                   | <b>1,089.78</b>                      |
| <b>Cash from operations</b>   | <b>5,667.35</b>                      | <b>18,796.87</b>                     |
| Income tax paid (net)   | (1,377.62)                           | (1,332.54)                           |
| <b>Net cash from operating activities</b>   | <b>4,289.73</b>                      | <b>17,464.33</b>                     |
| <b>Cash flow from investing activities</b>  |                                      |                                      |
| Purchase of fixed assets  | (57.73)                              | (20.80)                              |
| Sale of fixed assets  | 0.17                                 | 2.88                                 |
| Purchase of investments   | (59,965.09)                          | (20,762.13)                          |
| Sale of investments   | 38,436.38                            | 18,775.75                            |
| Investment in FDs   | -                                    | -                                    |
| Interest received on fixed deposits with bank   | 110.09                               | 68.71                                |
| <b>Net cash (used in) / generated from investing activities</b>   | <b>(21,476.18)</b>                   | <b>(1,935.59)</b>                    |
| <b>Cash flow from financing activities</b>  |                                      |                                      |
| Proceeds from borrowings  | 45,375.73                            | 26,793.68                            |
| Repayment of borrowings   | (31,532.06)                          | (20,000.00)                          |



**PHOENIX ARC PRIVATE LIMITED**
**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2022**
*(Amount in lakhs)*

| <b>Particulars</b>  | <b>For the year ended<br/>March 31, 2022</b> | <b>For the year ended<br/>March 31, 2021</b> |
|---|--|--|
| Net proceeds from bank overdraft facility                                 | 1,916.37                                     | (13,690.11)                                  |
| Finance costs including share issue expenses                              | (1,524.35)                                   | (4,129.86)                                   |
| Proceeds from issuance of security receipts                               | 6.77   | 1.00   |
| Redemption of security receipts including gains                           | -  | (160.81)                                     |
| Payment of lease liability  | (87.12)                                      | (89.55)                                      |
| <b>Net cash flow from financing activities</b>                            | <b>14,155.34</b>                             | <b>(11,275.65)</b>                           |
| <b>Net (decrease) / increase in cash and cash equivalents</b>             | <b>(3,031.11)</b>                            | <b>4,253.09</b>                              |
| Cash and cash equivalents at the beginning of the year                    | 9,914.33                                     | 5,661.24                                     |
| <b>Cash and cash equivalents at the end of the year</b>                   | <b>6,883.22</b>                              | <b>9,914.33</b>                              |
| <b>Reconciliation of cash and cash equivalents with the balance sheet</b> |  |  |
| Cash and cash equivalents as per balance sheet (refer note 2)             |  |  |
| Cash on hand  | 0.05   | 0.01   |
| Balances with banks in current account                                    | 1,188.33                                     | 6,488.22                                     |
| Balance in term deposit < 3 months  | 4,154.31                                     | 3,427.98                                     |
| Term deposits   | 1,541.71                                     | -  |
| Less: Impairment loss allowance   | (1.18)                                       | (1.88)                                       |
| <b>Cash and cash equivalents as restated as at the year end</b>           | <b>6,883.22</b>                              | <b>9,914.33</b>                              |

The above Cash flow statement has been prepared under the 'Indirect Method' as set out in Ind AS 7 - 'Cash Flow Statements'.

In terms of our report attached.

**For Manohar Chowdhry & Associates**

Chartered Accountants  
Firm Registration No. 001997S

**Ameet N Patel**

Partner  
Membership No. 039157

Mumbai, 25 April, 2022

**Keki Elavia**

Director  
DIN : 00003940

**Gauri Bhatkal**

Chief Financial Officer

**For and on behalf of the Board of**
**Directors of Phoenix ARC Private Limited**
**Venkattu Srinivasan**

Director  
DIN : 01535417

**Sanjay Tibrewala**

Chief Executive Officer

**Kamlesh Rane**

Company Secretary  
Membership No. A29339



**PHOENIX ARC PRIVATE LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022**

**A. Equity share capital**

(Amount in lakhs)

| Particulars                                     | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Balance at the beginning of the reporting year  | 16,800.00               | 16,800.00               |
| Changes in equity share capital during the year | -                       | -                       |
| <b>Balance at the end of the reporting year</b> | <b>16,800.00</b>        | <b>16,800.00</b>        |

**B. Other equity**

(Amount in lakhs)

| Particulars   | Reserves and Surplus  |                                    |                       |                      | Total            |
|---|-----------------------|------------------------------------|-----------------------|----------------------|------------------|
|   | Securities<br>premium | Debenture<br>redemption<br>reserve | Impairment<br>reserve | Retained<br>earnings |                  |
| <b>Balance as at March 31, 2020</b>                                     | <b>3,006.10</b>       | <b>386.99</b>                      | <b>249.67</b>         | <b>27,341.98</b>     | <b>30,984.74</b> |
| Profit for the year   | -                     | -                                  | -                     | 1,275.12             | <b>1,275.12</b>  |
| Other comprehensive income for the year<br>(net of tax)                 | -                     | -                                  | -                     | (5.36)               | <b>(5.36)</b>    |
| <b>Total comprehensive income for the year<br/>ended March 31, 2021</b> | -                     | -                                  | -                     | <b>1,269.76</b>      | <b>1,269.76</b>  |
| <b>Transfer/utilisations</b>  |                       |                                    |                       |                      | -                |
| Transfer to impairment reserve  | -                     | -                                  | -                     | -                    | -                |
| Transfer to debenture redemption reserve                                | -                     | -                                  | -                     | -                    | -                |
| <b>Balance as at March 31, 2021</b>                                     | <b>3,006.10</b>       | <b>386.99</b>                      | <b>249.67</b>         | <b>28,611.74</b>     | <b>32,254.50</b> |
| Profit for the year   | -                     | -                                  | -                     | 5,805.14             | <b>5,805.14</b>  |
| Other comprehensive income for the year<br>(net of tax)                 | -                     | -                                  | -                     | (4.86)               | <b>(4.86)</b>    |
| <b>Total comprehensive income for the year<br/>ended March 31, 2022</b> | -                     | -                                  | -                     | <b>5,800.28</b>      | <b>5,800.28</b>  |
| <b>Transfer/utilisations</b>  |                       |                                    |                       |                      | -                |
| Transfer to impairment reserve  | -                     | -                                  | -                     | -                    | -                |
| Transfer to debenture redemption reserve                                | -                     | 418.63                             | -                     | (418.63)             | -                |
| <b>Balance as at March 31, 2022</b>                                     | <b>3,006.10</b>       | <b>805.62</b>                      | <b>249.67</b>         | <b>33,993.39</b>     | <b>38,054.78</b> |

In terms of our report attached.

**For Manohar Chowdhry & Associates**

Chartered Accountants

Firm Registration No. 001997S

**Ameet N Patel**

Partner

Membership No. 039157

**Keki Elavia**

Director

DIN : 00003940

**For and on behalf of the Board of**

**Directors of Phoenix ARC Private Limited**

**Venkattu Srinivasan**

Director

DIN : 01535417

**Sanjay Tibrewala**

Chief Executive Officer

**Gauri Bhatkal**

Chief Financial Officer

**Kamlesh Rane**

Company Secretary

Membership No. A29339

Mumbai, 25 April, 2022

## PHOENIX ARC PRIVATE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022

#### 1. General information

PhoenixARC Private Limited ('the Company') along with trusts where the Company is acting as principal (collectively referred to as 'the Group'). The Company is also acting as a Trustee for these trusts.

The Company is domiciled in India and incorporated on March 2, 2007. The Company is registered with the Reserve Bank of India ('RBI') under section 3 of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act). The Company is incorporated to carry on the business of securitization of assets and reconstruction thereof under the provisions of the SARFAESI Act and the various guidelines issued by RBI from time to time.

Trusts are governed by their respective terms of the Indenture of Trust and the Offer Document, based on which Security Receipts (SRs), which represent the beneficial undivided right, title and interest in the assets of the respective trust have been issued to the beneficiaries. The objective of a Trust is to acquire stressed assets for the purpose of carrying on the activity of securitisation and asset reconstruction.

#### 2. Basis of Preparation

##### A. Statement of compliance

The financial statements of the Group have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. These standalone financial statements were authorized for issue by the Group's Board of Director's on April 25, 2022.

##### B. Functional and presentation currency

The financial statements are presented in Indian Rupees (INR) which is also Group's functional currency. All values are rounded to the nearest lakhs with two decimals, except when otherwise indicated.

##### C. Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following:

- Certain financial assets and liabilities - measured at fair value (refer accounting policy regarding financial instruments).

##### D. Use of estimates and judgements

The preparation of financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the balance sheet and statement of profit and loss. The actual amounts realized may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

Judgement, estimates and assumptions are required in particular for:

##### I. Recognition of revenue over time or at a point in time

The Group recognises revenue from trusteeship fee point in time because the performance obligation is completed once the service is provided by the Group.

##### II. Determination of estimated useful lives of property, plant, equipment

Useful lives of property, plant and equipment are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

## PHOENIX ARC PRIVATE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022

#### III. Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial valuation. Key actuarial assumptions which form the basis of above valuation includes discount rate, trends in salary escalation, demographics and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Further details are disclosed in note 33.

#### IV. Recognition of deferred tax assets

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, depreciation carry-forwards and unused tax credits could be utilized.

#### V. Recognition and measurement of provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may. Therefore, vary from the amount included in other provisions.

#### VI. Discounting of long-term financial assets/liabilities

All financial assets/liabilities are required to be measured at fair value on initial recognition. In case of financial assets which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.

#### VII. Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value refer note 34.

#### VIII. Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payment of Principal and Interest (SPPI) and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through Other Comprehensive Income (OCI) that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

**PHOENIX ARC PRIVATE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022****IX. Effective Interest Rate (EIR) method**

The Group's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given /taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle.

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

**X. Impairment of financial assets**

The Group recognizes loss allowances for Expected Credit Losses (ECL) on its financial assets measured at amortized cost and Fair Value through Other Comprehensive Income (FVOCI) except investment in equity instruments. At each reporting date, the Group assesses whether the above financial assets are credit-impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Group's ECL calculations are outputs of statistical models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies such as macroeconomic scenarios and collateral values.

**XI. Determination of lease term**

Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Group's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

**XII. Discount rate for lease liability**

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

**XIII. Impact of COVID-19**

COVID-19 has had an extraordinary impact on macroeconomic conditions in India and around the world post declaration of it as a pandemic by World Health Organisation in March 2020. Nation-wide lockdown in April-May 2020 followed by localised lockdown were imposed to restrict the spread in areas with significant number of cases. The restrictions were gradually lifted leading to improvement in economic activity. This was followed by two waves of COVID-19 with outbreak of new variants which led to the re-imposition of regional lockdowns which were subsequently lifted supported by administration of the COVID vaccines to a large population in the country.

India is emerging from the COVID-19 pandemic. The extent to which any new wave of COVID-19 pandemic will impact the Group's results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

Though the extent of the actual impact is difficult to assess without undue costs and efforts and depends upon the severity and duration of the outbreak, the Company's Board of Directors have concluded that the carrying values of the financial assets and liabilities as on March 31, 2022 have been adjusted as necessary on account of COVID-19.

**PHOENIX ARC PRIVATE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022****(i) Impairment of Financial Assets (note M and note 34)**

Financial assets measured at amortised cost includes Cash and cash equivalents amounting to Rs. 6,884.40 lakhs (March 31, 2021: Rs. 9,916.21 lakhs), Trade receivables amounting to Rs. 4,656.15 lakhs (March 31, 2021: Rs. 4,480.59 lakhs), Loans amounting to Rs. 54,917.51 lakhs (March 31, 2021: Rs. 31,943.17 lakhs) and Advances recoverable from trust amounting to Rs. 2,132.23 lakhs (March 31, 2021: Rs. 1,774.27 lakhs) as at March 31, 2022. The Group has used management overlay considering the nature of receivables, financial strength of the customers, recoverability timelines, and overall global economic conditions to arrive at the recoverability estimates. The Group as on March 31, 2022 holds provision for expected credit losses based on the information available. Basis this assessment, the allowance for expected credit loss on financial assets of Rs. 22,763.66 lakhs (March 31, 2022: Rs. 14,188.08 lakhs) as at March 31, 2022 is considered adequate and the Group will continue to closely monitor any material changes to these assumptions, estimates and future economic condition.

**(ii) Measurement of fair values (note P and note 34)**

In assessing the impact on the fair value of the investments in security receipts (classified as level III investments) and having a gross value of Rs. 1,28,112.84 lakhs (March 31, 2021: Rs. 1,06,687.00 lakhs) as at March 31, 2022, the Group has made estimates and associated assumptions based on historical experience and various other factors including the possible effects that may result from the pandemic, that are believed to be reasonable under the current circumstances. Group has also considered unobservable inputs such as discounting rates, cashflow estimates that reflects the risk and uncertainty associated with these investments due to impact of COVID-19. Basis this assessment, the fair value loss 42,014.52 lakhs (March 31, 2021: Rs. 36,830.02 lakhs) as at March 31, 2022 is considered adequate and the Group will continue to closely monitor any material changes to these assumptions, estimates and future economic conditions.

**3. Amendments to existing Ind AS**

Recent pronouncements Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

**Ind AS 103 – Business Combination**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 16 – Property, Plant and Equipment**

Proceeds before intended use The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

**Ind AS 37 – Provisions, Contingent Liabilities & Contingent Assets**

The amendments specify that that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The Company does not expect the amendment to have any significant impact in its financial statements.

## PHOENIX ARC PRIVATE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022

#### Ind AS 109 – Financial Instruments

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

#### 4. Basis for consolidation

The Group sets up trusts to acquire stressed assets for the purpose of carrying on the activity of Securitisation and Asset Reconstruction. These trusts issue SRs which represent the beneficial undivided right, title and interest in the assets of the respective trust to the beneficiaries. The Group acts as assets manager in respect of these trusts and consolidates the trusts which it controls. When making this judgement, the Group also considers voting and similar rights available to itself and other parties, who may limit the Group's ability to control, remuneration to which it is entitled and its exposure to variability of returns from other interests held in such trusts. There are trusts that do not meet consolidation criteria either due to magnitude of, and variability associated with, Group's remuneration relative to the returns expected from the activities of the investee or Substantive rights held by other parties.

SRs held by the outsiders has been classified as liability as per requirement of Ind AS 32 : *Financial Instruments - Presentation*

The consolidated financial statements comprise the financial statements of the Company and its trusts over which Group has control as at March 31, 2022 including trusts where the Company is acting as principal. The Company consolidates an entity when it controls it. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether it has power over an investee and therefore controls the variability of its returns, the Company considers all relevant facts and circumstances, including:

- The purpose and design of the investee
- The relevant activities and how decisions about those activities are made and whether the Company can direct those activities
- Contractual arrangements such as call rights, put rights and liquidation rights
- Whether the Company is exposed, or has rights, to variable returns from its involvement with the investee, and has the power to affect the variability of such returns
- Decision making authority in trusts managed by it, economic interests in the form of units of Security Receipts (SRs), fees earned and collection incentives
- Investment management and other contractual arrangements
- Removal rights held by other parties

#### **Consolidation procedure:**

- a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of trusts over which Group has control. For this purpose, income and expenses of the trusts over which Group has control are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- b. Offset (eliminate) the carrying amount of the parent's investment in and the parent's portion of equity of each trust over which Group has control.
- c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, are eliminated in full). Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.



**PHOENIX ARC PRIVATE LIMITED**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

- d. When necessary, adjustments are made to the financial statements of trusts to bring their accounting policies in line with the Group's accounting policies. A change in the ownership interest of a trust, without loss of control, is accounted for as an equity transaction. If the Group loses control over a trust, it derecognises the related assets (including goodwill), liabilities, share of other security receipt holders and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value at the date of loss of control.

**5. Significant accounting policies**
**A. Cash and cash equivalents**

Cash and cash equivalents comprise of cash on hand and demand deposits with banks. It also comprises of short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**B. Property, plant and equipment**
**i. Recognition and measurement**

Items of property, plant and equipment (PPE) are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

**ii. Subsequent expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

**iii. Depreciation**

Depreciation is provided on a pro-rata basis on a Straight-Line Method over the estimated useful life of the assets at rates which are equal to or higher than the rates prescribed under Schedule II of the Companies Act, 2013 in order to reflect the actual usage of the assets. Estimated useful lives of assets based on technical evaluation by management are as follows:

|                        |         |
|------------------------|---------|
| Furniture and Fixtures | 6 years |
| Vehicles               | 4 years |
| Computers              | 3 years |
| Office equipment       | 5 years |

Assets costing less than INR 5,000 are fully depreciated in the year of purchase.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**C. Intangible assets**
**i. Recognition and measurement**

Intangible assets are stated at cost of acquisition less accumulated amortization and impairment losses, if any.

**PHOENIX ARC PRIVATE LIMITED**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**
**ii. Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

**iii. Amortisation**

The intangible assets are amortized over the estimated useful lives as given below:

|  |         |
|--|---------|
| Software (including development) expenditure | 3 years |
|--|---------|

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**D. Revenue recognition**

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers, outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Group recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 - Revenue from contracts with customers;

Step 1: Identify contract(s) with a customer - A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract - A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price - The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract - For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services

- i. Trusteeship and other fees are recognised when it is probable that consideration would be collected while considering the customer's ability and intention to pay when it is due
- ii. Realisation/returns on assets over acquisition price is accounted for as per terms of the relevant trust deed/offer document.

**Interest Income**

Interest income on financial assets is recognized on an accrual basis using effective interest method. Interest revenue is continued to be recognized at the original effective interest rate applied on the gross carrying amount of assets falling classified as no significant increase in credit risk & significant increase in credit risk (not credit impaired) as against on amortised cost for the assets falling under credit impaired classification.



## PHOENIX ARC PRIVATE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022

#### E. Leases

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

- (i) the contract involves the use of identified asset;
- (ii) the Group has substantially all of the economic benefits from the use of the asset through the period of lease; and
- (iii) the Group has right to direct the use of the asset.

#### As a lessee

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

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

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

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

The lease liability is subsequently measured at amortised cost using the effective interest method.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease liability and the right of use asset have been separately presented in the balance sheet and lease payments have been classified as financing activities.

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Group recognises the lease payments associated with these leases as an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

In July 2020, MCA issued COVID-19-Related Rent Concessions, which provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. It requires lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications. Lessees need to disclose that fact and need to apply the exemption retrospectively in accordance with INDAS 8, but they do not require to restate prior period numbers. The practical expedient is available only for lease payments originally due upto June 2021. The Group has applied the amendment effective April 1, 2020.

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**PHOENIX ARC PRIVATE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022****F. Accounting for Finance Leases as a Lessor**

Agreements are classified as finance leases, if substantially all the risks and rewards incidental to ownership of the leased asset is transferred to the lessee.

Assets given under finance leases are recognised as a receivable at an amount equal to the net investment in the lease. Finance income is allocated over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the net investment in the finance lease.

**G. Employee benefits****Defined Contribution Plan****Provident Fund**

The Group's contribution to government provident fund is considered as defined contribution plans and is charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees. The Group has no further obligations.

**Defined Benefit Plan****Gratuity**

The Group provides for Gratuity, covering employees in accordance with the Payment of Gratuity Act, 1972, Service regulations and Service awards as the case may be. The Group's liability is actuarially determined (using Projected Unit Credit Method) at the Balance Sheet date. The Group carries a provision based on actuarial valuation in its books of accounts.

Remeasurement of all defined benefit plans, which comprise actuarial gains and losses are recognised immediately in other comprehensive income in the year they are incurred. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit or loss.

**Compensated Absences**

Compensated absences which accrue to employees and which are expected to be availed within twelve months immediately following the year end are reported as expenses during the year in which the employees performs the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit, and where the availment or encashment is otherwise not expected to wholly occur within the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

**Other Employee Benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentives.

**H. Income Tax**

Income tax expense comprises current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

**Current tax**

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961.

## PHOENIX ARC PRIVATE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date.

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

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

#### **Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if:

- a. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

#### **I. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### **J. Impairment of non-financial assets**

The carrying values of assets at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount in the Statement of Profit and Loss.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

## PHOENIX ARC PRIVATE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognized.

#### **K. Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the group's Chief Operating Decision Maker ("CODM") to make decisions for which discrete financial information is available. The Group operates in one business segment, viz. Asset Reconstruction and one geographical segment, hence there are no reportable segments.

#### **L. 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.

All regular way purchase or sale of financial instruments are recognised and derecognised on a trade date basis. Purchase or sale of unquoted instrument is recognised on the closing date or as and when the transaction is completed as per terms mentioned in relevant transaction agreement /document.

#### **Financial assets**

##### **Recognition, Initial measurement and derecognition**

All financial assets are recognised initially at fair value plus or minus, in the case of financial assets not recorded at fair value through profit or loss, transaction fees or costs that are directly attributable and incremental to the origination/acquisition of the financial asset unless otherwise specifically mentioned in the accounting policies.

##### **Classification**

The Group classifies its financial assets as subsequently measured at either amortized cost or fair value based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

##### **Business model assessment**

The Group determines business model in which an asset is held consistent with the way in which business is managed and information provided to management. The information considered includes:

- the objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile,
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.
- 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**

For the purposes of assessing contractual cash flows, '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 lending risks and costs, as well as profit margin.

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**Subsequent measurement**

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

**1. Financial assets at amortised cost**

A financial asset is measured at amortised cost using the EIR method only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR and reported as part of interest income in the profit and loss account. The losses if any, arising from impairment are recognised in the profit and loss account.

**2. Financial asset at Fair Value through Other Comprehensive Income (FVOCI)**

Financial asset with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI. The impairment losses, if any, are recognized through profit and loss account. The loss allowance is recognized in other comprehensive income and does not reduce the carrying value of the financial asset.

**3. Financial asset at Fair Value Through Profit and Loss (FVTPL)**

Any financial instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified to be measured at FVTPL.

Financial instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss account.

***Financial liabilities and equity instruments:***

**Classification as debt or equity**

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

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Group are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

**Financial liabilities**

All financial liabilities are subsequently measured at amortised cost, except when designated to be measured at FVTPL. Liabilities which are classified at fair value through profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

## PHOENIX ARC PRIVATE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022

#### M. Impairment of Financial Assets

##### Methodology for computation of Expected Credit Losses

The financial instruments covered within the scope of ECL include financial assets measured at amortised cost and FVOCI, such as trade receivables, loans, advances recoverable from trust, security deposit, balances with banks and other financial assets. ECL has not been determined on financial assets measured at FVTPL.

The loss allowance has been measured using lifetime ECL except for financial assets on which there has been no significant increase in credit risk since initial recognition. In such cases, loss allowance has been measured at 12 month ECL.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and FVOCI is credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred since initial recognition. Evidence that a financial asset is credit-impaired includes the observable data such as Days Past Due ('DPD') or default event.

ECL is a probability weighted estimate of credit losses, measured as follows:

- Financial assets that are not credit impaired at the reporting date –

ECL has been estimated by determining the probability of default ('PD'), Exposure At Default ('EAD') and Loss Given Default ('LGD'). PD has been computed using observed history of default and converted into forward looking PD's using suitable macro-economic variable data.

- Financial assets that are credit impaired at the reporting date –

For loans, ECL has been estimated as the difference between the gross carrying amount and the present value of estimated future cash flows.

For trade receivables, the Group applies a simplified approach. It recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

*Criteria used for determination of movement from stage 1 (12 month ECL) to stage 2 (lifetime ECL) and stage 3 (lifetime ECL)*

The Group applies a three-stage approach to measure ECL on financial assets measured at amortised cost and FVOCI. The assets migrate through the following three stages based on an assessment of qualitative and quantitative considerations:

- Stage 1: 12 month ECL

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 recognised. Interest income is accrued using the effective interest rate on the gross carrying amount.

- Stage 2: Lifetime ECL (not credit impaired)

At each reporting date, the Group 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 Group 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 recognised. Interest income is accrued using the effective interest rate on the gross carrying amount.



## PHOENIX ARC PRIVATE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022

- Stage 3: Lifetime ECL (credit impaired)

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 recognised and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of loss allowance).

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.

#### **Financial assets that are Purchased or Originated Credit Impaired ('POCI'):**

On initial recognition, POCI assets do not carry any impairment allowance. Lifetime ECL are incorporated in the calculation of effective interest rate. The cash flows are estimated on annual basis. Any changes in expected cash flows are discounted using the original credit-adjusted effective interest rate and the resulting changes are recognised as impairment gains or losses. Favorable changes in lifetime ECL are recognised as an impairment gain, even if the favorable changes are more than the amount, if any, previously recognised in profit or loss account as impairment losses.

*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's ECL calculations are outputs of number of underlying assumptions regarding the choice of variable inputs and their interdependencies such as macroeconomic scenarios and collateral values.

#### **N. Write-offs**

Financial assets are written off either partially or in their entirety when there is no realistic prospect of recovery. 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. Any subsequent recoveries are credited to impairment on financial instruments in statement of profit and loss. However, financial assets that are written off may be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

#### **O. Derecognition of financial assets and financial liabilities**

##### **Financial Assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- 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 delay 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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit or loss.



## PHOENIX ARC PRIVATE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022

#### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

#### Modifications of financial assets and financial liabilities

##### Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit and loss account. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income or other gain or loss as appropriate.

##### Financial liabilities

The Group derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit or loss.

#### P. Measurement of fair values

The Group's accounting policies and disclosures require fair value measurement of investment in Security Receipts (SR's).

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the lowest level inputs that are significant to the measurements, used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments in Security Receipts (SRs) held by the Group are classified as FVTPL and are recorded at Net Asset Value (NAV).

#### Q. Provisions and contingent liabilities

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**PHOENIX ARC PRIVATE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

Contingent liabilities are not recognised but disclosed in the notes.

Contingent assets are not recognised in the Financial Statements.

**R. Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

**PHOENIX ARC PRIVATE LIMITED**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**
**NOTE 2 CASH AND CASH EQUIVALENTS**
*(Amount in lakhs)*

| Particulars                            | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Cash on hand                           | 0.05                    | 0.01                    |
| Balances with banks in current account | 1,188.33                | 6,488.22                |
| Balance in term deposit < 3 months     | 4,154.31                | 3,427.98                |
| Term deposits                          | 1,541.71                | -                       |
| <b>Sub total</b>                       | <b>6,884.40</b>         | <b>9,916.21</b>         |
| Less: Impairment loss allowance        | (1.18)                  | (1.88)                  |
| <b>Total</b>                           | <b>6,883.22</b>         | <b>9,914.33</b>         |

**NOTE 3 RECEIVABLES**
*(Amount in lakhs)*

| Particulars                           | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---------------------------------------|-------------------------|-------------------------|
| <b>Trade receivables</b>              |                         |                         |
| Unsecured, considered good            | 838.55                  | 393.52                  |
| Receivables overdue more than 90 days | 3,817.60                | 4,087.07                |
| <b>Sub total</b>                      | <b>4,656.15</b>         | <b>4,480.59</b>         |
| Less: Impairment loss allowance       | (3,221.71)              | (3,374.66)              |
| <b>Total</b>                          | <b>1,434.44</b>         | <b>1,105.93</b>         |

For trade receivables, the Group assessed expected credit loss using simplified approach at a collective level and not on an individual basis. In accordance with Ind AS 109, trade receivables that are past due more than 90 days has been disclosed separately.

*(Amount in lakhs)*

| Particulars  | As at March 31, 2022 |         |                       |                      |                 |               |                      | Total           |
|--|----------------------|---------|-----------------------|----------------------|-----------------|---------------|----------------------|-----------------|
|  | Unbilled             | Not Due | Less than<br>6 months | 6 months<br>- 1 year | 1-2 years       | 2-3 years     | More than<br>3 years |                 |
| (i) Undisputed trade receivables - considered good                                 | -                    | -       | 709.89                | -                    | -               | -             | -                    | <b>709.89</b>   |
| (ii) Undisputed trade receivables - which have significant increase in credit risk | -                    | -       | 128.65                | -                    | -               | -             | -                    | <b>128.65</b>   |
| (iii) Undisputed trade receivables - credit Impaired                               | -                    | -       | 584.25                | 157.88               | 1,065.88        | 367.20        | 1,642.39             | <b>3,817.60</b> |
| (iv) Disputed trade receivables - considered good                                  | -                    | -       | -                     | -                    | -               | -             | -                    | -               |
| (v) Disputed trade receivables - which have significant increase in credit risk    | -                    | -       | -                     | -                    | -               | -             | -                    | -               |
| (vi) Disputed trade receivables - credit impaired                                  | -                    | -       | -                     | -                    | -               | -             | -                    | -               |
| <b>Total</b>   | -                    | -       | <b>1,422.79</b>       | <b>157.88</b>        | <b>1,065.88</b> | <b>367.20</b> | <b>1,642.39</b>      | <b>4,656.15</b> |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**
**NOTE 3 RECEIVABLES (Continued)**
*(Amount in lakhs)*

| Particulars  | As at March 31, 2021 |         |                    |                   |                 |                 |                   | Total           |
|--|----------------------|---------|--------------------|-------------------|-----------------|-----------------|-------------------|-----------------|
|  | Unbilled             | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years       | 2-3 years       | More than 3 years |                 |
| (i) Undisputed trade receivables - considered good                                 | -                    | -       | 277.28             | -                 | -               | -               | -                 | <b>277.28</b>   |
| (ii) Undisputed trade receivables - which have significant increase in credit risk | -                    | -       | 116.25             | -                 | -               | -               | -                 | <b>116.25</b>   |
| (iii) Undisputed trade receivables - credit impaired                               | -                    | -       | 267.98             | 756.48            | 1,053.55        | 1,503.20        | 505.85            | <b>4,087.06</b> |
| (iv) Disputed trade receivables - considered good                                  | -                    | -       | -                  | -                 | -               | -               | -                 | -               |
| (v) Disputed trade receivables - which have significant increase in credit risk    | -                    | -       | -                  | -                 | -               | -               | -                 | -               |
| (vi) Disputed trade receivables - credit impaired                                  | -                    | -       | -                  | -                 | -               | -               | -                 | -               |
| <b>Total</b>   | -                    | -       | <b>661.51</b>      | <b>756.48</b>     | <b>1,053.55</b> | <b>1,503.20</b> | <b>505.85</b>     | <b>4,480.59</b> |

**NOTE 4 LOANS (AMORTISED COST)**
*(Amount in lakhs)*

| Particulars                     | As at March 31, 2022 | As at March 31, 2021 |
|---------------------------------|----------------------|----------------------|
| Term loans                      | 54,917.51            | 31,943.17            |
| <b>Total gross (A)</b>          | <b>54,917.51</b>     | <b>31,943.17</b>     |
| Less: impairment loss allowance | (17,649.25)          | (9,288.37)           |
| <b>Total net (A)</b>            | <b>37,268.26</b>     | <b>22,654.80</b>     |
| Secured by tangible assets      | 54,917.51            | 31,943.17            |
| <b>Total gross (B)</b>          | <b>54,917.51</b>     | <b>31,943.17</b>     |
| Less: impairment loss allowance | (17,649.25)          | (9,288.37)           |
| <b>Total net (B)</b>            | <b>37,268.26</b>     | <b>22,654.80</b>     |
| <b>Loans in india</b>           |                      |                      |
| (i) Public sector               | -                    | -                    |
| Others                          | 54,917.51            | 31,943.17            |
| <b>Total gross (C)</b>          | <b>54,917.51</b>     | <b>31,943.17</b>     |
| Less: impairment loss allowance | (17,649.25)          | (9,288.37)           |
| <b>Total net (C)</b>            | <b>37,268.26</b>     | <b>22,654.80</b>     |
| <b>Total</b>                    | <b>37,268.26</b>     | <b>22,654.80</b>     |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 4 LOANS (AMORTISED COST) (Continued)**

**Gross carrying value reconciliation**

(Amount in lakhs)

| Particulars  | 12-month ECL    | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Purchased Credit Impaired Assets |
|--|-----------------|----------------------------------|------------------------------|----------------------------------|
| <b>Term loans</b>  |                 |                                  |                              |                                  |
| <b>Balance as at March 31, 2020</b>                            | <b>2,977.23</b> | -                                | <b>2,554.66</b>              | <b>28,399.48</b>                 |
| <b>Transfers</b>   | (2,977.23)      |                                  | 2,977.23                     | <b>0.00</b>                      |
| Net remeasurement of existing financial asset                  | -               | -                                | 385.06                       | (2,353.80)                       |
| New financial assets originated during the year                | 1,104.11        | -                                | -                            | 3,216.01                         |
| Financial assets that have been derecognised during the period | -               | -                                | -                            | (4,339.59)                       |
| <b>Balance as at March 31, 2021</b>                            | <b>1,104.11</b> | <b>0.00</b>                      | <b>5,916.95</b>              | <b>24,922.10</b>                 |
| <b>Transfers</b>   | 2,678.36        | -                                | (2,678.36)                   | -                                |
| Net remeasurement of existing financial asset                  | (1,004.61)      | -                                | 669.30                       | (5,344.78)                       |
| New financial assets originated during the year                | 1,506.07        | -                                | -                            | 31,849.46                        |
| Financial assets that have been derecognised during the period | (2,604.11)      | -                                | -                            | (2,096.98)                       |
| <b>Balance as at March 31, 2022</b>                            | <b>1,679.82</b> | -                                | <b>3,907.89</b>              | <b>49,329.80</b>                 |

**NOTE 5 INVESTMENTS**

(Amount in lakhs)

| Particulars                               | As at March 31, 2022 | As at March 31, 2021 |
|---|----------------------|----------------------|
| <b>Fair value through profit and Loss</b> |                      |                      |
| Others (Investments in Security Receipts) | 86,098.32            | 69,856.98            |
| Investments in Equity Shares              | 229.34               | -                    |
| <b>Total (A)</b>                          | <b>86,327.66</b>     | <b>69,856.98</b>     |
| Investments in India                      | 86,327.66            | 69,856.98            |
| <b>Total (B)</b>                          | <b>86,327.66</b>     | <b>69,856.98</b>     |
| <b>Total Net</b>                          | <b>86,327.66</b>     | <b>69,856.98</b>     |

Investments in Security Receipts are provided as a security for Debt securities and Secured borrowings availed during the year. Refer note 10 & 11 for fair value of Security Receipts offered for each Debt securities and Secured borrowings.

**NOTE 6 OTHER FINANCIAL ASSETS**

(Amount in lakhs)

| Particulars                     | As at March 31, 2022 | As at March 31, 2021 |
|---------------------------------|----------------------|----------------------|
| Advances recoverable from Trust | 2,132.23             | 1,774.27             |
| Other Receivables               | 3.50                 | 2.85                 |
| Security Deposits               | 34.20                | 32.41                |
| <b>Sub total</b>                | <b>2,169.93</b>      | <b>1,809.53</b>      |
| Less: Impairment loss allowance | (1,891.99)           | (1,523.56)           |
| <b>Total</b>                    | <b>277.94</b>        | <b>285.97</b>        |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 7 PROPERTY, PLANT AND EQUIPMENT**

*(Amount in lakhs)*

| Particulars  | Furniture and fixtures | Vehicles     | Office equipment | Computers    | Right to use asset | Total         |
|--|------------------------|--------------|------------------|--------------|--------------------|---------------|
| <b>Balance as at April 1, 2020</b>                   | <b>6.95</b>            | <b>23.40</b> | <b>5.52</b>      | <b>26.80</b> | <b>141.30</b>      | <b>203.97</b> |
| Restatement on adoption of Ind AS 116                | -                      | -            | -                | -            | -                  | -             |
| Additions during the year                            | -                      | 13.67        | 1.31             | 5.81         | 358.70             | 379.49        |
| Disposals during the year                            | -                      | (10.34)      | -                | (0.64)       | (141.31)           | (152.29)      |
| <b>Balance as at March 31, 2021</b>                  | <b>6.95</b>            | <b>26.73</b> | <b>6.83</b>      | <b>31.97</b> | <b>358.69</b>      | <b>431.17</b> |
| <b>Accumulated depreciation as at April 1, 2020</b>  | <b>2.80</b>            | <b>15.24</b> | <b>1.60</b>      | <b>20.22</b> | <b>73.88</b>       | <b>113.74</b> |
| Depreciation for the year                            | 1.21                   | 4.52         | 1.26             | 4.91         | 73.51              | 85.41         |
| Disposals during the year                            | -                      | (10.34)      | -                | (0.64)       | (141.31)           | (152.29)      |
| <b>Accumulated depreciation as at March 31, 2021</b> | <b>4.01</b>            | <b>9.42</b>  | <b>2.86</b>      | <b>24.49</b> | <b>6.08</b>        | <b>46.86</b>  |
| <b>Net carrying amount as at March 31, 2021</b>      | <b>2.94</b>            | <b>17.31</b> | <b>3.97</b>      | <b>7.48</b>  | <b>352.61</b>      | <b>384.31</b> |
| <b>Balance as at April 1, 2021</b>                   | <b>6.95</b>            | <b>26.73</b> | <b>6.83</b>      | <b>31.97</b> | <b>358.69</b>      | <b>431.17</b> |
| Additions during the year                            | 10.78                  | 23.93        | -                | 13.93        | -                  | 48.64         |
| Disposals during the year                            | (0.29)                 | -            | (0.21)           | (6.64)       | -                  | (7.14)        |
| <b>Balance as at March 31, 2022</b>                  | <b>17.44</b>           | <b>50.66</b> | <b>6.62</b>      | <b>39.26</b> | <b>358.69</b>      | <b>472.67</b> |
| <b>Accumulated depreciation as at April 1, 2021</b>  | <b>4.01</b>            | <b>9.42</b>  | <b>2.86</b>      | <b>24.49</b> | <b>6.08</b>        | <b>46.86</b>  |
| Depreciation for the year                            | 1.85                   | 8.98         | 1.36             | 5.94         | 71.70              | 89.83         |
| Disposals during the year                            | (0.29)                 | -            | (0.21)           | 6.64         | -                  | (7.14)        |
| <b>Accumulated depreciation as at March 31, 2022</b> | <b>5.57</b>            | <b>18.40</b> | <b>4.01</b>      | <b>23.79</b> | <b>77.78</b>       | <b>129.55</b> |
| <b>Net carrying amount as at March 31, 2022</b>      | <b>11.87</b>           | <b>32.26</b> | <b>2.61</b>      | <b>15.47</b> | <b>280.91</b>      | <b>343.12</b> |

**Impairment loss and reversal of impairment loss**

Management has assessed for impairment indicators and there is no impairment loss that is required to be recognised.

**NOTE 8 OTHER INTANGIBLE ASSETS**

*(Amount in lakhs)*

| Particulars   | Computer Software | Total       |
|---|-------------------|-------------|
| <b>Balance as at April 1, 2020</b>                                  | <b>9.97</b>       | <b>9.97</b> |
| Additions during the year   | -                 | -           |
| Disposals during the year   | -                 | -           |
| <b>Balance as at March 31, 2021</b>                                 | <b>9.97</b>       | <b>9.97</b> |
| <b>Accumulated depreciation and impairment as at April 1, 2020</b>  | <b>7.68</b>       | <b>7.68</b> |
| Depreciation for the year   | 1.35              | 1.35        |
| Disposals during the year   | -                 | -           |
| <b>Accumulated depreciation and impairment as at March 31, 2021</b> | <b>9.03</b>       | <b>9.03</b> |
| <b>Net carrying amount as at March 31, 2021</b>                     | <b>0.94</b>       | <b>0.94</b> |
| <b>Balance as at April 1, 2021</b>                                  | <b>9.97</b>       | <b>9.97</b> |
| Additions during the year   | -                 | -           |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 8 OTHER INTANGIBLE ASSETS (Continued)**

(Amount in lakhs)

| Particulars   | Computer Software | Total       |
|---|-------------------|-------------|
| Disposals during the year   | -                 | -           |
| <b>Balance as at March 31, 2022</b>                                 | <b>9.97</b>       | <b>9.97</b> |
| <b>Accumulated depreciation and impairment as at April 1, 2021</b>  | <b>9.03</b>       | <b>9.03</b> |
| Depreciation for the year   | 0.94              | 0.94        |
| Disposals during the year   | -                 | -           |
| <b>Accumulated depreciation and impairment as at March 31, 2022</b> | <b>9.97</b>       | <b>9.97</b> |
| <b>Net carrying amount as at March 31, 2022</b>                     | <b>-</b>          | <b>-</b>    |

**Impairment loss and reversal of impairment loss**

Management has assessed for impairment indicators and there is no impairment loss that is required to be recognised.

**Intangible assets under development**

(Amount in lakhs)

| Ageing Schedule                | Amount in CWIP for a period of |           |           | Total       |
|--------------------------------|--------------------------------|-----------|-----------|-------------|
|                                | Less than 1 Year               | 1-2 Years | 2-3 Years |             |
| Projects in Progress           | 9.10                           | -         | -         | 9.10        |
| Projects temporarily suspended | -                              | -         | -         | -           |
| <b>Total</b>                   | <b>9.10</b>                    | <b>-</b>  | <b>-</b>  | <b>9.10</b> |

**NOTE 9 OTHER NON-FINANCIAL ASSETS**

(Amount in lakhs)

| Particulars               | As at March 31, 2022 | As at March 31, 2021 |
|---------------------------|----------------------|----------------------|
| Advance TDS to SR Holders | 26.85                | 3.98                 |
| TDS on FD Interest        | -                    | 2.19                 |
| Prepaid expenses          | 23.59                | 7.27                 |
| Other assets              | 0.03                 | -                    |
| <b>Total</b>              | <b>50.47</b>         | <b>13.44</b>         |

**NOTE 10 TRADE PAYABLES**

(Amount in lakhs)

| Particulars                                | As at March 31, 2022 | As at March 31, 2021 |
|--|----------------------|----------------------|
| <b>Trade Payables</b>                      |                      |                      |
| Due to Micro, Small and Medium Enterprises | -                    | -                    |
| Dues to others                             | 1.79                 | 5.42                 |
| <b>Total</b>                               | <b>1.79</b>          | <b>5.42</b>          |



**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 10 TRADE PAYABLES (Continued)**

(Amount in lakhs)

| Particulars                  | As at March 31, 2022 |         |                  |           |           |                   | Total |
|------------------------------|----------------------|---------|------------------|-----------|-----------|-------------------|-------|
|                              | Unbilled             | Not Due | Less than 1 Year | 1-2 years | 2-3 years | More than 3 years |       |
| (i) Undisputed dues - MSME   | -                    | -       | -                | -         | -         | -                 | -     |
| (ii) Undisputed dues -Others | -                    | -       | 1.79             | -         | -         | -                 | 1.79  |
| (iii) Disputed dues - MSME   | -                    | -       | -                | -         | -         | -                 | -     |
| (iv) Disputed dues -Others   | -                    | -       | -                | -         | -         | -                 | -     |
| <b>Total</b>                 | -                    | -       | 1.79             | -         | -         | -                 | 1.79  |

(Amount in lakhs)

| Particulars                  | As at March 31, 2021 |         |                  |           |           |                   | Total |
|------------------------------|----------------------|---------|------------------|-----------|-----------|-------------------|-------|
|                              | Unbilled             | Not Due | Less than 1 Year | 1-2 years | 2-3 years | More than 3 years |       |
| (i) Undisputed dues - MSME   | -                    | -       | -                | -         | -         | -                 | -     |
| (ii) Undisputed dues -Others | -                    | -       | 5.42             | -         | -         | -                 | 5.42  |
| (iii) Disputed dues - MSME   | -                    | -       | -                | -         | -         | -                 | -     |
| (iv) Disputed dues -Others   | -                    | -       | -                | -         | -         | -                 | -     |
| <b>Total</b>                 | -                    | -       | 5.42             | -         | -         | -                 | 5.42  |

**NOTE 11 DEBT SECURITIES (AT AMORTISED COST)**

(Amount in lakhs)

| Particulars                               | As at March 31, 2022 | As at March 31, 2021 |
|---|----------------------|----------------------|
| 10.75% Non-Convertible Debentures         | -                    | 10,705.60            |
| 10.37% Non-Convertible Debentures         | 5,152.14             | 5,146.66             |
| 6.95% Non-Convertible Debentures          | 2,543.59             | 2,543.23             |
| 6.95% Non-Convertible Debentures          | 5,084.21             | 5,081.44             |
| 7.55% Non-Convertible Debentures          | 9,740.06             | -                    |
| Commercial Paper                          | 4,987.41             | 9,786.91             |
| Security Receipts                         | 6,069.21             | 2,030.52             |
| SR holder's share in reserves and surplus | (270.00)             | (361.43)             |
| <b>Total</b>                              | <b>33,306.62</b>     | <b>34,932.93</b>     |
| Debt securities in India                  | 33,306.62            | 34,932.93            |
| Debt securities outside India             | -                    | -                    |
| <b>Total</b>                              | <b>33,306.62</b>     | <b>34,932.93</b>     |

Debentures are secured against hypothecation of Security Receipts at NAV.

| Non Convertible Debentures        | NAV pledged | Repayment  |
|-----------------------------------|-------------|------------|
| 10.37% Non-Convertible Debentures | 6,550.72    | 12-12-2022 |
| 6.95% Non-Convertible Debentures  | 3,576.00    | 28-12-2023 |
| 6.95% Non-Convertible Debentures  | 6,163.49    | 27-12-2023 |
| 7.55% Non-Convertible Debentures  | 11,139.26   | 04-11-2024 |
| 7.55% Non-Convertible Debentures  |             | 29-11-2024 |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 12 BORROWINGS OTHER THAN DEBT SECURITIES (AT AMORTISED COST)**

(Amount in lakhs)

| Particulars                             | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Term loans                              |                         |                         |
| (a) from banks                          | 8,176.76                | 10,002.05               |
| (b) from other parties                  | -                       | -                       |
| (c) Loan from related parties           | 20,568.35               | -                       |
| Loans repayable on demand<br>from banks | 11,985.44               | 9,963.09                |
| <b>Total</b>                            | <b>40,730.55</b>        | <b>19,965.14</b>        |
| Borrowings in India                     | 40,730.55               | 19,965.14               |
| Borrowings outside India                |                         | -                       |
| <b>Total</b>                            | <b>40,730.55</b>        | <b>19,965.14</b>        |
| Secured borrowings                      | 40,730.55               | 19,965.14               |
| Unsecured borrowings                    |                         | -                       |
| <b>Total</b>                            | <b>40,730.55</b>        | <b>19,965.14</b>        |

Facilities are secured against hypothecation of Security Receipts at NAV.

| HDFC Bank  | Amount   | NAV<br>pledged | ROI   |
|--|----------|----------------|-------|
| Term loans (Rs. 625.00 lacs quarterly repayment till 30-09-2025) | 8,176.76 | 24,576.46      | 7.45% |
| Loans repayable on demand  | 5,002.67 |                | 6.50% |
| Loans repayable on demand  | 2017.69  |                | 7.45% |

| Kotak Mahindra bank (Loan from related parties)                  | Amount   | NAV<br>pledged | ROI   |
|--|----------|----------------|-------|
| Term loans (Rs. 93.75 lacs quarterly repayment till 30-09-2025)  | 1,321.24 | 7,883.09       | 7.35% |
| Term loans (Rs. 281.25 lacs quarterly repayment till 30-09-2025) | 4,247.11 |                | 7.45% |

| Infina Finance Pvt Ltd (Loan from related parties) | Amount    | NAV<br>pledged | ROI   | Repayment  |
|--|-----------|----------------|-------|------------|
| Term loans   | 5,000.00  | Unsecured      | 7.30% | 27-06-2022 |
| Term loans   | 10,000.00 | Unsecured      | 7.00% | 29-04-2022 |

| Punjab National Bank      | Amount   | NAV<br>pledged | ROI   |
|---------------------------|----------|----------------|-------|
| Loans repayable on demand | 4,965.08 | 6,686.21       | 7.55% |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 13 OTHER FINANCIAL LIABILITIES**

*(Amount in lakhs)*

| <b>Particulars</b>        | <b>As at<br/>March 31, 2022</b> | <b>As at<br/>March 31, 2021</b> |
|---------------------------|---------------------------------|---------------------------------|
| Advance for expenses      | 206.48                          | 206.48                          |
| Employee related accruals | 691.32                          | 282.29                          |
| Audit fees payable        | 11.86                           | -                               |
| Other expenses payable    | 16.09                           | 19.51                           |
| Lease liability           | 286.31                          | 344.19                          |
| Others                    | 90.68                           | 98.04                           |
| <b>Total</b>              | <b>1,302.74</b>                 | <b>950.51</b>                   |

**NOTE 14 PROVISIONS**

*(Amount in lakhs)*

| <b>Particulars</b>                     | <b>As at<br/>March 31, 2022</b> | <b>As at<br/>March 31, 2021</b> |
|--|---------------------------------|---------------------------------|
| <b>Provision for employee benefits</b> |                                 |                                 |
| Gratuity                               | 35.95                           | 85.33                           |
| Compensated absences                   | 104.41                          | 28.86                           |
| <b>Total</b>                           | <b>140.36</b>                   | <b>114.19</b>                   |

**NOTE 15 OTHER NON-FINANCIAL LIABILITIES**

*(Amount in lakhs)*

| <b>Particulars</b>                  | <b>As at<br/>March 31, 2022</b> | <b>As at<br/>March 31, 2021</b> |
|-------------------------------------|---------------------------------|---------------------------------|
| Advances received                   | 3,763.12                        | 2,436.59                        |
| Amount collected pending allocation | 345.53                          | 167.34                          |
| Statutory liabilities               | 358.21                          | 478.67                          |
| Others                              | (0.11)                          | -                               |
| <b>Total</b>                        | <b>4,466.75</b>                 | <b>3,082.60</b>                 |

**NOTE 16 EQUITY SHARE CAPITAL**

*(Amount in lakhs)*

| <b>Particulars</b>   | <b>As at<br/>March 31, 2022</b> | <b>As at<br/>March 31, 2021</b> |
|--|---------------------------------|---------------------------------|
| <b>Authorised</b>  |                                 |                                 |
| 2,500 lakhs (March 31, 2021: 2,500 lakhs) equity shares of Rs.10 each with voting rights               | 25,000.00                       | 25,000.00                       |
| <b>Issued, subscribed and paid up</b>  |                                 |                                 |
| 1,680 lakhs (March 31, 2021: 1,680 lakhs) equity shares of Rs.10 each fully paid up with voting rights | 16,800.00                       | 16,800.00                       |

**PHOENIX ARC PRIVATE LIMITED**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**
**NOTE 16 EQUITY SHARE CAPITAL (Continued)**
**a. Reconciliation of number of shares outstanding at the beginning and at the end of the year :**
*(Amount in lakhs)*

| Particulars                                       | No. of shares (In lakhs) | Amount           |
|---|--------------------------|------------------|
| <b>Equity shares of Rs 10 each, fully paid-up</b> |                          |                  |
| As at March 31, 2020                              | 1,680.00                 | 16,800.00        |
| Add/(less) : Movement during the year             | -                        | -                |
| As at March 31, 2021                              | <b>1,680.00</b>          | <b>16,800.00</b> |
| Add/(less) : Movement during the year             | -                        | -                |
| <b>As at March 31, 2022</b>                       | <b>1,680.00</b>          | <b>16,800.00</b> |

**b. Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is entitled to one vote per share held. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. However, no preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Details of shares held by each shareholder holding more than 5% shares in the company**

| Particulars                             | As at March 31, 2022        |               | As at March 31, 2021        |               |
|---|-----------------------------|---------------|-----------------------------|---------------|
|   | Number of shares (In lakhs) | % Holding     | Number of shares (In lakhs) | % Holding     |
| <b>Equity shares with voting rights</b> |                             |               |                             |               |
| Kotak Mahindra Investments Limited      | 504.00                      | 30.00%        | 504.00                      | 30.00%        |
| Kotak Mahindra Prime Limited            | 334.32                      | 19.90%        | 334.32                      | 19.90%        |
| Anjum Gafulbhai Bilakhia                | 94.50                       | 5.63%         | 94.50                       | 5.63%         |
| Rajesh Khanna and Ashu Khanna           | 84.50                       | 5.03%         | 84.50                       | 5.03%         |
| <b>Total</b>                            | <b>1,017.32</b>             | <b>60.56%</b> | <b>1,017.32</b>             | <b>60.56%</b> |

**d. Disclosures of Shareholding of Promoters - Shares held by the Promoters:**

| Promoter name                      | As at March 31, 2022 |                  | As at March 31, 2021 |                  |
|------------------------------------|----------------------|------------------|----------------------|------------------|
|                                    | No. of Shares        | %of total shares | No. of Shares        | %of total shares |
| Kotak Mahindra Investments Limited | 504.00               | 30.00%           | 504.00               | 30.00%           |
| Kotak Mahindra Prime Limited       | 334.32               | 19.90%           | 334.32               | 19.90%           |
| <b>Total</b>                       | <b>838.32</b>        | <b>49.90%</b>    | <b>838.32</b>        | <b>49.90%</b>    |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 17 OTHER EQUITY**

*(Amount in lakhs)*

| <b>Particulars</b>           | <b>As at<br/>March 31, 2022</b> | <b>As at<br/>March 31, 2021</b> |
|------------------------------|---------------------------------|---------------------------------|
| Securities premium           | 3,006.10                        | 3,006.10                        |
| Debenture redemption reserve | 805.62                          | 386.99                          |
| Impairment reserve           | 249.67                          | 249.67                          |
| Retained earnings            | 33,993.39                       | 28,611.74                       |
| <b>Total</b>                 | <b>38,054.78</b>                | <b>32,254.50</b>                |

**NOTE 17.1 NATURE AND PURPOSE OF RESERVE**

**Securities premium**

Premium collected on issue of securities are accumulated as part of securities premium. Utilisation of such reserve is restricted by the Companies Act, 2013.

**Debenture redemption reserve**

The Companies Act 2013 requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The Company is required to transfer a specified percentage (as provided in the Companies Act, 2013) of the outstanding redeemable debentures to debenture redemption reserve. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. According to the provisions of Rule (18) (7) (iii) of the Companies (Share Capital and Debentures) Rules, 2014, requirements of creation of Debenture Redemption Reserve are not applicable to listed companies.

**Impairment reserve**

As directed by RBI, Where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs/ARCs shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'.

**Retained earnings**

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

**NOTE 17.2 OTHER EQUITY MOVEMENT**

*(Amount in lakhs)*

| <b>Particulars</b>                       | <b>As at<br/>March 31, 2022</b> | <b>As at<br/>March 31, 2021</b> |
|--|---------------------------------|---------------------------------|
| <b>(i) Securities premium</b>            |                                 |                                 |
| Opening balance                          | 3,006.10                        | 3,006.10                        |
| Addition during the year                 | -                               | -                               |
| <b>Closing balance</b>                   | <b>3,006.10</b>                 | <b>3,006.10</b>                 |
| <b>(ii) Debenture redemption reserve</b> |                                 |                                 |
| Opening balance                          | 386.99                          | 386.99                          |
| Transfer from retained earnings          | 418.63                          | -                               |
| <b>Closing balance</b>                   | <b>805.62</b>                   | <b>386.99</b>                   |

**PHOENIX ARC PRIVATE LIMITED**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**
**NOTE 17.2 OTHER EQUITY MOVEMENT (Continued)**
*(Amount in lakhs)*

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>(iii) Impairment reserve</b>                          |                         |                         |
| Opening balance  | 249.67                  | 249.67                  |
| Transfer from retained earnings                          | -                       | -                       |
| <b>Closing balance</b>                                   | <b>249.67</b>           | <b>249.67</b>           |
| <b>(iv) Retained earnings</b>                            |                         |                         |
| Opening balance  | 28,611.74               | 27,341.98               |
| Impact of adoption of Ind AS 116 (leases) (net of taxes) | -                       | -                       |
| Net profit for the year                                  | 5,805.14                | 1,275.12                |
| Remeasurement (gain)/loss on defined benefit plans       | (4.86)                  | (5.36)                  |
| Transfer to impairment reserve                           | -                       | -                       |
| Transfer to debenture redemption reserve                 | (418.63)                | -                       |
| <b>Closing balance</b>                                   | <b>33,993.39</b>        | <b>28,611.74</b>        |

**NOTE 18 INTEREST INCOME (AT AMORTISED COST)**
*(Amount in lakhs)*

| Particulars                     | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---------------------------------|--------------------------------------|--------------------------------------|
| Interest on loans               | 6,279.47                             | 4,534.30                             |
| Interest on advances (net)      | 139.98                               | 12.41                                |
| Interest on deposits with banks | 110.09                               | 68.71                                |
| Other interest income           | 1.79                                 | 3.70                                 |
| <b>Total</b>                    | <b>6,531.33</b>                      | <b>4,619.12</b>                      |

**NOTE 19 FEES AND COMMISSION INCOME**
*(Amount in lakhs)*

| Particulars      | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|------------------|--------------------------------------|--------------------------------------|
| Trusteeship fees | 15,932.57                            | 10,735.71                            |
| Other fees       | 3,724.77                             | 3,570.58                             |
| <b>Total</b>     | <b>19,657.34</b>                     | <b>14,306.29</b>                     |

**NOTE 20 NET GAIN/ (LOSS) ON FAIR VALUE CHANGES**
*(Amount in lakhs)*

| Particulars   | For the year ended<br>March 31st, 2022 | For the year ended<br>March 31st, 2021 |
|---|--|--|
| <b>Net gain/ (loss) on financial instruments at fair value through profit or loss</b> |  |  |
| - Others  | (5,311.39)                             | (5,768.36)                             |
| <b>Total net gain/(loss) on fair value changes</b>                                    | <b>(5,311.39)</b>                      | <b>(5,768.36)</b>                      |
| <b>Fair value changes:</b>  |  |  |
| - Realised  | (3,193.16)                             | (181.87)                               |
| - Unrealised  | (2,118.23)                             | (5,586.49)                             |
| <b>Total net gain/(loss) on fair value changes</b>                                    | <b>(5,311.39)</b>                      | <b>(5,768.36)</b>                      |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 21 OTHER INCOME**

*(Amount in lakhs)*

| <b>Particulars</b>                                     | <b>For the year ended<br/>March 31, 2022</b> | <b>For the year ended<br/>March 31, 2021</b> |
|--|--|--|
| Liabilities/provisions no longer required written back | 0.01   | -  |
| Profit on sale of fixed assets (net)                   | 0.17   | 2.88   |
| Others   | 241.62                                       | 86.09  |
| Rent concession income                                 | -  | 3.80   |
| <b>Total</b>   | <b>241.80</b>                                | <b>92.77</b>                                 |

**NOTE 22 FINANCE COSTS**

*(Amount in lakhs)*

| <b>Particulars</b>                 | <b>For the year ended<br/>March 31, 2022</b> | <b>For the year ended<br/>March 31, 2021</b> |
|------------------------------------|--|--|
| Interest on borrowings             | 1,628.63                                     | 1,753.58                                     |
| Interest on Debt Securities        | 2,215.62                                     | 2,784.59                                     |
| Interest on lease liability        | 29.24  | 6.39   |
| Distribution to other SR holders   | 31.82  | 16.99  |
| Share in profit of Other SR holder | 91.42  | (67.75)                                      |
| Other borrowing costs              | 4.12   | 39.47  |
| <b>Total</b>                       | <b>4,000.85</b>                              | <b>4,533.27</b>                              |

**NOTE 23 IMPAIRMENT ON FINANCIAL INSTRUMENTS**

*(Amount in lakhs)*

| <b>Particulars</b>      | <b>For the year ended<br/>March 31, 2022</b> | <b>For the year ended<br/>March 31, 2021</b> |
|-------------------------|--|--|
| Loans                   | 5,740.82                                     | 2,815.31                                     |
| Receivables             | (152.65)                                     | 1,531.04                                     |
| Recoverable from trusts | 371.69                                       | 536.03                                       |
| Others                  | (0.47)                                       | (0.39)                                       |
| <b>Total</b>            | <b>5,959.39</b>                              | <b>4,881.99</b>                              |

**NOTE 24 EMPLOYEE BENEFITS EXPENSES**

*(Amount in lakhs)*

| <b>Particulars</b>                             | <b>For the year ended<br/>March 31, 2022</b> | <b>For the year ended<br/>March 31, 2021</b> |
|--|--|--|
| Salaries, bonus and allowances                 | 1,428.78                                     | 653.25                                       |
| Contribution to provident fund and other funds | 47.79  | 39.50  |
| Gratuity                                       | 13.29  | 12.25  |
| Staff welfare expenses                         | 3.20   | 0.54   |
| <b>Total</b>                                   | <b>1,493.06</b>                              | <b>705.54</b>                                |



**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 25 OTHER EXPENSES**

*(Amount in lakhs)*

| Particulars                     | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---------------------------------|--------------------------------------|--------------------------------------|
| Advertisement expenses          | 9.63                                 | 0.40                                 |
| Audit fees (refer note 29)      | 41.43                                | 45.29                                |
| Electricity expenses            | 11.27                                | 10.05                                |
| Filing charges                  | 2.17                                 | (1.66)                               |
| Rates and taxes                 | (5.91)                               | 0.03                                 |
| Director fees                   | 18.40                                | 15.03                                |
| Security charges                | 33.25                                | 44.35                                |
| Travelling and conveyance       | 7.36                                 | 1.19                                 |
| Legal & professional fees       | 232.91                               | 136.07                               |
| CSR expenditure (refer note 30) | 108.00                               | 114.00                               |
| Collection charges              | 14.88                                | 15.22                                |
| Trusteeship fees                | 47.07                                | 36.76                                |
| Others                          | 190.94                               | 125.69                               |
| <b>Total</b>                    | <b>711.40</b>                        | <b>542.42</b>                        |

**NOTE 26 TAX EXPENSE**

**(a) Amounts recognised in profit and loss**

*(Amount in lakhs)*

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Current tax expense</b>                            |                                      |                                      |
| Current period  | 2,625.38                             | 2,727.69                             |
| Changes in estimated related to prior years           | 566.58                               | 12.10                                |
| <b>Total current tax expense (A)</b>                  | <b>3,191.96</b>                      | <b>2,739.79</b>                      |
| <b>Deferred income tax liability / (asset), net</b>   |                                      |                                      |
| Origination and reversal of temporary differences     | (133.48)                             | (2,001.13)                           |
| Reduction in tax rate                                 | -                                    | 486.06                               |
| Change in recognised deductible temporary differences |                                      |                                      |
| <b>Deferred tax expense (B)</b>                       | <b>(133.48)</b>                      | <b>(1,515.07)</b>                    |
| <b>Total tax expense for the year (A)+(B)</b>         | <b>3,058.48</b>                      | <b>1,224.72</b>                      |

**(b) Amounts recognised in other comprehensive income**

*(Amount in lakhs)*

| Particulars  | For the year ended<br>March 31, 2022 |                          |               | For the year ended<br>March 31, 2021 |                          |               |
|--|--------------------------------------|--------------------------|---------------|--------------------------------------|--------------------------|---------------|
|  | Before tax                           | Tax (expense)<br>benefit | Net of<br>tax | Before tax                           | Tax (expense)<br>benefit | Net of<br>tax |
| <b>Items that will not be reclassified to profit or loss</b> |                                      |                          |               |                                      |                          |               |
| (a) Remeasurements of defined benefit liability (asset)      | (6.50)                               | 1.64                     | <b>(4.86)</b> | (7.16)                               | 1.80                     | <b>(5.36)</b> |
| <b>Total</b>   | <b>(6.50)</b>                        | <b>1.64</b>              | <b>(4.86)</b> | <b>(7.16)</b>                        | <b>1.80</b>              | <b>(5.36)</b> |

**PHOENIX ARC PRIVATE LIMITED**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**
**NOTE 26 TAX EXPENSE (Continued)**
**(c) Reconciliation of effective tax rate**
*(Amount in lakhs)*

| Particulars   | For the year ended<br>March 31, 2022 |               | For the year ended<br>March 31, 2021 |               |
|---|--------------------------------------|---------------|--------------------------------------|---------------|
|   | Amount                               | % terms       | Amount                               | % terms       |
| <b>Profit before tax as per Statement of profit and loss</b>                    | 8,863.62                             | -             | 2,499.84                             | -             |
| Tax using the Company' domestic tax rate (Current year & Previous Year 25.168%) | 2,230.79                             | 25.17%        | 629.16                               | 25.17%        |
| Reduction in tax rate   |                                      |               |                                      |               |
| <b>Tax effect of:</b>   |                                      |               |                                      |               |
| Tax impact of income not subject to tax   |                                      |               |                                      |               |
| Tax effects of amounts which are not deductible for taxable income              | 27.18                                | 0.31%         | 28.70                                | 1.15%         |
| Tax effect of Share of gain/losses of trust                                     | 233.95                               | 2.64%         | 68.71                                | 2.75%         |
| Changes in estimated related to prior years (Including change in tax rate)      | 566.58                               | 6.39%         | 498.16                               | 19.93%        |
| Others  | (0.02)                               | 0.00%         | (0.01)                               | 0.00%         |
| <b>Total tax expense</b>  | <b>3,058.48</b>                      | <b>34.51%</b> | <b>1,224.72</b>                      | <b>48.99%</b> |

**(d) Movement in deferred tax balances**
*(Amount in lakhs)*

| Particulars                               | As at March 31, 2022             |                                    |                      |                                     |                 |                          |                           |
|---|----------------------------------|------------------------------------|----------------------|-------------------------------------|-----------------|--------------------------|---------------------------|
|   | Net balance<br>March 31,<br>2021 | Recognised<br>in profit or<br>loss | Recognised<br>in OCI | Recognised<br>directly in<br>equity | Net             | Deferred<br>tax<br>asset | Deferred<br>tax liability |
| <b>Deferred tax asset/(liabilities)</b>   |                                  |                                    |                      |                                     |                 |                          |                           |
| Property, plant and equipment             | 12.99                            | (0.62)                             | -                    | -                                   | 12.37           | 12.37                    | -                         |
| Receivables                               | 623.98                           | 54.07                              | -                    | -                                   | 678.05          | 678.05                   | -                         |
| Employee benefits                         | 99.53                            | 31.68                              | 1.64                 | -                                   | 132.85          | 132.85                   | -                         |
| Investments                               | 7,553.94                         | 533.12                             | -                    | -                                   | 8,087.06        | 8,087.06                 | -                         |
| Borrowings                                | (8.04)                           | 5.09                               | -                    | -                                   | (2.95)          | -                        | (2.95)                    |
| Loans                                     | (717.37)                         | 1,074.41                           | -                    | -                                   | 357.04          | 357.04                   | -                         |
| Leases                                    | 0.35                             | 2.98                               | -                    | -                                   | 3.33            | 3.33                     | -                         |
| Share of income of trust on accrual basis | (2,164.84)                       | (1,564.89)                         | -                    | -                                   | (3,729.73)      | -                        | (3,729.73)                |
| Other items                               | 2.38                             | (2.36)                             | -                    | -                                   | 0.02            | 0.02                     | -                         |
| <b>Total</b>                              | <b>5,402.92</b>                  | <b>133.48</b>                      | <b>1.64</b>          | <b>-</b>                            | <b>5,538.04</b> | <b>9,270.72</b>          | <b>(3,732.68)</b>         |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 26 TAX EXPENSE (Continued)**

(Amount in lakhs)

| Particulars                                  | As at March 31, 2021             |                                    |                      |                                     |                 |                          |                           |
|--|----------------------------------|------------------------------------|----------------------|-------------------------------------|-----------------|--------------------------|---------------------------|
|  | Net balance<br>March 31,<br>2020 | Recognised<br>in profit or<br>loss | Recognised<br>in OCI | Recognised<br>directly in<br>equity | Net             | Deferred<br>tax<br>asset | Deferred<br>tax liability |
| <b>Deferred tax asset/(liabilities)</b>      |                                  |                                    |                      |                                     |                 |                          |                           |
| Property, plant and equipment                | 14.48                            | (1.49)                             | -                    | -                                   | 12.99           | 12.99                    | -                         |
| Receivables                                  | 109.29                           | 514.69                             | -                    | -                                   | 623.98          | 623.98                   | -                         |
| Employee benefits                            | 87.08                            | 10.65                              | 1.80                 | -                                   | 99.53           | 99.53                    | -                         |
| Investments                                  | 6,634.00                         | 919.94                             | -                    | -                                   | 7,553.94        | 7,553.94                 | -                         |
| Borrowings                                   | (14.80)                          | 6.76                               | -                    | -                                   | (8.04)          | -                        | (8.04)                    |
| Loans  | (1,268.98)                       | 551.61                             | -                    | -                                   | (717.37)        | -                        | (717.37)                  |
| Leases                                       | 4.52                             | (4.17)                             | -                    | -                                   | 0.35            | 0.35                     | -                         |
| Share of income of trust on<br>accrual basis | (1,684.44)                       | (480.40)                           | -                    | -                                   | (2,164.84)      | -                        | (2,164.84)                |
| Other items                                  | 4.89                             | (2.51)                             | -                    | -                                   | 2.38            | 2.38                     | -                         |
| <b>Total</b>                                 | <b>3,886.04</b>                  | <b>1,515.08</b>                    | <b>1.80</b>          | <b>-</b>                            | <b>5,402.92</b> | <b>8,293.17</b>          | <b>(2,890.25)</b>         |

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 deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

**NOTE 27 EARNINGS PER EQUITY SHARE**

Basic EPS is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

(Amount in lakhs)

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Net profit attributable to equity holders   | 5,805.14                             | 1,275.12                             |
| <b>Profit attributable to equity holders of the Company adjusted for the effect of dilution</b> | <b>5,805.14</b>                      | <b>1,275.12</b>                      |
| Weighted average number of ordinary shares  |                                      |                                      |
| Issued ordinary shares (in lakhs) at the beginning of the year                                  | 1,680.00                             | 1,680.00                             |
| <b>Weighted average number of shares (in lakhs) at the end of the year for basic EPS</b>        | <b>1,680.00</b>                      | <b>1,680.00</b>                      |
| Effect of dilution:   |                                      |                                      |
| Weighted average number of shares (in lakhs) at the end of the year for diluted EPS             | 1,680.00                             | 1,680.00                             |
| Face value per share  | 10.00                                | 10.00                                |
| <b>Basic earnings per share</b>   | <b>3.46</b>                          | <b>0.76</b>                          |
| <b>Diluted earnings per share</b>   | <b>3.46</b>                          | <b>0.76</b>                          |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**  
**NOTE 28 MATURITY ANALYSIS**

(Amount in lakhs)

| Particulars   | As at March 31, 2022 |                  | As at March 31, 2021 |                  | Total              |
|---|----------------------|------------------|----------------------|------------------|--------------------|
|   | Within 12 months     | After 12 months  | Within 12 months     | After 12 months  |                    |
| <b>ASSETS</b>   |                      |                  |                      |                  |                    |
| <b>Financial assets</b>   |                      |                  |                      |                  |                    |
| Cash and cash equivalents   | 6,883.22             | -                | 9,914.33             | -                | 9,914.33           |
| Trade receivables   | 1,434.44             | -                | 1,105.93             | -                | 1,105.93           |
| Loans   | 16,850.30            | 20,417.96        | 13,925.08            | 8,729.72         | 22,654.80          |
| Investments   | 42,829.00            | 43,498.66        | 20,600.00            | 49,256.98        | 69,856.98          |
| Other financial assets  | 243.74               | 34.20            | 253.56               | 32.41            | 285.97             |
| <b>Sub total</b>  | <b>68,240.70</b>     | <b>63,950.82</b> | <b>45,798.90</b>     | <b>58,019.11</b> | <b>1,03,818.01</b> |
| <b>Non-financial assets</b>   |                      |                  |                      |                  |                    |
| Inventories   | -                    | 1,491.69         | -                    | 487.87           | 487.87             |
| Current tax assets (net)  | -                    | 5,538.04         | -                    | 5,402.92         | 5,402.92           |
| Deferred tax assets (net)   | -                    | 343.12           | -                    | 384.31           | 384.31             |
| Property, plant and equipment   | -                    | 9.10             | -                    | 0.94             | 0.94               |
| Other intangible assets   | -                    | -                | -                    | -                | -                  |
| Other non-financial assets  | 50.47                | -                | 13.44                | -                | 13.44              |
| <b>Sub total</b>  | <b>50.47</b>         | <b>7,381.95</b>  | <b>13.44</b>         | <b>6,276.04</b>  | <b>6,289.48</b>    |
| <b>Total assets</b>   | <b>68,291.17</b>     | <b>71,332.77</b> | <b>45,812.34</b>     | <b>64,295.15</b> | <b>1,10,107.49</b> |
| <b>LIABILITIES</b>  |                      |                  |                      |                  |                    |
| <b>Financial liabilities</b>  |                      |                  |                      |                  |                    |
| Payables  | -                    | -                | -                    | -                | -                  |
| Trade payables  | -                    | -                | -                    | -                | -                  |
| (i) total outstanding dues of micro enterprises and small enterprises                       | -                    | -                | -                    | -                | -                  |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 1.79                 | -                | 63.78                | -                | 63.78              |
| Debt securities   | 12,279.57            | 21,027.05        | 22,153.24            | 12,779.69        | 34,932.93          |
| Borrowings (other than debt securities)   | 31,074.30            | 9,656.25         | 11,840.14            | 8,125.00         | 19,965.14          |
| Other financial liabilities   | 1,302.74             | -                | 631.25               | 260.90           | 892.15             |
| <b>Sub total</b>  | <b>44,658.40</b>     | <b>30,683.30</b> | <b>34,688.41</b>     | <b>21,165.59</b> | <b>55,854.00</b>   |

PHOENIX ARC PRIVATE LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022

NOTE 28 MATURITY ANALYSIS (Continued)

(Amount in lakhs)

| Particulars                      | As at March 31, 2022 |                  |                  | As at March 31, 2021 |                  |                  |
|----------------------------------|----------------------|------------------|------------------|----------------------|------------------|------------------|
|                                  | Within 12 months     | After 12 months  | Total            | Within 12 months     | After 12 months  | Total            |
| <b>Non-financial liabilities</b> |                      |                  |                  |                      |                  |                  |
| Current tax liabilities (net)    | 4,820.35             | -                | 4,820.35         | 2,002.20             | -                | 2,002.20         |
| Provisions                       | 43.38                | 96.98            | 140.36           | 39.61                | 74.58            | 114.19           |
| Other non-financial liabilities  | 4,466.75             | -                | 4,466.75         | 3,082.60             | -                | 3,082.60         |
| <b>Sub total</b>                 | <b>9,330.48</b>      | <b>96.99</b>     | <b>9,427.46</b>  | <b>5,124.41</b>      | <b>74.58</b>     | <b>5,198.99</b>  |
| <b>Total liabilities</b>         | <b>53,988.88</b>     | <b>30,780.28</b> | <b>84,769.16</b> | <b>39,812.82</b>     | <b>21,240.17</b> | <b>61,052.99</b> |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 29 PAYMENT TO AUDITORS**

*(Amount in lakhs)*

| Particulars                       | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|-----------------------------------|--------------------------------------|--------------------------------------|
| <b>Payment to the auditor as:</b> |                                      |                                      |
| Audit fees                        | 41.40                                | 43.02                                |
| Out of pocket expenses            | 0.03                                 | 0.02                                 |
| Goods and service tax             | 2.43                                 | 2.98                                 |
| Less: Input tax credit            | (2.43)                               | (0.73)                               |
| <b>Total</b>                      | <b>41.43</b>                         | <b>45.29</b>                         |

**NOTE 30 CORPORATE SOCIAL RESPONSIBILITY (CSR)**

**Details of CSR expenditure**

*(Amount in lakhs)*

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Contribution to Kotak Education Foundation            | -                                    | 25.00                                |
| Contribution to Ratna Nidhi Charitable Trust          | -                                    | 14.00                                |
| Contribution to Foundation of Mother and Child Health | 40.00                                | 75.00                                |
| Cancer Patients Aid Association                       | 68.00                                | -                                    |
| <b>Total</b>  | <b>108.00</b>                        | <b>114.00</b>                        |

| Particulars  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Corporate Social Responsibility expenses for the period  | 108.00                               | 114.00                               |
| Various Head of expenses included in above:  | -                                    | -                                    |
| Other expenses (CSR Expenditure)   | 108.00                               | 114.00                               |
| Gross amount required to be spent by the company during the year.  | 108.00                               | 114.00                               |
| Amount spent during the year on:   |                                      |                                      |
| (i) Construction/acquisition of any asset  | -                                    | -                                    |
| (ii) On purposes other than (i) above  | 108.00                               | 114.00                               |
| Details of related party transactions  |                                      |                                      |
| <b><u>Provision for CSR Expenses</u></b>   |                                      |                                      |
| Opening Balance  | -                                    | -                                    |
| Add: Provision created during the year   | -                                    | -                                    |
| Less: Provision utilised during the year   | -                                    | -                                    |
| <b>Closing Balance</b>   | <b>-</b>                             | <b>-</b>                             |
| The amount of shortfall at the end of the year out of the amount required to be spent by the Group during the year | -                                    | -                                    |
| The total of previous years' shortfall amounts   | -                                    | -                                    |
| The reason for above shortfalls by way of a note   | -                                    | -                                    |
| The nature of CSR activities undertaken by the Company   | -                                    | -                                    |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 31 RELATED PARTY DISCLOSURES**

Related party disclosures, as required by notified Ind AS 24 - 'Related Party Disclosures' are given below:

**A. Names of Related Parties**

| <b>Particulars</b>  | <b>Country of Incorporation</b>                    |
|---|--|
| <b>Entity having Joint control over the group</b><br>Kotak Mahindra Investments Limited<br>(holding company of KMIL is 'Kotak Mahindra Bank Limited')   | India  |
| <b>Others</b><br>Kotak Mahindra Bank Limited<br>Kotak Securities Limited<br>Kotak Mahindra Capital Company Limited<br>Infina Finance Private Limited<br>Kotak Mahindra General Insurance Company Limited<br>Kotak Mahindra Life Insurance Company Limited   | India<br>India<br>India<br>India<br>India<br>India |
| <b>Key Management Personnel</b><br>Sanjay Tibrewala - CEO<br>Ajay Walimbe - Head Acquisition & Company Secretary (Re-designated as Head Acquisition w.e.f June 16, 2021)<br>Gauri Bhatkal - CFO<br>Kamlesh Rane - Company Secretary (Appointed w.e.f June 16, 2021)<br>Mr Chandan Bhattacharya - Independent director**<br>Mr Keki Elavia - Independent director**<br>** Categorised as Key Management Personnel as per definition of IndAS 24, however Directors continue to be Independent Director as defined in section 149 (6) of the Companies Act, 2013. |  |

**(B) Transactions with related parties**

(Amount in lakhs)

| <b>Nature of transaction</b>       | <b>Year ended March 31</b> | <b>Entity having joint control over the Company</b> | <b>Others</b> | <b>Key Management Personnel</b> | <b>Total</b> |
|------------------------------------|----------------------------|---|---------------|---------------------------------|--------------|
| Term deposits repaid               | 2022                       | 84,853.85   | -             | -                               | 84,853.85    |
|                                    | 2021                       | 50,369.15   | -             | -                               | 50,369.15    |
| Term deposits placed               | 2022                       | 87,095.93   | -             | -                               | 87,095.93    |
|                                    | 2021                       | 48,351.46   | -             | -                               | 48,351.46    |
| Interest received on term deposits | 2022                       | 110.09  | -             | -                               | 110.09       |
|                                    | 2021                       | 85.52   | -             | -                               | 85.52        |
| Other expenses                     | 2022                       | 5.07  | -             | -                               | 5.07         |
|                                    | 2021                       | 0.25  | -             | -                               | 0.25         |
| Remuneration paid                  | 2022                       | -   | -             | 371.38                          | 371.38       |



**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 31 RELATED PARTY DISCLOSURES (Continued)**

(Amount in lakhs)

| Nature of transaction           | Year ended March 31 | Entity having joint control over the Company | Others    | Key Management Personnel | Total     |
|---------------------------------|---------------------|--|-----------|--------------------------|-----------|
|                                 | 2021                | -  | -         | 261.10                   | 261.10    |
| Directors sitting fee           | 2022                | -  | -         | 14.40                    | 14.40     |
|                                 | 2021                | -  | -         | 10.80                    | 10.80     |
| Directors commission            | 2022                | -  | -         | 4.00                     | 4.00      |
|                                 | 2021                | -  | -         | 4.00                     | 4.00      |
| Sale of fixed assets            | 2022                | -  | -         | -                        | -         |
|                                 | 2021                | -  | -         | 2.65                     | 2.65      |
| Interest expense                | 2022                | -  | 1,249.88  | -                        | 1,249.88  |
|                                 | 2021                | -  | 799.30    | -                        | 799.30    |
| Loan repaid                     | 2022                | -  | 5,468.75  | -                        | 5,468.75  |
|                                 | 2021                | -  | 10,000.00 | -                        | 10,000.00 |
| Loan taken                      | 2022                | -  | 26,000.00 | -                        | 26,000.00 |
|                                 | 2021                | -  | 2,500.00  | -                        | 2,500.00  |
| <b>Balance outstanding</b>      |                     |  |           |                          |           |
| Term deposits placed            | 2022                | 5,694.44                                     | -         | -                        | 5,694.44  |
|                                 | 2021                | 3,424.75                                     | -         | -                        | 3,424.75  |
| Bank balance in current account | 2022                | 498.59                                       | -         | -                        | 498.59    |
|                                 | 2021                | 417.74                                       | -         | -                        | 417.74    |
| Loan outstanding                | 2022                | -  | 28,226.98 | -                        | 28,226.98 |
|                                 | 2021                | -  | 7,689.89  | -                        | 7,689.89  |

**C. Compensation of Key management personnel**

| Particulars                  | 31 March, 2022 | 31 March, 2021 |
|------------------------------|----------------|----------------|
| Short term employee benefits | 371.38         | 261.10         |
| Post employment benefits*    | -              | -              |
| Termination benefits         | -              | -              |
| <b>Total</b>                 | <b>371.38</b>  | <b>261.10</b>  |

\*Post employment benefits are actuarially determined on overall basis and hence not separately provided.

**NOTE 32 LEASE DISCLOSURES**

**A) As Lessee:**

The Group has taken office under cancellable operating lease or leave and license agreement. The tenor of the lease is 5 years and cancellable under leave and license agreement and are renewable by mutual consent on mutually agreeable terms. Information for leases where the Group is lessee is presented below :

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 32 LEASE DISCLOSURES (Continued)**

**B) Right to use asset**

(Amount in lakhs)

| <b>Particulars</b>               | <b>As at<br/>March 31, 2022</b> | <b>As at<br/>March 31, 2021</b> |
|----------------------------------|---------------------------------|---------------------------------|
| Opening balance                  | 352.61                          | 67.42                           |
| Additions during the year        | -                               | 358.70                          |
| Depreciation charge for the year | (71.70)                         | (73.51)                         |
| Contingent rent expense          | -                               | -                               |
| <b>Closing balance</b>           | <b>280.91</b>                   | <b>352.61</b>                   |

**C) Maturity analysis of lease liabilities**

(Amount in lakhs)

| <b>Particulars</b>   | <b>As at<br/>March 31, 2022</b> | <b>As at<br/>March 31, 2021</b> |
|--|---------------------------------|---------------------------------|
| Less than 6 months   | 43.56                           | 43.56                           |
| 6-12 months  | 43.56                           | 87.12                           |
| 1-2 years  | 87.12                           | 174.24                          |
| 2-5 years  | 166.98                          | 254.10                          |
| <b>Total undiscounted lease liabilities at 31 March 2021</b>             | <b>341.22</b>                   | <b>559.02</b>                   |
| <b>Lease liabilities included in the statement of financial position</b> | <b>286.31</b>                   | <b>344.19</b>                   |
| Current  | 83.29                           | 83.29                           |
| Non Current  | 203.02                          | 260.90                          |

(Amount in lakhs)

| <b>Particulars</b>               | <b>As at<br/>March 31, 2022</b> | <b>As at<br/>March 31, 2021</b> |
|----------------------------------|---------------------------------|---------------------------------|
| Interest on lease liabilities    | 29.24                           | 6.39                            |
| Depreciation charge for the year | 71.70                           | 73.51                           |
| <b>Total</b>                     | <b>100.94</b>                   | <b>79.90</b>                    |

(Amount in lakhs)

| <b>Particulars</b>            | <b>As at<br/>March 31, 2022</b> | <b>As at<br/>March 31, 2021</b> |
|-------------------------------|---------------------------------|---------------------------------|
| Total cash outflow for leases | 87.12                           | 89.55                           |

**NOTE 33 EMPLOYEE BENEFITS**

**A. The Group contributes to the following post-employment defined benefit plans in India.**

**(i) Defined Contribution Plans:**

The Group makes Provident Fund contributions to Recognized Provident Fund for employees. The Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognised Rs. 47.79 lakhs (Year ended March 31, 2021 Rs 39.50 lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the Fund are at rates specified in the Rules of the Scheme.

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 33 EMPLOYEE BENEFITS (Continued)**

**(ii) Defined Benefit Plan:**

**Gratuity :-** The Group accounts for the liability for future gratuity benefits based on an actuarial valuation. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

(Amount in lakhs)

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Present value of defined benefit obligations (A)                     | 104.41                  | 85.33                   |
| Fair value of plan assets (B)  | -                       | -                       |
| <b>Net (asset) / liability recognised in the Balance Sheet (A-B)</b> | <b>104.41</b>           | <b>85.33</b>            |

**B. Movement in net defined benefit (asset) / liability**

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) / liability and its components

(Amount in lakhs)

| Particulars  | Defined benefit obligation |                            | Fair value of plan assets  |                            | Net defined benefit (asset) / liability |                            |
|--|----------------------------|----------------------------|----------------------------|----------------------------|---|----------------------------|
|  | As at<br>March 31,<br>2022 | As at<br>March 31,<br>2021 | As at<br>March 31,<br>2022 | As at<br>March 31,<br>2021 | As at<br>March 31,<br>2022              | As at<br>March 31,<br>2021 |
| <b>Opening balance</b>   | 85.33                      | 75.92                      | -                          | -                          | 85.33                                   | 75.92                      |
| Included in profit or loss                                     | -                          | -                          | -                          | -                          | -                                       | -                          |
| Current service cost   | 8.93                       | 7.87                       | -                          | -                          | 8.93                                    | 7.87                       |
| Past service cost  | -                          | -                          | -                          | -                          | -                                       | -                          |
| Interest cost (income)   | 4.36                       | 4.38                       | -                          | -                          | 4.36                                    | 4.38                       |
|  | <b>98.62</b>               | <b>88.17</b>               | -                          | -                          | <b>98.62</b>                            | <b>88.17</b>               |
| <b>Included in OCI</b>   |                            |                            |                            |                            |   |                            |
| <u>Remeasurement loss / (gain):</u>                            |                            |                            |                            |                            |   |                            |
| Actuarial loss / (gain) arising from:                          |                            |                            |                            |                            |   |                            |
| Demographic assumptions  | -                          | -                          | -                          | -                          | -                                       | -                          |
| Financial assumptions  | (0.45)                     | 0.94                       | -                          | -                          | (0.45)                                  | 0.94                       |
| Experience adjustment  | 6.95                       | 6.22                       | -                          | -                          | 6.95                                    | 6.22                       |
| Return on plan assets excluding interest income                | -                          | -                          | -                          | -                          | -                                       | -                          |
|  | <b>6.50</b>                | <b>7.16</b>                | -                          | -                          | <b>6.50</b>                             | <b>7.16</b>                |
| <b>Other</b>   |                            |                            |                            |                            |   |                            |
| Contributions paid by the employer                             | -                          | -                          | -                          | -                          | -                                       | -                          |
| Benefits paid  | (0.71)                     | (10.00)                    | -                          | -                          | (0.71)                                  | (10.00)                    |
| Liabilities (settled on divestiture) / assumed on acquisitions | -                          | -                          | -                          | -                          | -                                       | -                          |
| <b>Closing balance</b>   | <b>104.41</b>              | <b>85.33</b>               | -                          | -                          | <b>104.41</b>                           | <b>85.33</b>               |
| <b>Represented by</b>  |                            |                            |                            |                            |   |                            |
| Net defined benefit asset                                      |                            |                            |                            |                            | -                                       | -                          |
| Net defined benefit liability                                  |                            |                            |                            |                            | 104.41                                  | 85.33                      |
|  |                            |                            |                            |                            | <b>104.41</b>                           | <b>85.33</b>               |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 33 EMPLOYEE BENEFITS (Continued)**

**C. Defined benefit obligations**

**i. Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages)

| Particulars            | As at<br>March 31, 2022                   | As at<br>March 31, 2021 |
|------------------------|---|-------------------------|
| Discount rate          | 6.70%                                     | 6.20%                   |
| Salary escalation rate | 12% until year 1<br>inclusive, then<br>7% | 7.00%                   |

Assumptions regarding future mortality have been based on published statistics and mortality tables.

**ii. Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| Particulars                   | As at<br>March 31, 2022 |          | As at<br>March 31, 2021 |          |
|-------------------------------|-------------------------|----------|-------------------------|----------|
|                               | Increase                | Decrease | Increase                | Decrease |
| Discount rate (50 bps)        | -2.64%                  | 2.80%    | -2.71%                  | 2.87%    |
| Future salary growth (50 bps) | 1.69%                   | -1.63%   | 1.64%                   | -1.61%   |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT**

**A. Accounting classification**

Carrying amounts of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below

(Amount in lakhs)

| Particulars                             | As at March 31, 2022 |          |                  | As at March 31, 2021 |          |                  |
|---|----------------------|----------|------------------|----------------------|----------|------------------|
|   | Amotised Cost        | FVTOCI   | FVTPL            | Amotised Cost        | FVTOCI   | FVTPL            |
| <b>Financial assets</b>                 |                      |          |                  |                      |          |                  |
| Cash and cash equivalents               | 6,883.22             | -        | -                | 9,914.33             | -        | -                |
| Trade receivables                       | 1,434.44             | -        | -                | 1,105.93             | -        | -                |
| Loans                                   | 37,268.26            | -        | -                | 22,654.80            | -        | -                |
| Investments                             | -                    | -        | 86,327.66        | -                    | -        | 69,856.98        |
| Other financial assets                  | 277.94               | -        | -                | 285.97               | -        | -                |
| <b>Total</b>                            | <b>45,863.86</b>     | <b>-</b> | <b>86,327.66</b> | <b>33,961.03</b>     | <b>-</b> | <b>69,856.98</b> |
| <b>Financial liabilities</b>            |                      |          |                  |                      |          |                  |
| Trade payables                          | 1.79                 | -        | -                | 63.78                | -        | -                |
| Debt securities                         | 33,306.62            | -        | -                | 34,932.93            | -        | -                |
| Borrowings (other than debt securities) | 40,730.55            | -        | -                | 19,965.14            | -        | -                |
| Other financial liabilities             | 1,302.74             | -        | -                | 892.15               | -        | -                |
| <b>Total</b>                            | <b>75,341.70</b>     | <b>-</b> | <b>-</b>         | <b>55,854.00</b>     | <b>-</b> | <b>-</b>         |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

**B. Fair Value**

Fair values of financial assets and financial liabilities measured as fair value, including their levels in the fair value hierarchy, are presented below.

(Amount in lakhs)

| Particulars             | Fair value           |          |                  |                  |                      |          |                  |                  |
|-------------------------|----------------------|----------|------------------|------------------|----------------------|----------|------------------|------------------|
|                         | As at March 31, 2022 |          |                  |                  | As at March 31, 2021 |          |                  |                  |
|                         | Level 1              | Level 2  | Level 3          | Total            | Level 1              | Level 2  | Level 3          | Total            |
| <b>Financial assets</b> |                      |          |                  |                  |                      |          |                  |                  |
| Investments             | 229.34               | -        | 86,098.32        | 86,327.66        | -                    | -        | 69,856.98        | 69,856.98        |
| <b>Total</b>            | <b>229.34</b>        | <b>-</b> | <b>86,098.32</b> | <b>86,327.66</b> | <b>-</b>             | <b>-</b> | <b>69,856.98</b> | <b>69,856.98</b> |

(Amount in lakhs)

| Particulars                             | As at March 31, 2022 |          |          |                  |                  | As at March 31, 2021 |          |          |                  |                  |
|---|----------------------|----------|----------|------------------|------------------|----------------------|----------|----------|------------------|------------------|
|   | Carrying Value       | Level 1  | Level 2  | Level 3          | Fair Value       | Carrying Value       | Level 1  | Level 2  | Level 3          | Fair Value       |
| <b>Financial assets</b>                 |                      |          |          |                  |                  |                      |          |          |                  |                  |
| Cash and cash equivalents               | 6,883.22             | -        | -        | 6,883.22         | 6,883.22         | 9,914.33             | -        | -        | 9,914.33         | 9,914.33         |
| Trade receivables                       | 1,434.44             | -        | -        | 1,434.44         | 1,434.44         | 1,105.93             | -        | -        | 1,105.93         | 1,105.93         |
| Loans                                   | 37,268.26            | -        | -        | 37,342.33        | 37,342.33        | 22,588.76            | -        | -        | 22,526.65        | 22,526.65        |
| Other financial assets                  | 277.94               | -        | -        | 268.29           | 268.29           | 285.97               | -        | -        | 285.82           | 285.82           |
| <b>Total</b>                            | <b>45,863.86</b>     | <b>-</b> | <b>-</b> | <b>45,928.28</b> | <b>45,928.28</b> | <b>33,894.99</b>     | <b>-</b> | <b>-</b> | <b>33,832.73</b> | <b>33,832.73</b> |
| <b>Financial liabilities</b>            |                      |          |          |                  |                  |                      |          |          |                  |                  |
| Trade payables                          | 1.79                 | -        | -        | 1.79             | 1.79             | 63.78                | -        | -        | 63.78            | 63.78            |
| Debt securities                         | 33,306.62            | -        | -        | 33,952.00        | 33,952.00        | 34,932.93            | -        | -        | 36,032.14        | 36,032.14        |
| Borrowings (other than debt securities) | 40,730.55            | -        | -        | 40,776.57        | 40,776.57        | 19,965.14            | -        | -        | 19,965.14        | 19,965.14        |
| Other financial liabilities             | 1,302.74             | -        | -        | 1,305.67         | 1,305.67         | 892.15               | -        | -        | 892.15           | 892.15           |
| <b>Total</b>                            | <b>75,341.70</b>     | <b>-</b> | <b>-</b> | <b>76,036.03</b> | <b>76,036.03</b> | <b>55,854.00</b>     | <b>-</b> | <b>-</b> | <b>56,953.21</b> | <b>56,953.21</b> |

**C. Measurement of fair values**

The fair value of financial instruments have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The categories used are as follows:

Level 1 : Level 1 hierarchy includes financial instruments measured using unadjusted quoted prices in active markets that the Group has the ability to access for the identical assets or liabilities. A financial instrument is classified as a Level 1 measurement if it is listed on an exchange.

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

Level 3 : If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Group develops Level 3 inputs based on the best information available in the circumstances.

**Financial instruments valued at carrying value**

The respective carrying values of certain on-balance sheet financial instruments approximated their fair value. These financial instruments include cash in hand and bank balances, trade receivables, recoverable from trusts, trade payables, overdraft facility payable on demand certain other assets and liabilities that are considered financial instruments. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

**Valuation techniques used to determine fair value:**

**Investment in Security Receipts (SR)**

Rating for SRs are obtained from registered rating agencies. SR Rating methodology is based on evaluating the collection prospects of the assets in the trust and the associated expected timeliness for recovery. The expected collections are derived by applying haircuts to the third party / market valuations based on the property type and property location. The expected recoveries are then discounted at various yields to arrive at the present value of the recoveries. This amount is then expressed as a percentage of the SR outstanding value to arrive at the collection potential %.

**Fair value of financial instruments carried at amortised cost**

**Loans**

The fair values of loans that do not reprice or mature frequently are estimated using discounted cash flow models. The discount rates are based on internal models and consequently for the purposes of level disclosures categorized under Level 3. The Level 3 loans would decrease (increase) in value based upon an increase (decrease) in discount rate. For purposes of these fair value estimates, the fair values of impaired loans were computed by discounting expected cashflows using appropriate market yield.

**Security deposits and other receivables**

For Security deposits with defined maturities and other receivables , the fair values are estimated using discounted cash flow models that apply market interest rates corresponding to similar deposits and timing of maturities.

**Borrowings**

The fair values of the Group's borrowings and other debt securities are calculated based on a discounted cash flow model. The discount rates were based on yield curves appropriate for the remaining maturities of the instruments.

**D. Level 3 fair values measurement**

- i. **The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.**

| Particulars                      | As at April 1, 2021 | Total gains/ (losses) recorded in profit or loss | Purchases | Sales/ Settlements | Transfers in/(out) | As at March 31, 2022 |
|----------------------------------|---------------------|--|-----------|--------------------|--------------------|----------------------|
| Investments in Security Receipts | 69,856.98           | (5,399.52)                                       | 59,823.87 | (38,183.01)        | -                  | 86,098.32            |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

| Particulars                      | As at April 1, 2020 | Total gains/ (losses) recorded in profit or loss | Purchases | Sales/ Settlements | Transfers in/(out) | As at March 31, 2021 |
|----------------------------------|---------------------|--|-----------|--------------------|--------------------|----------------------|
| Investments in Security Receipts | 73,638.97           | (5,768.36)                                       | 20,762.13 | (18,775.76)        |                    | 69,856.98            |

**ii. Unabsorbable inputs used in measuring fair value**

| Type of financial instrument     | Valuation technique | Significant unabsorbable input             | Range of estimates         | Fair value measurement sensitivity to unabsorbable inputs                         |
|----------------------------------|---------------------|--|----------------------------|---|
| Investments in Security Receipts | Discounted cashflow | Net expected cashflows derived from trusts | Varies from trust to trust | Significant increase in net expected cash flows would result in higher fair value |

**iii. Sensitivity analysis of Level 3 financial instruments measured at fair value on a recurring basis**

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects.

| Particulars                      | As at March 31, 2022             |                                  | As at March 31, 2021             |                                  |
|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|                                  | 100 bp increase in net cash flow | 100 bp decrease in net cash flow | 100 bp increase in net cash flow | 100 bp decrease in net cash flow |
| Investments in Security Receipts | 860.98                           | (860.98)                         | 698.57                           | (698.57)                         |

**E. Financial risk management**

The Group has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

**i. Risk management framework**

Management believes that an effective Risk Management Process is the key to sustained operations thereby protecting value for all stakeholders , identifying and mitigating and continuously monitoring risks to business, achieving business objectives, improving governance processes and preparing for unplanned circumstances. Management ensures effective Risk Management by implementing following steps:

1. Adheres to procedures described in various policies approved by the Board from time to time by implementing adequate financial controls.
2. Communicates various policies to the stakeholders through suitable training and communication and periodical review of its relevance in changing business atmosphere.
3. Identifies risks and promotes proactive approach for treating such risks.



**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

4. Allocates adequate and timely resources to mitigate, manage and minimize the risks and their adverse impact on outcomes.
5. Strives towards strengthening the Risk Management System through continuous learning and improvement.
6. Complies with all relevant laws and regulations across the areas of operations of the Group.
7. Optimises risk situations to manage adverse exposure on deliverables and bring them in line with acceptable risk appetite of the Group in consonance with business objectives.
8. Engages Internal Auditors to periodically review various aspects of the internal control systems. The reports of the internal auditors are reviewed by the Audit Committee.
9. The Group has implemented adequate internal financial controls in consultation with with third party consultants
10. The Group has Board approved ALM Policy

**ii. Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and loans and advances.

The carrying amounts of following financial assets represent the maximum credit risk exposure:-

*(Amount in lakhs)*

| <b>Particulars</b>             | <b>As at<br/>March 31, 2022</b> | <b>As at<br/>March 31, 2021</b> |
|--------------------------------|---------------------------------|---------------------------------|
| Trade receivables              | 4,656.15                        | 4,480.59                        |
| Loans to borrowers             | 54,917.51                       | 31,943.17                       |
| Advance receivable from trusts | 2,132.23                        | 1,774.27                        |
| Bank balances                  | 6,884.35                        | 9,916.20                        |
| Other financial assets         | 37.70                           | 35.26                           |
|                                | <b>68,627.94</b>                | <b>48,149.49</b>                |

**a. Credit quality analysis**

The following table sets out the information about the credit quality of financial assets measured at amortised cost.

*(Amount in lakhs)*

| <b>Particulars</b>        | <b>As at March 31, 2022</b>   |                                |                                |   | <b>Total</b>    |
|---------------------------|-------------------------------|--------------------------------|--------------------------------|---|-----------------|
|                           | <b>Past due<br/>1–30 days</b> | <b>Past due<br/>31–60 days</b> | <b>Past due<br/>61–90 days</b> | <b>Past due<br/>more than<br/>90 days</b> |                 |
| <b>Trade receivables</b>  |                               |                                |                                |   |                 |
| Gross Carrying amount     | 709.89                        | -                              | 128.66                         | 3,817.60                                  | 4,656.15        |
| Impairment loss allowance | (125.44)                      | -                              | (38.06)                        | (3,058.21)                                | (3,221.71)      |
| <b>Carrying amount</b>    | <b>584.45</b>                 | <b>-</b>                       | <b>90.60</b>                   | <b>759.39</b>                             | <b>1,434.44</b> |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

| Particulars                | As at March 31, 2022 |                                  |                              |                           |                  |
|----------------------------|----------------------|----------------------------------|------------------------------|---------------------------|------------------|
|                            | 12-month ECL         | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Purchased credit impaired | Total            |
| <b>Loans to borrowers</b>  |                      |                                  |                              |                           |                  |
| Current                    | 1,679.82             | -                                | -                            | -                         | 1,679.82         |
| Past due 1–30 days         | -                    | -                                | -                            | -                         | -                |
| Past due 31–60 days        | -                    | -                                | -                            | -                         | -                |
| Past due 61–90 days        | -                    | -                                | -                            | -                         | -                |
| Past due more than 90 days | -                    | -                                | 3,907.90                     | 49,329.79                 | 53,237.69        |
|                            | 1,679.82             | -                                | 3,907.90                     | 49,329.79                 | 54,917.51        |
| Impairment loss allowance  | (27.86)              | -                                | (3,907.90)                   | (13,713.49)               | (17,649.25)      |
| <b>Carrying amount</b>     | <b>1,651.96</b>      | <b>-</b>                         | <b>-</b>                     | <b>35,616.30</b>          | <b>37,268.26</b> |

| Particulars                           | As at March 31, 2022 |                                  |                              |                           |               |
|---------------------------------------|----------------------|----------------------------------|------------------------------|---------------------------|---------------|
|                                       | 12-month ECL         | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Purchased credit impaired | Total         |
| <b>Advance receivable from trusts</b> |                      |                                  |                              |                           |               |
| Past due 1–30 days                    | 34.59                | -                                | -                            | -                         | 34.59         |
| Past due 31–60 days                   | -                    | 29.42                            | -                            | -                         | 29.42         |
| Past due 61–90 days                   | -                    | 1.44                             | -                            | -                         | 1.44          |
| Past due more than 90 days            | -                    | -                                | 2,066.78                     | -                         | 2,066.78      |
|                                       | 34.59                | 30.86                            | 2,066.78                     | -                         | 2,132.23      |
| Impairment loss allowance             | (10.44)              | (11.10)                          | (1,869.83)                   | -                         | (1,891.37)    |
| <b>Carrying amount</b>                | <b>24.15</b>         | <b>19.76</b>                     | <b>196.95</b>                | <b>-</b>                  | <b>240.86</b> |

| Particulars                   | As at March 31, 2022 |                                  |                              |                           |                 |
|-------------------------------|----------------------|----------------------------------|------------------------------|---------------------------|-----------------|
|                               | 12-month ECL         | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Purchased credit impaired | Total           |
| <b>Other financial assets</b> |                      |                                  |                              |                           |                 |
| Current                       | 6,922.05             | -                                | -                            | -                         | 6,922.05        |
| Past due 1–30 days            | -                    | -                                | -                            | -                         | -               |
| Past due 31–60 days           | -                    | -                                | -                            | -                         | -               |
| Past due 61–90 days           | -                    | -                                | -                            | -                         | -               |
| Past due more than 90 days    | -                    | -                                | -                            | -                         | -               |
|                               | 6,922.05             | -                                | -                            | -                         | 6,922.05        |
| Impairment loss allowance     | (1.80)               | -                                | -                            | -                         | (1.80)          |
| <b>Carrying amount</b>        | <b>6,920.25</b>      | <b>-</b>                         | <b>-</b>                     | <b>-</b>                  | <b>6,920.25</b> |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

(Amount in lakhs)

| Particulars               | As at March 31, 2021 |                     |                     |                            |            |
|---------------------------|----------------------|---------------------|---------------------|----------------------------|------------|
|                           | Past due 1–30 days   | Past due 31–60 days | Past due 61–90 days | Past due more than 90 days | Total      |
| <b>Trade receivables</b>  |                      |                     |                     |                            |            |
| Gross carrying amount     | 277.28               | -                   | 116.24              | 4,087.07                   | 4,480.59   |
| Impairment loss allowance | (70.91)              | -                   | (43.41)             | (3,260.34)                 | (3,374.66) |
| Carrying amount           | 206.37               | -                   | 72.83               | 826.73                     | 1,105.93   |

| Particulars                | As at March 31, 2021 |                                  |                              |                           |            |
|----------------------------|----------------------|----------------------------------|------------------------------|---------------------------|------------|
|                            | 12-month ECL         | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Purchased credit impaired | Total      |
| <b>Loans to borrowers</b>  |                      |                                  |                              |                           |            |
| Current                    | 1,104.11             | -                                | -                            | -                         | 1,104.11   |
| Past due 1–30 days         | -                    | -                                | -                            | -                         | -          |
| Past due 31–60 days        | -                    | -                                | -                            | -                         | -          |
| Past due 61–90 days        | -                    | -                                | -                            | -                         | -          |
| Past due more than 90 days | -                    | -                                | 5,916.96                     | 24,922.10                 | 30,839.06  |
|                            | 1,104.11             | -                                | 5,916.96                     | 24,922.10                 | 31,943.17  |
| Impairment loss allowance  | (12.42)              | -                                | (2,191.81)                   | (7,084.14)                | (9,288.37) |
| Carrying amount            | 1,091.69             | -                                | 3,725.15                     | 17,837.96                 | 22,654.80  |

| Particulars                           | As at March 31, 2021 |                                  |                              |                           |            |
|---------------------------------------|----------------------|----------------------------------|------------------------------|---------------------------|------------|
|                                       | 12-month ECL         | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Purchased credit impaired | Total      |
| <b>Advance receivable from trusts</b> |                      |                                  |                              |                           |            |
| Past due 1–30 days                    | 20.65                | -                                | -                            | -                         | 20.65      |
| Past due 31–60 days                   | -                    | 2.88                             | -                            | -                         | 2.88       |
| Past due 61–90 days                   | -                    | 0.37                             | -                            | -                         | 0.37       |
| Past due more than 90 days            | -                    | -                                | 1,750.37                     | -                         | 1,750.37   |
|                                       | 20.65                | 3.25                             | 1,750.37                     | -                         | 1,774.27   |
| Impairment loss allowance             | (8.67)               | (1.59)                           | (1,512.91)                   | -                         | (1,523.17) |
| Carrying amount                       | 11.98                | 1.66                             | 237.46                       | -                         | 251.10     |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

| Particulars                   | As at March 31, 2021 |                                  |                              |                           | Total    |
|-------------------------------|----------------------|----------------------------------|------------------------------|---------------------------|----------|
|                               | 12-month ECL         | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Purchased credit impaired |          |
| <b>Other financial assets</b> |                      |                                  |                              |                           |          |
| Current                       | 9,951.46             | -                                | -                            | -                         | 9,951.46 |
| Past due 1–30 days            | -                    | -                                | -                            | -                         | -        |
| Past due 31–60 days           | -                    | -                                | -                            | -                         | -        |
| Past due 61–90 days           | -                    | -                                | -                            | -                         | -        |
| Past due more than 90 days    | -                    | -                                | -                            | -                         | -        |
|                               | 9,951.46             | -                                | -                            | -                         | 9,951.46 |
| Impairment loss allowance     | (2.27)               | -                                | -                            | -                         | (2.27)   |
| Carrying amount               | 9,949.19             | -                                | -                            | -                         | 9,949.19 |

**b. Collaterals held and concentrations of credit risk**

**Collaterals held**

The Group holds collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

| Instrument type   | Percentage of exposure that is subject to collateral requirements |                      | Principal type of collateral held |
|-------------------|---|----------------------|-----------------------------------|
|                   | As at March 31, 2022  | As at March 31, 2021 |                                   |
| Loans to Borrower | 100%  | 100%                 | Immovable property                |

Quantitative information of Collateral

| Loan to Value (LTV) range | As at March 31, 2022 | As at March 31, 2021 |
|---------------------------|----------------------|----------------------|
| Less than 50%             | 54,917.51            | 31,943.17            |

**Concentration of credit risk**

**c. Amounts arising from ECL**

**i. Inputs, assumptions and techniques used for estimating impairment**

**Inputs considered in the ECL model:**

The Group applies various approaches to determine if there has been a significant increase in credit risk. In determining whether credit risk has increased significantly since initial recognition, The Group uses days past due information and forecast information to assess deterioration in credit quality of a financial asset.

The Group categorises Financial assets into stages based on the days past due status.

- Stage 1: 0-30 days past due
- Stage 2: 31- 90 days past due
- Stage 3: More than 90 days past due

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

The Group has used simplified approach to provide expected credit loss on trade receivables as prescribed by Ind AS 109 which permits use of lifetime expected credit loss provision for all trade receivables. The Group has historic credit loss data to compute ECL.

**Assumption considered in the ECL model:**

- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs.
- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12 month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD.
- "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.

**Forward looking information:**

The Group incorporates forward looking information into both assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of a variety of external actual and forecast information, the Group forms a 'base case' view of the future direction of relevant economic variables such as gross fixed investments, gross domestic production. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes. "

**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 30 days past due.

**Definition of default**

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which the Group operates and other micro-economic factors. Accordingly the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due."

**Policy for write-off of loan assets**

All loans which are overdue for more than 180 days and not recoverable in the opinion of management are written off.

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

**ii. Impairment loss allowance**

The following table shows reconciliations from the opening to the closing balance of the loss allowances and write offs:

*(Amount in lakhs)*

| Particulars  | Past due<br>1–30 days | Past due<br>31–60 days | Past due<br>61–90 days | Past due<br>more than 90<br>days |
|--|-----------------------|------------------------|------------------------|----------------------------------|
| <b>Trade receivables</b>                                       |                       |                        |                        |                                  |
| <b>Balance as at March 31, 2020</b>                            | <b>43.45</b>          | <b>11.68</b>           | <b>12.69</b>           | <b>1,818.67</b>                  |
| New financial assets originated during the year                | 57.82                 | 43.42                  | 137.03                 | -                                |
| Net remeasurement of loss allowance                            | (24.23)               | (43.42)                | (106.20)               | 1,488.42                         |
| Financial assets that have been derecognised during the period | (6.13)                | (11.68)                | (0.11)                 | (46.75)                          |
| <b>Balance as at March 31, 2021</b>                            | <b>70.91</b>          | <b>-</b>               | <b>43.41</b>           | <b>3,260.34</b>                  |
| New financial assets originated during the year                | 102.58                | -                      | 6.52                   | 113.88                           |
| Net remeasurement of loss allowance                            | (42.89)               | -                      | (11.88)                | (312.93)                         |
| Financial assets that have been derecognised during the period | (5.16)                | -                      | -                      | (3.07)                           |
| <b>Balance as at March 31, 2022</b>                            | <b>125.44</b>         | <b>-</b>               | <b>38.05</b>           | <b>3,058.22</b>                  |

*(Amount in lakhs)*

| Particulars  | 12-month<br>ECL | Lifetime ECL<br>not credit-<br>impaired | Lifetime<br>ECL credit-<br>impaired | Purchased<br>Credit<br>Impaired<br>Assets |
|--|-----------------|---|-------------------------------------|---|
| <b>Term loans</b>  |                 |   |                                     |   |
| <b>Balance as at March 31, 2020</b>                            | <b>147.06</b>   | <b>-</b>                                | <b>1,391.85</b>                     | <b>5,084.41</b>                           |
| New financial assets originated during the year                | 12.42           | -                                       | -                                   | (373.78)                                  |
| Transfers from Stage 1   | (147.06)        | -                                       | 147.06                              | -   |
| Transfers from Stage 2   | -               | -                                       | -                                   | -   |
| Transfers from Stage 3   | -               | -                                       | -                                   | -   |
| Net remeasurement of loss allowance                            | -               | -                                       | 652.90                              | 3,251.83                                  |
| Financial assets that have been derecognised during the period | -               | -                                       | -                                   | (878.32)                                  |
| <b>Balance as at March 31, 2021</b>                            | <b>12.42</b>    | <b>-</b>                                | <b>2,191.81</b>                     | <b>7,084.14</b>                           |
| New financial assets originated during the year                | 0.10            | -                                       | -                                   | 2,364.36                                  |
| Transfers from Stage 1   | -               | -                                       | -                                   | -   |
| Transfers from Stage 2   | -               | -                                       | -                                   | -   |
| Transfers from Stage 3   | 93.43           | -                                       | (93.43)                             | -   |
| Net remeasurement of loss allowance                            | (65.66)         | -                                       | 1,809.51                            | 3,742.79                                  |
| Financial assets that have been derecognised during the period | (12.42)         | -                                       | -                                   | 522.20                                    |
| <b>Balance as at March 31, 2022</b>                            | <b>27.87</b>    | <b>-</b>                                | <b>3,907.89</b>                     | <b>13,713.49</b>                          |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

(Amount in lakhs)

| Particulars  | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired |
|--|--------------|----------------------------------|------------------------------|
| <b>Advance receivable from trust</b>                           |              |                                  |                              |
| <b>Balance as at March 31, 2020</b>                            | <b>18.17</b> | <b>31.33</b>                     | <b>921.64</b>                |
| New financial assets originated during the year                | 2.83         | 0.68                             | 58.83                        |
| Transfers from Stage 1   | (0.01)       | -                                | 0.01                         |
| Transfers from Stage 2   | 10.15        | (29.52)                          | 19.35                        |
| Transfers from Stage 3   | 48.67        | -                                | (48.67)                      |
| Net remeasurement of loss allowance                            | (53.58)      | 0.09                             | 579.73                       |
| Financial assets that have been derecognised during the period | (17.56)      | (0.99)                           | (17.98)                      |
| <b>Balance as at March 31, 2021</b>                            | <b>8.67</b>  | <b>1.59</b>                      | <b>1,512.91</b>              |
| New financial assets originated during the year                | 1.59         | -                                | 76.27                        |
| Transfers from Stage 1   | (0.68)       | 0.68                             | -                            |
| Transfers from Stage 2   | 0.21         | (1.61)                           | 1.40                         |
| Transfers from Stage 3   | 48.10        | 1.08                             | (49.18)                      |
| Net remeasurement of loss allowance                            | (44.55)      | 9.35                             | 428.44                       |
| Financial assets that have been derecognised during the period | (2.89)       | -                                | (100.00)                     |
| <b>Balance as at March 31, 2022</b>                            | <b>10.45</b> | <b>11.09</b>                     | <b>1,869.84</b>              |

(Amount in lakhs)

| Particulars                         | Bank Balances | Other financial assets |
|-------------------------------------|---------------|------------------------|
| <b>Balance as at March 31, 2020</b> | <b>1.43</b>   | <b>1.23</b>            |
| Net remeasurement of loss allowance | 0.45          | (0.84)                 |
| <b>Balance as at March 31, 2021</b> | <b>1.88</b>   | <b>0.39</b>            |
| Net remeasurement of loss allowance | (0.70)        | 0.23                   |
| <b>Balance as at March 31, 2022</b> | <b>1.18</b>   | <b>0.62</b>            |

**iii. Liquidity Risk**

Measuring and managing liquidity needs are vital for effective operation of the Group. By ensuring the Group's ability to meet its liabilities as they become due, liquidity management can reduce the probability of an adverse situation developing. Keeping in view management of Liquidity, the Board has fixed an overall borrowing limit for the Group and allowed the management to borrow within the overall limit.

The Group's principal sources of liquidity are cash and cash equivalents, the cash flow that is generated from operations and the unutilised bank lines. The Group believes that the working capital is sufficient to meet its current requirements.

**Maturity Profile of financial Liabilities**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments.



**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

(Amount in lakhs)

| Particulars                                 | Carrying amount | Total     | On Demand | Less than 6 months | 6-12 months | 1-2 years | 2-5 years |
|---|-----------------|-----------|-----------|--------------------|-------------|-----------|-----------|
| <b>As at March 31, 2022</b>                 |                 |           |           |                    |             |           |           |
| <b>Non-derivative financial liabilities</b> |                 |           |           |                    |             |           |           |
| Trade and other payables                    | 1.79            | 1.79      | 1.79      | -                  | -           | -         | -         |
| Debt securities                             | 33,306.62       | 34,909.18 | -         | 5,000.00           | 8,897.02    | 10,004.96 | 11,007.20 |
| Borrowings (other than debt securities)     | 40,730.55       | 44,096.69 | 11,985.44 | 19,738.98          | 3,835.47    | 3,953.12  | 4,583.68  |
| Other financial liabilities                 | 1,302.74        | 1,123.23  | 90.69     | 734.88             | 43.56       | 87.12     | 166.98    |
| Loan commitments                            | 17,031.69       | 17,031.69 | -         | -                  | 17,031.69   | -         | -         |

| Particulars                                 | Carrying amount | Total     | On Demand | Less than 6 months | 6-12 months | 1-2 years | 2-5 years |
|---|-----------------|-----------|-----------|--------------------|-------------|-----------|-----------|
| <b>As at March 31, 2021</b>                 |                 |           |           |                    |             |           |           |
| <b>Non-derivative financial liabilities</b> |                 |           |           |                    |             |           |           |
| Trade and other payables                    | 5.42            | 5.42      | 5.42      | -                  | -           | -         | -         |
| Debt securities                             | 34,932.93       | 39,133.02 | -         | 11,075.00          | 12,937.22   | 6,276.95  | 8,843.85  |
| Borrowings (other than debt securities)     | 19,965.14       | 21,560.17 | 9,963.09  | 933.48             | 1,571.70    | 3,008.30  | 6,083.60  |
| Other financial liabilities                 | 950.51          | 1,035.07  | 58.36     | 591.93             | 43.56       | 87.12     | 254.10    |
| Loan commitments                            | 21,107.10       | 21,107.10 | -         | 8,728.34           | 12,378.76   | -         | -         |

For the liabilities mentioned above where no contractual maturity is available, the management has done an assessment to arrive at the probable maturity timeline based on some assumptions and estimates. The auditors have relied on this assessment for the purpose of this disclosure.

**iv. Interest Rate Risk**

"Interest rate risk is the risk that changes in market interest rates would adversely affect the Group's financial conditions. The same typically involves looking at Gap or mismatch over different time intervals as at a given date.

Interest Rate risk mostly applies to entities which borrows and lends across various time brackets and are thus exposed to the risk of mismatch of amounts across time buckets.

While the Group borrows money across time buckets, it is involved in acquiring Non-Performing loans from the market. These loans are typically acquired in a trust, where the Group holds a a minimum investment of the acquisition price as prescribed by the RBI from time to time and also earn Trusteeship fees, Recovery Incentives from those trusts. Further the loans are acquired at a discount (varying from case to case) and this provides additional margin to the Group acting in capacity as the Trustee.

The overall yields expected by the Group on its financial assets are significantly higher than the borrowing cost and hence the interest rate risk is quite marginal in terms of NIM (Net Interest Margin).

**Exposure to interest rate risk**

Group's interest rate risk arises from borrowings. The interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group is as follows.

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

(Amount in lakhs)

| Particulars                      | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|----------------------------------|-------------------------|-------------------------|
| <b>Fixed-rate instruments</b>    |                         |                         |
| Financial assets                 | 37,268.26               | 22,654.80               |
| Financial liabilities            | (42,507.41)             | (33,263.84)             |
| <b>Variable-rate instruments</b> |                         |                         |
| Financial assets                 | -                       | -                       |
| Financial liabilities            | (25,730.55)             | (19,965.14)             |
| <b>Total Net</b>                 | <b>(30,969.70)</b>      | <b>(30,574.18)</b>      |

**Fair value sensitivity analysis for fixed-rate instruments**

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

**Cash flow sensitivity analysis for variable-rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

(Amount in lakhs)

| Particulars                  | As at March 31, 2022 |                 | As at March 31, 2021 |                 |
|------------------------------|----------------------|-----------------|----------------------|-----------------|
|                              | 100 bp increase      | 100 bp decrease | 100 bp increase      | 100 bp decrease |
| Variable rate instruments    | (257.31)             | 257.31          | (199.65)             | 199.65          |
| <b>Cash flow sensitivity</b> | <b>(257.31)</b>      | <b>257.31</b>   | <b>(199.65)</b>      | <b>199.65</b>   |

**v. Capital management**

The primary objectives of the capital management policy is to ensure that the Group continuously complies with capital requirements required by regulator, maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to fund growth or comply with regulatory capital requirement, Company depends on internal accrual or may raise additional capital. Company may adjust the amount of dividend payment to shareholders, return capital to shareholders.

**Regulatory capital**

(Amount in lakhs)

| Particulars                | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|----------------------------|-------------------------|-------------------------|
| Total Capital              | 47,454.34               | 39,907.87               |
| Risk Weighted assets       | 1,20,983.27             | 89,633.19               |
| <b>Total capital ratio</b> | <b>39.22%</b>           | <b>44.52%</b>           |

**Liquidity ratio**

(Amount in lakhs)

| Particulars            | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|------------------------|-------------------------|-------------------------|
| Current assets         | 68,240.70               | 45,798.90               |
| Current liabilities    | 49,522.13               | 36,730.22               |
| <b>Liquidity ratio</b> | <b>1.38</b>             | <b>1.25</b>             |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 35 REVENUE FROM CONTRACTS WITH CUSTOMERS**

a) The Group has recognised following amounts relating revenue in the Statement of Profit and Loss:

*(Amount in lakhs)*

| Particulars                           | For the year ended |                  |
|---------------------------------------|--------------------|------------------|
|                                       | March 31, 2022     | March 31, 2021   |
| Revenue from contracts with customers | 19,657.34          | 14,306.29        |
| Revenue from other sources            | 6,773.13           | 4,711.89         |
| <b>Total revenue</b>                  | <b>26,430.47</b>   | <b>19,018.18</b> |
| Impairment loss/(gain) on receivables | (152.65)           | 1,531.04         |

b) Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by primary geographical market, major products/ service lines and timing of revenue recognition:

*(Amount in lakhs)*

| Particulars                          | For the year ended |                  |
|--------------------------------------|--------------------|------------------|
|                                      | March 31, 2022     | March 31, 2021   |
| <b>Primary geographical market</b>   |                    |                  |
| India                                | 19,657.34          | 14,306.29        |
| <b>Total</b>                         | <b>19,657.34</b>   | <b>14,306.29</b> |
| <b>Major products/service lines</b>  |                    |                  |
| Trusteeship fees                     | 15,932.57          | 10,735.71        |
| Other fees                           | 3,724.77           | 3,570.58         |
| <b>Total</b>                         | <b>19,657.34</b>   | <b>14,306.29</b> |
| <b>Timing of revenue recognition</b> |                    |                  |
| At a point in time                   | 19,657.34          | 14,306.29        |
| Over a period of time                |                    |                  |
| <b>Total</b>                         | <b>19,657.34</b>   | <b>14,306.29</b> |

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

*(Amount in lakhs)*

| Particulars           | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-----------------------|-------------------------|-------------------------|
| Receivables           | 1,434.44                | 1,105.93                |
| Contracts liabilities | 3,763.12                | 2,436.59                |

Significant changes in contract liabilities balances during the period are as follows:

*(Amount in lakhs)*

| Particulars   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Opening balance   | 2,436.59                | 995.54                  |
| Liabilities recognised during the year  | 3,763.12                | 2,436.59                |
| Revenue recognised that was included in the contract liability balance at the beginning of the period | (2,436.59)              | (995.54)                |
| <b>Closing balance</b>  | <b>3,763.12</b>         | <b>2,436.59</b>         |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 35 REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)**

**Transaction price allocated to the remaining performance obligation**

As of March 31, 2022, the amount of transaction price allocated to remaining performance obligation are as follows. The Group will recognise the revenue as and when management services are rendered.

*(Amount in lakhs)*

| <b>Particulars</b>    | <b>March 31, 2022</b> |
|-----------------------|-----------------------|
| Contracts liabilities | 3,763.12              |

As of March 31, 2021, the amount of transaction price allocated to remaining performance obligation are as follows. The Group will recognise the revenue as and when management services are rendered.

*(Amount in lakhs)*

| <b>Particulars</b>    | <b>March 31, 2021</b> |
|-----------------------|-----------------------|
| Contracts liabilities | 2,436.59              |

**NOTE 36 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES**

The Group has concluded that the Assets Reconstruction Trusts in which it invests, but that it does not consolidate, meet the definition of structured entities because:

- the voting rights in the Company are not dominant rights in deciding who controls them because the rights relate to administrative tasks only;
- each trust's activities are restricted by its trust deed; and
- the trusts have narrow and well-defined objectives to provide recovery activities to investors.

The following table describes the types of structured entities that the Group does not consolidate but in which it holds an interest.

*(Amount in lakhs)*

| <b>Type of Structured Entity</b> | <b>Nature and purpose</b>  | <b>Interest held by the group</b>                              | <b>As at March 31, 2022</b> |                                  | <b>As at March 31, 2021</b> |                                  |
|----------------------------------|--|--|-----------------------------|----------------------------------|-----------------------------|----------------------------------|
|                                  |  |  | <b>SRs issued by trusts</b> | <b>SRs subscribed by Company</b> | <b>SRs issued by trusts</b> | <b>SRs subscribed by Company</b> |
| Assets Reconstruction Trusts     | To acquire stressed assets for purpose of carrying activity of securitisation and asset reconstruction | Investment in security receipts<br>Acting as trustee to trusts | 9,35,726.78                 | 1,28,112.84                      | 8,07,541.21                 | 1,06,687.00                      |

The following table sets out an analysis of the carrying amounts of interests held by the Group in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the assets held.

*(Amount in lakhs)*

| <b>Carrying amounts</b>                | <b>As at March 31, 2022</b> | <b>As at March 31, 2021</b> |
|--|-----------------------------|-----------------------------|
| (i) Investment in security receipts    | 86,327.66                   | 69,856.98                   |
| (ii) Trade receivables                 | 1,434.44                    | 1,105.93                    |
| (iii) Advances recoverable from trusts | 240.86                      | 251.10                      |
| <b>Total</b>                           | <b>88,002.96</b>            | <b>71,214.01</b>            |

**NOTE 37 CONTINGENT LIABILITIES**

Contingent liabilities outstanding as on 31st March 2022 is Nil (31st March 2021 : Nil)

Commitment to acquire additional non-performing loan upto Rs.348 lacs in case of a demand by the assignor bank (Previous year - Rs.348 lacs).

In respect of Software under development, the Company has total capital commitment of Rs.19 lacs of which Rs.9.10 lacs have been paid during the current year till 31st March 2022.

**PHOENIX ARC PRIVATE LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 38 COMPARISON BETWEEN PROVISIONS REQUIRED UNDER IRACP AND IMPAIRMENT ALLOWANCES MADE UNDER IND AS 109**

As at March 31, 2022

|   |     | (Amount in lakhs)                       |     |                                     |     |   |     |                     |             |  |     |  |               |
|---|-----|---|-----|-------------------------------------|-----|---|-----|---------------------|-------------|--|-----|--|---------------|
| Asset Classification as per RBI Norms           | (1) | Asset classification as per Ind AS 109  | (2) | Gross Carrying Amount as per Ind AS | (3) | Loss Allowances (Provisions) as required under Ind AS 109 | (4) | Net Carrying Amount | (5)=(3)-(4) | Provisions required as per IRACP norms | (6) | Difference between Ind AS 109 provisions and IRACP norms | (7) = (4)-(6) |
| <b>Performing Assets</b>                        |     |   |     |                                     |     |   |     |                     |             |  |     |  |               |
| Standard  |     | Stage 1                                 |     | 1,679.82                            |     | 27.86   |     | 1,651.96            |             | -                                      |     | 27.86  |               |
|   |     | Stage 2                                 |     | -                                   |     | -   |     | -                   |             | -                                      |     | -  |               |
| Subtotal (A)                                    |     |   |     | <b>1,679.82</b>                     |     | <b>27.86</b>  |     | <b>1,651.96</b>     |             | -                                      |     | <b>27.86</b>   |               |
| <b>Non-Performing Assets (NPA)</b>              |     |   |     |                                     |     |   |     |                     |             |  |     |  |               |
| Substandard                                     |     | Stage 3                                 |     | -                                   |     | -   |     | -                   |             | -                                      |     | -  |               |
| Doubtful - up to 1 year                         |     | Stage 3                                 |     | -                                   |     | -   |     | -                   |             | -                                      |     | -  |               |
| 1 to 3 years                                    |     | Stage 3                                 |     | -                                   |     | -   |     | -                   |             | -                                      |     | -  |               |
| More than 3 years                               |     | Stage 3                                 |     | 3,907.90                            |     | 3,907.90  |     | -                   |             | 1,286.03                               |     | 2,621.87   |               |
| Subtotal for doubtful                           |     |   |     | <b>3,907.90</b>                     |     | <b>3,907.90</b>   |     | -                   |             | <b>1,286.03</b>                        |     | <b>2,621.87</b>  |               |
| Loss  |     | Stage 3                                 |     |                                     |     |   |     |                     |             |  |     |  |               |
| Subtotal for NPA (B)                            |     |   |     | <b>3,907.90</b>                     |     | <b>3,907.90</b>   |     | -                   |             | <b>1,286.03</b>                        |     | <b>2,621.87</b>  |               |
| <b>Other items</b>                              |     |   |     |                                     |     |   |     |                     |             |  |     |  |               |
| Advances to trusts & other financial assets (C) |     | Stage 1                                 |     | 6,956.64                            |     | 12.24   |     | 6,944.40            |             | -                                      |     | 12.24  |               |
|   |     | Stage 2                                 |     | 30.86                               |     | 11.10   |     | 19.76               |             | -                                      |     | 11.10  |               |
|   |     | Stage 3                                 |     | 2,066.78                            |     | 1,869.83  |     | 196.95              |             | 477.79                                 |     | 1,392.04   |               |
| Trade receivables (Simplified Approach) (D)     |     | NA                                      |     | 4,656.15                            |     | 3,221.71  |     | 1,434.44            |             | -                                      |     | 3,221.71   |               |
| Purchased or Originated Credit Impaired (E)     |     | Purchased or Originated Credit Impaired |     | 49,329.79                           |     | 13,713.49   |     | 35,616.30           |             | 1,964.60                               |     | 11,748.89  |               |
| Subtotal (F) = (C) + (D) + (E)                  |     |   |     | <b>63,040.22</b>                    |     | <b>18,828.37</b>  |     | <b>44,211.85</b>    |             | <b>2,442.39</b>                        |     | <b>16,385.98</b>   |               |
| <b>Total (F) = (A) + (B) + (F)</b>              |     |   |     | <b>8,636.46</b>                     |     | <b>40.11</b>  |     | <b>8,596.36</b>     |             | -                                      |     | <b>40.11</b>   |               |
|   |     | Stage 1                                 |     | <b>30.86</b>                        |     | <b>11.10</b>  |     | <b>19.76</b>        |             | -                                      |     | <b>11.10</b>   |               |
|   |     | Stage 2                                 |     | <b>5,974.68</b>                     |     | <b>5,777.73</b>   |     | <b>196.95</b>       |             | <b>1,763.82</b>                        |     | <b>4,013.91</b>  |               |
|   |     | Stage 3                                 |     | <b>53,985.94</b>                    |     | <b>16,935.20</b>  |     | <b>37,050.74</b>    |             | <b>1,964.60</b>                        |     | <b>14,970.60</b>   |               |
|   |     | Others                                  |     | <b>68,627.94</b>                    |     | <b>22,764.14</b>  |     | <b>45,863.81</b>    |             | <b>3,728.42</b>                        |     | <b>19,035.72</b>   |               |
|   |     | Total                                   |     |                                     |     |   |     |                     |             |  |     |  |               |

NOTE 38 COMPARISON BETWEEN PROVISIONS REQUIRED UNDER IRACP AND IMPAIRMENT ALLOWANCES MADE UNDER IND AS 109  
(Continued)

As at March 31, 2021

| <i>(Amount in lakhs)</i>  |   |                                     |   |                     |  |  |
|---|---|-------------------------------------|---|---------------------|--|--|
| Asset Classification as per RBI Norms                               | Asset classification as per Ind AS 109  | Gross Carrying Amount as per Ind AS | Loss Allowances (Provisions) as required under Ind AS 109 | Net Carrying Amount | Provisions required as per IRACP norms | Difference between Ind AS 109 provisions and IRACP norms |
| (1)   | (2)                                     | (3)                                 | (4)   | (5)=(3)-(4)         | (6)                                    | (7) = (4)-(6)  |
| <b>Performing Assets</b>  |   |                                     |   |                     |  |  |
| Standard  | Stage 1                                 | 1,104.11                            | 12.42   | 1,091.69            | -                                      | 12.42  |
|   | Stage 2                                 | -                                   | -   | -                   | -                                      | -  |
| <b>Subtotal (A)</b>   |   | <b>1,104.11</b>                     | <b>12.42</b>  | <b>1,091.69</b>     | -                                      | <b>12.42</b>   |
| <b>Non-Performing Assets (NPA)</b>                                  |   |                                     |   |                     |  |  |
| Substandard   | Stage 3                                 | 2,678.37                            | 93.43   | 2,584.94            | 288.96                                 | (195.53)   |
| Doubtful - up to 1 year   | Stage 3                                 | -                                   | -   | -                   | -                                      | -  |
| 1 to 3 years  | Stage 3                                 | 526.78                              | 396.74  | 130.04              | 209.17                                 | 187.57   |
| More than 3 years   | Stage 3                                 | 2,711.81                            | 1,701.64  | 1,010.17            | 787.90                                 | 913.74   |
| Subtotal for doubtful   |   | <b>3,238.59</b>                     | <b>2,098.38</b>   | <b>1,140.21</b>     | <b>997.07</b>                          | <b>1,101.31</b>  |
| Loss  | Stage 3                                 | -                                   | -   | -                   | -                                      | -  |
| <b>Subtotal for NPA (B)</b>   |   | <b>5,916.96</b>                     | <b>2,191.81</b>   | <b>3,725.15</b>     | <b>1,286.03</b>                        | <b>905.78</b>  |
| <b>Other items</b>  |   |                                     |   |                     |  |  |
| Advances to trusts & other financial assets (C)                     | Stage 1                                 | 9,972.11                            | 10.95   | 9,961.16            | -                                      | 10.95  |
|   | Stage 2                                 | 3.25                                | 1.59  | 1.66                | -                                      | 1.59   |
|   | Stage 3                                 | 1,750.37                            | 1,512.91  | 237.46              | 1,782.11                               | (269.20)   |
| Trade receivables (Simplified Approach) (D)                         | NA                                      | 4,480.59                            | 3,374.66  | 1,105.93            | -                                      | 3,374.66   |
| Loans advances by trust classified as Purchased credit impaired (E) | Purchased or Originated Credit Impaired | 24,922.10                           | 7,084.14  | 17,837.96           | 326.05                                 | 6,758.09   |
| <b>Subtotal (F) = (C) + (D) + (E)</b>                               |   | <b>41,128.42</b>                    | <b>11,984.24</b>  | <b>29,144.18</b>    | <b>2,108.16</b>                        | <b>(256.67)</b>  |
| <b>Total (F) = (A) + (B) + (F)</b>                                  | <b>Stage 1</b>                          | <b>11,076.22</b>                    | <b>23.37</b>  | <b>11,052.85</b>    | -                                      | <b>23.37</b>   |
|   | <b>Stage 2</b>                          | <b>3.25</b>                         | <b>1.59</b>   | <b>1.66</b>         | -                                      | <b>1.59</b>  |
|   | <b>Stage 3</b>                          | <b>7,667.33</b>                     | <b>3,704.72</b>   | <b>3,962.61</b>     | <b>3,068.14</b>                        | <b>636.58</b>  |
|   | <b>Others</b>                           | <b>29,402.69</b>                    | <b>10,458.80</b>  | <b>18,943.89</b>    | <b>326.05</b>                          | <b>10,132.75</b>   |
|   | <b>Total</b>                            | <b>48,149.49</b>                    | <b>14,188.48</b>  | <b>33,961.01</b>    | <b>3,394.19</b>                        | <b>10,794.29</b>   |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 38 COMPARISON BETWEEN PROVISIONS REQUIRED UNDER IRACP AND IMPAIRMENT ALLOWANCES MADE UNDER IND AS 109 (Continued)**

Management fee receivables amounting to 3,743.05 lakhs (Previous year: 4,112.00 lakhs) and corresponding provision amounting to 3,097.99 lakhs (Previous year: 3,272.29 lakhs) have been recorded in the Ind-AS financial statements while amounts were unrecorded in the IGAAP books on account of RBI regulations. The management fee amounts are treated as reversal and not a provision as per RBI regulations and accordingly not considered for the above disclosure.

**As at March 31, 2022**

*(Amount in lakhs)*

| Asset classification as per RBI norms | Asset classification as per Ind AS 109 | Gross carrying amount as per Ind AS 109 | Loss allowances (provisions) as required under Ind AS 109 | Net carrying Amount | Provisions required as per IRACP norms | Difference between Ind AS 109 provisions and IRACP norms |
|---------------------------------------|--|---|---|---------------------|--|--|
| (1)                                   | (2)                                    | (3)                                     | (4)   | (5)=(3)-(4)         | (6)                                    | (7) = (4)-(6)  |
| Advances to trusts                    | Stage 1                                | 34.73                                   | 10.49   | 24.24               | -                                      | 10.49  |
|                                       | Stage 2                                | 50.70                                   | 18.18   | 32.52               | -                                      | 18.18  |
|                                       | Stage 3                                | 2,551.92                                | 2,344.15  | 207.77              | 2,489.12                               | (144.97)   |
| <b>Total</b>                          |  | <b>2,637.35</b>                         | <b>2,372.82</b>   | <b>264.53</b>       | <b>2,489.12</b>                        | <b>(116.30)</b>  |

**As at March 31, 2021**

*(Amount in lakhs)*

| Asset classification as per RBI norms | Asset classification as per Ind AS 109 | Gross carrying amount as per Ind AS 109 | Loss allowances (provisions) as required under Ind AS 109 | Net carrying Amount | Provisions required as per IRACP norms | Difference between Ind AS 109 provisions and IRACP norms |
|---------------------------------------|--|---|---|---------------------|--|--|
| (1)                                   | (2)                                    | (3)                                     | (4)   | (5)=(3)-(4)         | (6)                                    | (7) = (4)-(6)  |
| Advances to trusts                    | Stage 1                                | 20.82                                   | 8.74  | 12.08               | -                                      | 8.74   |
|                                       | Stage 2                                | 3.26                                    | 1.60  | 1.66                | -                                      | 1.60   |
|                                       | Stage 3                                | 2,211.38                                | 1,967.30  | 244.08              | 2,192.91                               | (225.61)   |
| <b>Total</b>                          |  | <b>2,235.46</b>                         | <b>1,977.64</b>   | <b>257.82</b>       | <b>2,192.91</b>                        | <b>(215.27)</b>  |

\* Based on the current year's calculation, requirement of impairment reserve is lesser than what was created during the last year. However, excess balance has not been transferred back as per the RBI guidelines on impairment reserve requirements.

Transfer to impairment reserve is only done on Standalone Financial Statement, since there is no consolidation done in IGAAP.



**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 39 GROUP INFORMATION**

Consolidated financial statements of group included subsidiaries listed below

| Name   | Principal Activities                     | Country of incorporation | % Interest           |                      |
|--|--|--------------------------|----------------------|----------------------|
|  |  |                          | As at March 31, 2022 | As at March 31, 2021 |
| Phoenix Trust-FY09-2                           | Securitisation and asset reconstruction. | India                    | 99.26%               | 99.26%               |
| Phoenix Trust-FY10-8 - Scheme C                | Securitisation and asset reconstruction. | India                    | 50.00%               | 50.00%               |
| Phoenix Trust-FY11-1 - Scheme K                | Securitisation and asset reconstruction. | India                    | 99.78%               | 99.78%               |
| Phoenix Trust FY 11-6                          | Securitisation and asset reconstruction. | India                    | 50.00%               | 50.00%               |
| Phoenix Trust FY 14-1 - Scheme A               | Securitisation and asset reconstruction. | India                    | 99.72%               | 99.72%               |
| Phoenix Trust FY 14-1 - Scheme B               | Securitisation and asset reconstruction. | India                    | 98.57%               | 98.57%               |
| Phoenix Trust FY 14-12 - Scheme B              | Securitisation and asset reconstruction. | India                    | 99.38%               | 99.38%               |
| Phoenix Trust FY 15-14                         | Securitisation and asset reconstruction. | India                    | 99.70%               | 99.70%               |
| Phoenix Trust FY 15-25 - Series A and Series B | Securitisation and asset reconstruction. | India                    | 75.00%               | 75.00%               |
| Phoenix Trust FY 15-26                         | Securitisation and asset reconstruction. | India                    | 99.89%               | 99.89%               |
| Phoenix Trust FY 16-1 - Scheme C               | Securitisation and asset reconstruction. | India                    | 99.80%               | 99.80%               |
| Phoenix Trust FY 16-1 - Scheme E               | Securitisation and asset reconstruction. | India                    | 99.31%               | 99.31%               |
| Phoenix Trust FY 18-1                          | Securitisation and asset reconstruction. | India                    | 99.96%               | 99.96%               |
| Phoenix Trust FY 18-1 - Scheme C               | Securitisation and asset reconstruction. | India                    | 99.96%               | 99.96%               |
| Phoenix Trust FY 18-1 - Scheme F               | Securitisation and asset reconstruction. | India                    | 99.93%               | 99.93%               |
| Phoenix Trust FY 18-2                          | Securitisation and asset reconstruction. | India                    | 99.86%               | 99.86%               |
| Phoenix Trust FY 18-2 - Scheme C               | Securitisation and asset reconstruction. | India                    | 99.92%               | 99.92%               |
| Phoenix Trust FY 18-4                          | Securitisation and asset reconstruction. | India                    | 99.79%               | 99.79%               |
| Phoenix Trust FY 19-5 Scheme D                 | Securitisation and asset reconstruction. | India                    | 99.95%               | 99.95%               |
| Phoenix Trust FY 19-5 Scheme M                 | Securitisation and asset reconstruction. | India                    | 99.89%               | 99.89%               |
| Phoenix Trust FY 19-7                          | Securitisation and asset reconstruction. | India                    | 51.00%               | 51.00%               |

**PHOENIX ARC PRIVATE LIMITED**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**
**NOTE 39 GROUP INFORMATION (Continued)**

| Name  | Principal Activities                     | Country of incorporation | % Interest           |                      |
|---|--|--------------------------|----------------------|----------------------|
|   |  |                          | As at March 31, 2022 | As at March 31, 2021 |
| Phoenix Trust FY 20-5                         | Securitisation and asset reconstruction. | India                    | 99.73%               | 99.73%               |
| Phoenix Trust FY 20-7                         | Securitisation and asset reconstruction. | India                    | 99.93%               | 99.93%               |
| Phoenix Trust-FY-21-12                        | Securitisation and asset reconstruction. | India                    | 99.97%               | 99.97%               |
| Phoenix Trust-FY-20-13                        | Securitisation and asset reconstruction. | India                    | 100.00%              | 100.00%              |
| Phoenix Trust FY-20-15                        | Securitisation and asset reconstruction. | India                    | 100.00%              | 100.00%              |
| Phoenix Trust-FY21-9                          | Securitisation and asset reconstruction. | India                    | 61.67%               | 61.67%               |
| Phoenix Trust-FY21-11                         | Securitisation and asset reconstruction. | India                    | 61.67%               | 61.67%               |
| Phoenix Trust-FY21-17                         | Securitisation and asset reconstruction. | India                    | 61.67%               | 61.67%               |
| Phoenix Trust-FY22-11                         | Securitisation and asset reconstruction. | India                    | 100.00%              | 100.00%              |
| Phoenix Trust-FY22-6                          | Securitisation and asset reconstruction. | India                    | 99.89%               | 99.89%               |
| Phoenix Trust-FY22-8 - Series A and Series B  | Securitisation and asset reconstruction. | India                    | 66.00%               | 66.00%               |
| Phoenix Trust-FY22-17                         | Securitisation and asset reconstruction. | India                    | 99.95%               | 99.95%               |
| Phoenix Trust-FY22-18                         | Securitisation and asset reconstruction. | India                    | 99.88%               | 99.88%               |
| Phoenix Trust-FY22-21                         | Securitisation and asset reconstruction. | India                    | 99.92%               | 99.92%               |
| Phoenix Trust-FY22-14                         | Securitisation and asset reconstruction. | India                    | 99.99%               | 99.99%               |
| Phoenix Trust-FY22-24                         | Securitisation and asset reconstruction. | India                    | 99.96%               | 99.96%               |
| Phoenix Trust-FY22-19 - Series A and Series B | Securitisation and asset reconstruction. | India                    | 55.80%               | 55.80%               |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 40 THE FOLLOWING DISCLOSURES ARE FROM THE STANDALONE FINANCIAL STATEMENTS AND ARE MADE PURSUANT TO THE RBI GUIDELINES**

- (i) Names and addresses of the banks / financial institutions from whom the financial assets were acquired through various trusts and the value at which such assets were acquired from each such bank / financial institution:

*(Amount in lakhs)*

| <b>Name of the banks / financial institution</b>                                 | <b>Address</b>   | <b>Acquisition Price</b> |
|--|--|--------------------------|
| <b>Non-sponsors</b>  |  |                          |
| Abhyudaya Co-operative Bank Ltd.   | K K Tower, G D Ambekar Marg, Parel Village, Mumbai - 400012.   | 9,610.00                 |
| Allahabad Bank (merged with Indian Bank)   | 1st Floor, Industrial Finznce Branch, 17 Parliament Street, New Delhi - 110001.                              | 16,928.80                |
| Andhra Bank (merged with Union Bank of India)                                    | Dr Pattabhi Bhavan, 5-9-11, Saifabad, Hyderabad - 500004.  | 30,745.00                |
| Asset Reconstruction Company (India) Ltd.  | Shreepati Arcade, August Kranti Marg, Nana Chowk, Mumbai-400036.   | 4,865.00                 |
| Axis Bank Ltd  | Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli Mumbai - 400025.                                 | 34,932.11                |
| Bajaj Finance Ltd.   | Bajaj Auto complex, Mumbai – Pune Road, Akurdi Pune – 411035.  | 9,061.00                 |
| Bank of Baroda   | Baroda House, Mandovi, Vadodara-390006.  | 6,322.18                 |
| Bank of India  | G-Block, C5 Bandra Kurla Complex, Bandra (E), Mumbai - 400051.   | 33,910.46                |
| Bank of Maharashtra  | Lokmangal, 1501, Shivajinagar, Pune-411005.  | 8,778.00                 |
| Barclays Bank PLC  | 601, Ceejay House, Dr. Annie Besant Road, Worli, Mumbai - 400018   | 4,914.26                 |
| Canara Bank  | 112 JC Road, Bangalore - 560002.   | 20,192.82                |
| Catholic Syrian Bank Ltd   | CSB Bhavan, Post Box No 502, ST Mary's College Road, Thrissur, Kerala - 680020                               | 15,520.00                |
| Central Bank of India  | Central Office, Chander Mukhi, Nariman Point, Mumbai- 400021.  | 43,759.00                |
| CFM Asset Reconstruction Private Ltd.  | Block No. A/1003, West Gate, Near Ymca Club, Sur No. 835/1+3, S.G. Highway, Makarba Ahmedabad Gujarat 380051 | 5,800.00                 |
| Citibank N.A.  | 7th Floor C-61, Bandra Kurla Complex, G Block, Bandra East, Mumbai 400051.                                   | 4,081.25                 |
| Clix Capital Services Private Ltd.   | 4th Floor, Kailash Building, Kasturba Gandhi Marg, Connaught Place New Delhi North East-110001               | 12,588.00                |
| Clix Finance India Private Ltd. (merged with Clix Capital Services Private Ltd.) | 4th Floor, Kailash Building, Kasturba Gandhi Marg, Connaught Place New Delhi North East-110001               | 11,260.00                |
| Corporation Bank (merged with Union Bank of India)                               | 114, M.G Road, Bangalore.  | 8,258.37                 |
| Dena Bank (merged with Bank of Baroda)   | Dena Corporate Centre, C- 10, G Block, Bandra Kurla Complex, Bandra (E), Mumbai- 400051.                     | 29,197.88                |
| Development Bank of Singapore  | Fort House, 3rd Floor, 221 Dr. D N Road, Fort, Mumbai - 400001.  | 1,257.97                 |
| Dhanalakshmi Bank  | Dhanalakshmi Buildings, Naickanal, Thrissur, Kerala - 680001   | 10,000.00                |

**PHOENIX ARC PRIVATE LIMITED**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**
**NOTE 40 THE FOLLOWING DISCLOSURES ARE FROM THE STANDALONE FINANCIAL STATEMENTS AND ARE MADE PURSUANT TO THE RBI GUIDELINES (Continued)**
*(Amount in lakhs)*

| <b>Name of the banks / financial institution</b>      | <b>Address</b>   | <b>Acquisition Price</b> |
|---|--|--------------------------|
| <b>Non-sponsors</b>                                   |  |                          |
| Edelweiss Asset Reconstruction Company Ltd.           | Edelweiss House, Off. CST Road, Kalina, Mumbai 400098  | 2,634.15                 |
| Federal Bank Ltd.                                     | 21, Variety Hall Road, Dist Coimbatore, Coimbatore - 641001.   | 58,840.93                |
| Fullerton India                                       | Megh Towers, 3rd floor, Old No.307, New No. 165, PH Road, Maduravoyal, Chennai, Tamil Nadu-600095.                           | 129.00                   |
| HDFC Bank Ltd.  | HDFC Bank House, Senapati Bapat Marg, Lower Parel (W), Mumbai - 400013.  | 1,96,398.64              |
| Hero Fincorp Ltd.                                     | 34, Community Centre, Basant Lok Vasant Vihar New Delhi DI 110057  | 1,300.00                 |
| Hinduja Leyland Finance Ltd                           | 27A, Developed Industrial Estate, Guindy, Chennai - 600032.  | 20,000.00                |
| Honkong and Shanghai Banking Corporation              | 52/60, MG Road, Fort, Mumbai - 400001.   | 5,175.00                 |
| ICICI Bank Ltd.                                       | ICICI Bank Tower, North East Wing, 2nd Floor, Bandra Kurla Complex, Bandra (East), Mumbai-400051.                            | 85,470.12                |
| IDBI Bank Ltd.  | IDBI Tower, 17th Floor, WTC Complex, Cuffe Parade, Mumbai-400005.  | 5,854.56                 |
| IDFC Ltd.   | KRM Tower, 8th Floor, No 1, Harrington Road, Chetpet, Chennai.   | 5,387.50                 |
| IFCI Ltd.   | IFCI Tower, 61, Nehru Place, New Delhi – 110019.   | 6,443.00                 |
| IL&FS Financial Services Ltd.                         | The IL&FS Financial Centre, Plot C-22, G-Block, Bandra Kurla Complex, Bandra East, Mumbai-400051.                            | 1,598.78                 |
| India Infrastructure Finance Co Ltd.                  | 8th floor, Hindustan Times house, 18 & 20, Kasturba Gandhi Marg, New Delhi - 110001.   | 2,900.00                 |
| Indian Bank   | 4th Floor, East Wing Raheja Towers, 26-27 M.G Road, Bangalore - 560001   | 11,526.96                |
| Indian Overseas Bank                                  | No.5, K.H. Road, Shanti Nagar, Bangalore - 560027.   | 25,811.95                |
| Indo Star Capital Finance Ltd.                        | One Indiabulls center, 20th Floor, Tower 2A, Jupiter mills compound, S. B. Marg, Lower parel, Mumbai - 400013                | 750.00                   |
| IndusInd Bank   | 701 Solitaire Corporate Park, 167 Guru Har Govindji Marg, Andheri East, Mumbai 400093.                                       | 15,763.00                |
| Industrial Investment Bank of India Ltd.              | 19, Netaji Subhas Road, Kolkata 700001.  | 350.00                   |
| ING Vysya Bank Ltd. (merged with Kotak Mahindra Bank) | 22, ING House, M.G. Road, Bangalore - 560001   | 2,325.00                 |
| J & K Bank  | MA Road, Srinagar 190001.  | 980.00                   |
| Janata Sahakari Bank Ltd.                             | 1444, Shukrawar Peth, Thorale Bajirao Road, Pune – 411002.   | 56,752.00                |
| JP Morgan Chase Bank N.A.                             | Mafatlal Centre 9th Floor, Nariman Point, Mumbai - 400001.   | 60.00                    |
| Karnataka Bank Ltd.                                   | P B No. 599, Mahaveera Circle, Kankanady, Mangalore - 575002.  | 21,749.00                |
| Karur Vysya Bank                                      | Erode Road, Karur, Tamil Nadu.   | 1,321.00                 |
| Karvy Financial Services Ltd.                         | 705/706, 7th Floor, Hallmark Business Plaza, Sant Dnyaneshwar Marg, Opposite Guru Nanak Hospital, Bandra (E ), Mumbai 400051 | 4,850.00                 |

**PHOENIX ARC PRIVATE LIMITED**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**
**NOTE 40 THE FOLLOWING DISCLOSURES ARE FROM THE STANDALONE FINANCIAL STATEMENTS AND ARE MADE PURSUANT TO THE RBI GUIDELINES (Continued)**
*(Amount in lakhs)*

| <b>Name of the banks / financial institution</b>                       | <b>Address</b>   | <b>Acquisition Price</b> |
|--|--|--------------------------|
| <b>Non-sponsors</b>  |  |                          |
| KKR India Financial Services Private Ltd.                              | Regus Citi Centre, Level 6, 10/11, Dr. Radhakrishna Salai, Chennai, Tamil Nadu - 600004  | 14,500.00                |
| L&T Finance Ltd.   | Technopolis, 7th Floor, A-wing, Plot No.-4, Block - BP, Sector -V, Salt lake, Kolkata, West Bengal - 700091  | 1,73,400.00              |
| L&T Infrastructure Finance Company Ltd. (merged with L&T Finance Ltd.) | Mount Poonamallee Road, Manapakkam, Chennai - 600089   | 37,673.00                |
| Laxmi Vilas Bank Ltd. (merged with DBS Bank)                           | Swapna Sadan, Azad Road, Andheri East, Mumbai - 400069.  | 3,210.00                 |
| Maheshwari Investors Private Ltd.                                      | 401, Akruti Star Building, Central Main Road, Midc, Pocket No 5, Midc, Central Road, Marol, Andheri (E) Mumbai 400069                                  | 6,365.85                 |
| Motilal Oswal Housing Finance Ltd                                      | Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel St Depot, Prabhadevi, Mumbai – 400025   | 45,444.00                |
| NKGSB Co-operative Bank Ltd.   | 361, V.P. Road, Girgaum, Mumbai 400004.  | 900.00                   |
| Omkara Assets Reconstruction Private Ltd.                              | No.9, M.P.Nagar First Street, Kongu Nagar Extension Tirupur Coimbatore -641607 Tamil Nadu  | 11,000.00                |
| Oriental Bank of Commerce (merged with Punjab National Bank)           | Harsh Bhavan, E-Block, Connaught Place, New Delhi - 110001   | 12,636.10                |
| PTC India Financial Services Ltd (PFS)                                 | 7th Floor, Telephone Exchange Building, 8 Bhikaji Cama Place, New Delhi, Delhi - 110066  | 18,650.00                |
| Punjab & Sindh Bank  | Head Office at Bank House, 21, Rajendra Place, New Delhi-110008 and, having one of its Zonal Office at 27/29, Ambalal Doshi Marg, Fort, Mumbai 400 001 | 6,662.00                 |
| Punjab National Bank   | 10th Floor, Atma Ram House, 1- Tolstoy Marg, New Delhi - 110001.   | 11,418.55                |
| RBL Bank Ltd.  | Shahupuri, Kolhapur.   | 4,310.69                 |
| Religare Finvest Ltd.  | 2nd floor, Rajlok Building, 24, Nehru Place, New Delhi - 110019.   | 6,308.00                 |
| Royal Bank of Scotland   | Gustav Mahlerlaan 10 Amsterdam 1082 PP The Netherlands through their Indian branches.  | 3,295.40                 |
| Saraswat Cooperative Bank  | Saraswat Bank Bhavan, 953, Appasaheb Marathe Bank, Prabhadevi, Mumbai - 400025   | 53,000.00                |
| SBFC Finance Private Ltd.  | 103, 1st Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri East, Mumbai - 400059   | 393.00                   |
| SK Finance Ltd.  | G 1-2, New Market, Khasa Kothi Jaipur Rajasthan 302001   | 2,500.00                 |
| South Indian Bank Ltd.   | SIB House, T.B. Road, Mission Quarter, Thrissur District, Kerela State-680001.   | 1,24,370.00              |
| Specified Undertaking of Unit Trust of India                           | UTI Tower, G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.  | 330.00                   |
| Standard Chartered Bank  | Standard Chartered Tower, 201 B/I , Western Express Highway, Goregaon East, Mumbai 400063.   | 950.00                   |

**PHOENIX ARC PRIVATE LIMITED**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**
**NOTE 40 THE FOLLOWING DISCLOSURES ARE FROM THE STANDALONE FINANCIAL STATEMENTS AND ARE MADE PURSUANT TO THE RBI GUIDELINES (Continued)**
*(Amount in lakhs)*

| <b>Name of the banks / financial institution</b>                 | <b>Address</b>   | <b>Acquisition Price</b> |
|--|--|--------------------------|
| <b>Non-sponsors</b>  |  |                          |
| State Bank of Bikaner & Jaipur (merged with State Bank of India) | Tilak Marg, Jaipur - 302005.   | 6,466.00                 |
| State Bank of Hyderabad (merged with State Bank of India)        | Gunfoundry, Hyderabad.   | 42,670.00                |
| State Bank of India  | Egmore, Stressed Assets Management Branch, Chennai.  | 93,020.99                |
| State Bank of Mauritius Ltd.                                     | TSR Tower, Rajbhavan Road, Somajiguda, Hyderabad - 500082  | 1,250.00                 |
| State Bank of Mysore (merged with State Bank of India)           | K.G. Road, Bangalore-560254.   | 1,500.00                 |
| State Bank of Patiala (merged with State Bank of India)          | The Mall, Patiala, Punjab.   | 8,015.00                 |
| State Bank of Travancore (merged with State Bank of India)       | Poojapura, Thiruvananthapuram - 695012.  | 14,462.00                |
| Stressed Asset Stabilisation Fund                                | IDBI Tower, WTC Complex, Cuffe Parade, Mumbai-400005.  | 868.75                   |
| Syndicate Bank Ltd (merged with Canara Bank)                     | Large Corporate Branch, Illaco House, No. 1 Brabourne Road, Ground Floor, Kolkata - 700001             | 807.75                   |
| TATA Capital Financial Services                                  | Peninsula Park, Tower A. 11th Floor, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013                | 1,527.80                 |
| Tourism Finance Corporation of India Ltd.                        | 4th Floor, Tower 1, Nbcc Plaza Pushp Vihar, Sector-5, Saket New Delhi South Delhi 110017               | 8,603.00                 |
| UCO Bank   | 10, BTM Sarani, Kolkata- 700001.   | 19,961.00                |
| Union Bank of India  | Union Bank Bhavan, 239, Vidhan Bhavan Marg, Nariman Point, Mumbai - 400021                             | 18,431.20                |
| United Bank of India (merged with Punjab National Bank)          | 184/192 Sree Durga Towers, R K Mutt Road, Mandaveli, Chennai 600028.                                   | 12,990.40                |
| Vijaya Bank (merged with Bank of Baroda)                         | 41/2, MG Road, Trinity Circle, Bangalore - 560001.   | 19,634.84                |
| Yes Bank   | Yes Bank Tower, IFC -2, 15th Floor, Senapati Bapat Marg, Elphinstone (W), Mumbai, Maharashtra - 400013 | 11,726.00                |
| Varthana Finance Private Ltd.                                    | Varasiddhi, 3rd Floor, No. 5bc-110 Service Road, 3rd Block Hrbr Layout, Bangalore 560043               | 3,917.00                 |
| <b>Total</b>   |  | <b>16,59,521.02</b>      |

Note: Above classification is based on the records available with the Company.



**PHOENIX ARC PRIVATE LIMITED**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**
**NOTE 40 THE FOLLOWING DISCLOSURES ARE FROM THE STANDALONE FINANCIAL STATEMENTS AND ARE MADE PURSUANT TO THE RBI GUIDELINES (Continued)**
**(ii) Dispersion of various financial assets industry - wise:**
*(Amount in lakhs)*

| <b>Industry</b>                       | <b>Acquisition Price</b> | <b>% of Total</b> |
|---------------------------------------|--------------------------|-------------------|
| Retail loans –(PL, BL, STPL, CTG etc) | 2,21,433.70              | 13.34%            |
| Metal                                 | 2,01,368.56              | 12.13%            |
| Infrastructure - Roads                | 1,88,546.11              | 11.36%            |
| Home Loans/LAP                        | 1,26,821.53              | 7.64%             |
| Infrastructure - Power                | 1,05,804.00              | 6.38%             |
| Auto and Ancillary                    | 90,710.74                | 5.47%             |
| Real Estate - Commercial              | 84,946.39                | 5.12%             |
| Hospitality                           | 83,543.18                | 5.03%             |
| Textiles                              | 74,180.60                | 4.47%             |
| Infrastructure - Others               | 71,492.42                | 4.31%             |
| Real Estate - Housing                 | 45,676.99                | 2.75%             |
| Retailing                             | 42,542.81                | 2.56%             |
| Oil Refining                          | 32,812.99                | 1.98%             |
| Pharma                                | 33,612.73                | 2.03%             |
| Food Processing                       | 32,414.33                | 1.95%             |
| Auto loans                            | 21,311.80                | 1.28%             |
| Education                             | 20,523.28                | 1.24%             |
| Others                                | 1,81,778.86              | 10.96%            |
| <b>Total</b>                          | <b>16,59,521.02</b>      | <b>100.00%</b>    |

Note: Industry classification is based on records available with the Company.

**(iii) Additional disclosure as per RBI notification no. DNBS. PD (SC/RC). 8/CGM (ASR) dated April 21, 2010**
*(Amount in lakhs)*

| <b>Particulars</b>  | <b>For the year ended<br/>March 31, 2022</b> | <b>For the year ended<br/>March 31, 2021</b> |
|---|--|--|
| Value of financial assets acquired during the financial year either on its own books or in the books of the trust   | 3,42,028.16                                  | 1,43,536.40                                  |
| Value of financial assets realised during the financial year  | 2,23,416.22                                  | 1,38,640.97                                  |
| Value of financial assets outstanding for realisation as at the end of the financial year   | 8,50,265.99                                  | 7,31,654.05                                  |
| <b>Value of Security Receipts-</b>  |  |  |
| Partially redeemed during the year (*)  | 1,45,431.14                                  | 48,638.69                                    |
| Fully redeemed during the year  | 34,407.79                                    | 66,707.57                                    |
| Written-off during the year   | 15,208.97                                    | 151.63                                       |
| Value of Security Receipts pending for redemption as at the end of the financial year   | 9,69,355.92                                  | 8,22,375.66                                  |
| Value of Security Receipts which could not be redeemed as a result of non-realisation of the financial assets as per the policy formulated by the Company under Paragraph 7(6)(ii) or 7(6)(iii) of The Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003 | 1,03,172.91                                  | 506.72                                       |
| Value of land and / or building acquired in ordinary course of business of reconstruction of assets (year wise)   | -  | -  |

The values in the table do not include information related to Trusts, where Phoenix has investment in Security Receipts in the capacity of other SR holder only. The values in the table are in accordance with the quarterly report submitted by the Company to RBI.



**PHOENIX ARC PRIVATE LIMITED**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**
**NOTE 40 THE FOLLOWING DISCLOSURES ARE FROM THE STANDALONE FINANCIAL STATEMENTS AND ARE MADE PURSUANT TO THE RBI GUIDELINES (Continued)**

- (iv) Net of Rs. 15,985.29 lakhs (previous year : Rs. 30,466.69 lakhs), amounts transferred to “SRs fully redeemed during the year” on full redemption of SRs in the current year, which were disclosed as “Partially redeemed during the year” in the respective previous years on part redemptions of SRs.
- (v) Restructuring loan disbursed amounting to Rs. 997 lakhs (previous year: Rs. 997 lakhs) has been classified non-performing asset. A provision of Rs. Nil (previous year: Rs. 997 lakhs) has been made in the current year on the same as per RBI guidelines.

Under Ind AS, restructuring loan disbursed amounting to a total exposure of Rs. 3,908 lakhs (previous year: Rs. 5,917 lakhs) has been classified credit impaired assets. A loss allowance of Rs. 1,990 lakhs (previous year: Rs. 2,204 lakhs) has been provided in the current year.

**NOTE 41 FOLLOWING ADDITIONAL DISCLOSURES ARE TAKEN FROM THE STANDALONE FINANCIAL STATEMENTS AND ARE MADE PURSUANT TO THE RBI CIRCULAR NO DNBS (PD) CC. NO. 41/ SCRC / 26.03.001/ 2014-2015 DATED 5TH AUGUST, 2014 (FOR ACQUISITIONS MADE AFTER 5TH AUGUST, 2014):**

- (i) There have been no acquisitions in the current year, in which the acquisition value of the assets is more than the Book Value.
- (ii) The details of the physical assets disposed off by the Company during the year at a discount of more than 20% of the valuation as on the previous year end are as follows:

| Name of the account                        | Reasons   |
|--|---|
| Phoenix Trust FY 17-8 - Next Communication | On account of pandemic there was huge impact on the value and demand of the property as there were no enquires as well. Despite the said fact multiple attempts were made for sale of property however the same failed for want of bids |

Note: This is based on records available with the Company.

- (iii) **Details of assets where value of SRs has declined more than 20% below the acquisition value in the current year:**

(Amount in lakhs)

| Name of the account               | Amount of SRs outstanding as on 31st March, 2022 | NAV of SRs |
|-----------------------------------|--|------------|
| Phoenix Trust FY 15-13            | 5,387.50   | 10%        |
| Phoenix Trust FY 15-15            | 2,490.00   | 10%        |
| Phoenix Trust FY 15-21            | 2,448.24   | 25%        |
| Phoenix Trust FY 15-22 - Scheme B | 550.00   | 0%         |
| Phoenix Trust FY 15-25 - Series B | 1,299.00   | 25%        |
| Phoenix Trust FY 19-5 - Scheme D  | 1,158.00   | 75%        |
| Phoenix Trust FY 19-11            | 6,549.27   | 65%        |
| Phoenix Trust FY 19-13            | 14,210.00  | 65%        |
| Phoenix Trust FY 19-20            | 4,815.00   | 65%        |
| Phoenix Trust FY 19-5 Scheme M    | 713.13   | 75%        |
| Phoenix Trust FY 20-4             | 9,149.20   | 50%        |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

**NOTE 42**

Loans and advances - others, pertain to financial assistance provided to borrowers in terms of the restructuring/settlement agreement for enabling the borrowers to restructure their business operations.

**NOTE 43**

The Group does not have any pending litigations which would impact its financial position.

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

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

Figures for the previous year have been regrouped / reclassified wherever necessary to conform to current years presentations. Previous year figures are not audited by the present auditors.

In terms of our report attached.

**For Manohar Chowdhry & Associates**

Chartered Accountants  
Firm Registration No. 001997S

**Ameet N Patel**

Partner  
Membership No. 039157

Mumbai, 25 April, 2022

**For and on behalf of the Board of  
Directors of Phoenix ARC Private Limited**

**Keki Elavia**

Director  
DIN : 00003940

**Gauri Bhatkal**

Chief Financial Officer

**Venkattu Srinivasan**

Director  
DIN : 01535417

**Sanjay Tibrewala**

Chief Executive Officer

**Kamlesh Rane**

Company Secretary  
Membership No. A29339

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of **PHOENIX ARC PRIVATE LIMITED**

### **Report on the Audit of the Standalone Ind AS Financial Statements**

#### **Opinion**

We have audited the accompanying standalone Ind AS Financial Statements of **Phoenix ARC Private Limited** ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2022, the Statement of Profit and Loss, including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS Financial Statements give the information required by the Companies Act, 2013 as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2022, its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

We also draw attention to note XIII of the notes to accounts of the accompanying standalone Ind AS financial statements which describes the uncertainties arising from COVID-19 pandemic on the company's operations and recoverability of its assets.

Our Opinion is not modified in this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS Financial Statements for the financial year ended 31<sup>st</sup> March, 2022. These matters were addressed in the context of our audit of the standalone Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS Financial Statements.

| Key audit matters   | How our audit addressed the key audit matter   |
|---|--|
| <p><b>(a) Impairment of financial instruments (loans, trade receivables and advances recoverable from trusts) (Refer note L of the significant accounting policies and XIII (i) to accounts of the standalone Ind AS Financial Statements)</b></p> <p>Loans, trade receivables (majorly management fee receivable) and advances recoverable from trusts amount to INR 3,358.06 lakhs (net of impairment provision) at 31st March, 2022 as disclosed in the standalone Ind AS Financial Statements.</p> <p>Ind AS 109 Financial instruments (Ind AS 109) requires the Company to provide for impairment of its financial instruments (designated as amortized cost or fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles mentioned in the Standard. In the process of applying such principles and other requirements of the Standard, a significant degree of judgement has been applied by the management in respect of following matters:</p> <ol style="list-style-type: none"> <li>Grouping of the trade receivables and advances recoverable from trusts under homogenous pools in order to determine probability of default (PD) on a collective basis.</li> <li>Determining the staging of loans, trade receivables and recoverable from trust.</li> <li>Determining effect of past defaults on future probability of default.</li> <li>Estimation of management overlay for macroeconomic factors which could impact the ECL provisions.</li> <li>Estimation of loss given default (LGD) based on past recovery rates.</li> </ol> <p>Further, in light of the business disruption caused due to the COVID-19 situation, the management has done an assessment of the impact on the ECL on the abovementioned financial assets. The management has used certain statistical assumptions/models to stress test the PDs and the LGDs derived from its model to arrive at a probable impact on COVID-19 on the ECL provision. These assumptions and judgements used have an inherent uncertainty of the actual impact of COVID-19 and the impact may be different from these estimates.</p> <p>Given the complexity, significant judgement and the uncertainty of impact of COVID-19 involved in the estimation of impairment of financial instruments, we have considered this area as a key audit matter.</p> | <p>Our audit procedures included considering the Company's board approved policies for impairment of financial instruments and assessing compliance with the policies in terms of Ind AS 109.</p> <p>We understood the process of ECL estimation and tested the design and operating effectiveness of key controls around data extraction and validation.</p> <p>We understood the methodology used by the management to arrive at their ECL provision and examined certain assumptions used by the Company in their model for grouping and staging of financial assets into various categories and default buckets and for determining the PD and LGD rates including the macro-economic factors.</p> <p>We have understood the methodology applied by the management to stress test its PD and LGD to ascertain a best estimate impact of COVID-19 on the ECL provision and tested the key assumptions and judgement made by the management. The actual impact may vary from the estimates made by the management.</p> <p>We tested the operating effectiveness of the controls for staging of loans and receivables based on their past-due status. We performed test of details to verify the completeness and accuracy of the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records.</p> <p>We tested the arithmetical accuracy of computation of ECL provision performed by the Company in spread sheets.</p> <p>We assessed the disclosures included in the Ind AS Financial Statements with respect to such allowance/estimate are in accordance with the requirements of Ind AS 109 and Ind AS 107 Financial Instruments: Disclosures.</p> |

| Key audit matters   | How our audit addressed the key audit matter  |
|---|---|
| <p><b>(b) Fair valuation of Security Receipts (SR) (Refer note O of the significant accounting policies and XIII (ii) of the notes to accounts of the standalone Ind AS Financial Statements</b></p> <p>The Company holds investments in the form of security receipts which represent the investments in underlying pool of assets. The fair valuation of these investments at 31st March, 2022 amounts to INR 115,633.75 lakhs as disclosed in the standalone Ind AS Financial Statements. These investments are classified as fair value through the profit and loss. In accordance with Ind AS 113 Fair Value Measurement (Ind AS 113), the objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.</p> <p>As required by RBI regulations, these SRs are valued on a half yearly basis from eligible credit rating agencies (“CRA”). These CRA perform an independent evaluation of the underlying assets based on certain estimates and judgements and provide range of recovery of these underlying assets. The management then decides the fair value of the security receipts based on its best estimate of recovery, based on the range of recovery provided by the CRA.</p> <p>Further, the recoverability from the underlying assets of SRs could be impacted due to the COVID-19 situation. The management and CRA have done an assessment to ascertain future recoverability estimates of the underlying assets while assessing the value of these SRs. In making these assessments, the management and CRA have used several estimates, assumptions and sources of information (both internal and external).</p> <p>These assumptions, estimates and information used by the management and CRA have an inherent uncertainty of the impact of COVID-19 and the actual results may differ from the estimates and assumptions made.</p> <p>Given the significance of fair valuation of investments in Security Receipts to overall financial statements and the degree of management’s judgement involved in the estimate, involvement of external CRA in the fair value estimation and uncertainty of the impact of COVID-19 on the recoverability of the SRs, we have considered this area as a key audit matter.</p> | <p>Our audit procedures included an assessment of internal controls over measurement of fair value and we have understood the management process of providing key inputs to the CRAs such as, resolution plan, security value, projected cash flows, restructuring plans, etc. in determining the fair value.</p> <p>We tested the operating effectiveness of the controls for the purpose of fair valuation of security receipts.</p> <p>We have performed testing on a sample basis of key inputs as mentioned above to validate the reasonableness of the input values.</p> <p>We have understood of the valuation process followed by the CRAs and tested the fair valuation of sample cases. We understood the key inputs, judgements and discounting factors applied by the CRAs and independently verified sample cases including key inputs used to ascertain fair valuation of the SRs.</p> <p>We have tested, on a sample basis, the management rationale for declaring the fair value of the security receipts in the range provided by CRA, to assess for reasonableness of the NAV declared.</p> <p>We have understood the management’s assessment process to ascertain the impact of COVID-19 on the future recoverability estimates of the SRs along with key inputs used and judgements made. On a sample basis we have tested the assumptions and inputs used for this assessment with the help of our valuation experts. The future recoverability estimates are subject to significant uncertainty and the actual results may vary from the assumptions and estimates as events unfold.</p> <p>We assessed disclosures included in the standalone Ind AS Financial Statements with respect to such fair valuation.</p> |

#### Information Other than the standalone Ind AS Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report including Annexures thereto but does not include the, standalone Ind AS Financial Statements and our auditor’s report thereon.

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

In connection with our audit of the standalone Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially



misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the standalone Ind AS Financial Statements**

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

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

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibility for the Audit of Standalone Ind AS Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone Ind AS Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS Financial Statements for the financial year ended 31<sup>st</sup> March, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**" statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2) As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss including other statement of comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS Financial Statements and the operating effectiveness of such controls, refer to separate Report in "**Annexure B**" to this report;
  - g. The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended 31<sup>st</sup> March, 2022.
  - h. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position;
    - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;



- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. (a) The management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested either from borrowed funds or share premium or any other sources or kind of funds by the Company to or in any other persons or entity, including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented, that, to the best of it's knowledge and belief, no funds have been received by the Company from any persons or entity, including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations as provided under (a) and (b) above, contain any material mis-statement.
- v. There were no dividends declared or paid during the year by the company.

**For Manohar Chowdhry & Associates**

Chartered Accountant

ICAI Firm Registration Number: 001997S

**Ameet N Patel**

Membership Number: 039157

Place of Signature: Mumbai

UDIN: 22039157AHSVBT8393

Date: April 25, 2022

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

**The Annexure referred to in Independent Auditor's Report to the members of the Company on the standalone Ind AS Financial Statements for the year ended 31st March, 2022, we report that:**

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) All Property, Plant and Equipment were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets.
- (c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended 31st March, 2022.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) The company holds investments in the form of security receipts in various Trusts. Such investments are classified as available for sale in accordance with RBI guidelines. The company has been sanctioned working capital from banks in excess of five crore rupees during the year. Investments in security receipts are provided as security for availing such working capital facilities. In our opinion, the quarterly returns and statements filed by the company with such banks are in agreement with the books of account of the Company.
- (iii) The Company has made investments in companies, firms, Limited Liability Partnerships, and granted unsecured loans to other parties, during the year, in respect of which:
- (a) The Company, being in the business of assets reconstruction (ARC), is registered under Section 3 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 and is regulated by Reserve Bank of India. Accordingly, the requirement to report on providing loan or advances in the nature of loans or stood guarantee, or provided security is not applicable to the Company.
- (b) In our opinion, the investments made and the terms and conditions of the grants of all loans granted during the year are prima facie, not prejudicial to the Company's interest. We are informed that the Company has not provided any advances in the form of loan, guarantees or security during the year.
- (c) In respect of loans, advance in the nature of loans granted to companies, firms, Limited Liability Partnerships or any other parties, the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular except in the following cases:

| Sl. No. | Name of the entity                      | Amount in Lakhs* | Due date   | Extent of delay (in days) |
|---------|---|------------------|------------|---------------------------|
| 1       | Karni Developer and Construction Co Ltd | 231.07           | 03-10-2015 | 2371                      |
| 2       | Dhanalaxmi Builders and Developers      | 455.61           | 15-04-2016 | 2176                      |
| 3       | Vijayent Group                          | 50.00            | 15-03-2016 | 2207                      |
| 4       | Sovereign Developers                    | 209.17           | 31-10-2016 | 1977                      |

\* Excluding Interest

- (d) The following amounts are overdue for more than ninety days from companies, firms, Limited Liability Partnerships or any other parties to whom loan has been granted during the year;

| Sl. No. | No of cases                             | Principal amount overdue*<br>(Amount in Lakhs) |
|---------|---|--|
| 1       | Karni Developer and Construction Co Ltd | 231.07   |
| 2       | Dhanalaxmi Builders and Developers      | 455.61   |
| 3       | Vijayent Group                          | 50.00  |
| 4       | Sovereign Developers                    | 209.17   |

\* Excluding interest

In our opinion, based on the information and documents furnished, reasonable steps have been taken by the Company in respect of above parties for recovery of the overdue amount of principal and interest.

- (e) In our opinion, as the Company, is engaged in the business of assets reconstruction (ARC), reporting on renewal, extension or granting of fresh loan to settle the old loan given to the same parties are not applicable.
- (f) The company has not granted any loans or advances in the nature of loans to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013.
- (iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) In our opinion, for the services specific to the company, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013.
- (vii) In respect of statutory dues:
- a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.

According to the information and explanations given to us and based on audit procedures performed by us, there were no undisputed amounts payable in respect of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2022 for a period of more than six months from the date they became payable.

- (b) Details of statutory dues referred to in sub-clause (a) above as on 31<sup>st</sup> March, 2022 on account of disputes are given below:

| Nature of the statute    | Nature of dues | Forum where dispute is pending      | Period to which the amount relates | Amount in lakh |
|--------------------------|----------------|-------------------------------------|------------------------------------|----------------|
| The Income Tax Act, 1961 | Income Tax     | Commissioner of Income tax (Appeal) | AY 2018-19                         | 2,749.73*      |
| The Income Tax Act, 1961 | Income Tax     | Commissioner of Income tax (Appeal) | AY 2018-19                         | 109.37*        |
| The Income Tax Act, 1961 | Income Tax     | Commissioner of Income tax (Appeal) | AY 2020-21                         | 8.00**         |

\* Entire sum has been paid/adjusted against income tax refund receivable by the company.

\*\* There is no sum payable in respect of this appeal.

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company is not a declared wilful defaulter by any bank or financial institution or other lender.
- (c) Term loans were applied for the purpose for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The company does not have any securities held in its associates and accordingly, the provisions of clause 3 (ix) (f) of the Order is not applicable;
- (x) (a) The Company has not raised any money during the year by way of initial public offer, further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud, material fraud by the Company or no fraud, material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) The Company is a private company and is thus not required to establish an Audit Committee as prescribed under Section 177 of the Companies Act, 2013. Further, as explained to us, the Company satisfies the conditions for exemption from the provisions of section 188 prescribed in notification dated June 5, 2015 issued by the Ministry of Corporate Affairs and therefore, the provisions of section 188 do not apply to the Company. Accordingly, the requirement to report on clause 3(xiii) of the Order is not applicable to the Company.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business;
- (b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The Company is exempted from the provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934). Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company;
- (b) The Company is registered under Section 3 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 and is regulated by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.

- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group and hence, the requirement to report on clause 3(xvi) (d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year and immediately preceding financial year.
- (xviii) As per RBI circular no. RBI/2021-22/25 Ref No. DoS.CO. ARG/SEC.01/08.91.001/2021-22 dated 27<sup>th</sup> April, 2021 the Statutory Auditors have resigned upon completion of their term of appointment as per the requirement of the said circular. There has not been any issues, concerns or objections raised by the outgoing auditors, based on our communication with outgoing auditor as required under ICAI Code of Ethics;
- (xix) On the basis of the financial ratios disclosed in note.34 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) As disclosed by management in note 30 of the financial statements and as verified by us, the gross amount required to be spent by company towards Corporate Social Responsibility (CSR) during the year has been duly spent during the year hence reporting under clause (xx)(a) and clause (xx)(b) of the Order is not applicable;
- (xxi) Reporting under clause xxi of the Order is not applicable as the same is required to be reported only in case of consolidated financial statement.

**For Manohar Chowdhry & Associates**

Chartered Accountant

ICAI Firm Registration Number: 001997S

**Ameet N Patel**

Membership Number: 039157

Place of Signature: Mumbai

UDIN: 22039157AHSVBT8393

Date: April 25, 2022

## **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF PHOENIX ARC PRIVATE LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Phoenix ARC Private Limited ("the Company") as of 31st March, 2022 in conjunction with our audit of the standalone Ind AS Financial Statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with respect to the standalone Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with respect to the standalone Ind AS Financial Statements were 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 system over financial reporting with respect to the standalone Ind AS Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with respect to the standalone Ind AS Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of 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 over financial reporting with respect to these standalone Ind AS Financial Statements.

#### **Meaning of Internal Financial Controls Over Financial Reporting with respect to the standalone Ind AS Financial Statements**

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



## Inherent Limitations of Internal Financial Controls Over Financial Reporting with respect to the standalone Ind AS Financial Statements

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with respect to the standalone Ind AS Financial Statements and such internal financial controls over financial reporting with respect to the standalone Ind AS Financial Statements were operating effectively as at 31<sup>st</sup> March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Manohar Chowdhry & Associates**

Chartered Accountant

ICAI Firm Registration Number: 001997S

**Ameet N Patel**

Membership Number: 039157

Place of Signature: Mumbai

UDIN: 22039157AHSVBT8393

Date: April 25, 2022



**PHOENIX ARC PRIVATE LIMITED**  
**STANDALONE BALANCE SHEET AS AT MARCH 31, 2022**
*(Amount in lakhs)*

| Particulars  | Note No. | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|----------|-------------------------|-------------------------|
| <b>Assets</b>  |          |                         |                         |
| <b>Financial assets</b>  |          |                         |                         |
| Cash and cash equivalents  | 2        | 6,041.28                | 9,538.53                |
| Trade receivables  | 3        | 1,438.72                | 1,134.93                |
| Loans  | 4        | 1,651.95                | 4,816.84                |
| Investments  | 5        | 1,15,863.09             | 82,694.96               |
| Other financial assets   | 6        | 301.60                  | 292.68                  |
| <b>Sub total</b>   |          | <b>1,25,296.64</b>      | <b>98,477.94</b>        |
| <b>Non-financial assets</b>  |          |                         |                         |
| Current tax assets (net)   |          | 1,491.69                | 179.96                  |
| Deferred tax assets (net)  | 26       | 6,091.49                | 6,387.01                |
| Property, plant and equipment  | 7        | 343.12                  | 384.31                  |
| Other intangible assets  | 8        | -                       | 0.94                    |
| Intangible assets under development  |          | 9.10                    | -                       |
| Other non-financial assets   | 9        | 23.62                   | 7.27                    |
| <b>Sub total</b>   |          | <b>7,959.02</b>         | <b>6,959.49</b>         |
| <b>Total assets</b>  |          | <b>1,33,255.66</b>      | <b>1,05,437.43</b>      |
| <b>Liabilities and equity</b>  |          |                         |                         |
| <b>Liabilities</b>   |          |                         |                         |
| <b>Financial liabilities</b>   |          |                         |                         |
| Payables   |          |                         |                         |
| Trade payables   |          |                         |                         |
| (A) total outstanding dues of creditors of micro enterprises and small enterprises         |          | -                       | -                       |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | 10       | 1.79                    | 5.42                    |
| Debt securities  | 11       | 27,507.41               | 33,263.84               |
| Borrowings (Other than debt securities)  | 12       | 40,730.55               | 19,965.14               |
| Other financial liabilities  | 13       | 1,068.32                | 724.52                  |
| <b>Sub total</b>   |          | <b>69,308.07</b>        | <b>53,958.92</b>        |
| <b>Non-financial liabilities</b>   |          |                         |                         |
| Current tax liabilities (net)  |          | 4,820.35                | 1,694.29                |
| Provisions   | 14       | 140.36                  | 114.19                  |
| Other non-financial liabilities  | 15       | 4,071.36                | 2,764.67                |
| <b>Sub total</b>   |          | <b>9,032.07</b>         | <b>4,573.15</b>         |
| <b>Equity</b>  |          |                         |                         |
| Equity share capital   | 16       | 16,800.00               | 16,800.00               |
| Other equity   | 17       | 38,115.52               | 30,105.36               |
| <b>Sub total</b>   |          | <b>54,915.52</b>        | <b>46,905.36</b>        |
| <b>Total liabilities and equity</b>  |          | <b>1,33,255.66</b>      | <b>1,05,437.43</b>      |
| Significant accounting policies & notes on accounts  | 1        |                         |                         |

In terms of our report attached.

**For Manohar Chowdhry & Associates**  
Chartered Accountants  
Firm Registration No. 001997S

**Ameet N Patel**  
Partner  
Membership No. 039157

Mumbai, 25 April, 2022

**For and on behalf of the Board of  
Directors of Phoenix ARC Private Limited**

**Keki Elavia**  
Director  
DIN : 00003940

**Gauri Bhatkal**  
Chief Financial Officer

**Venkattu Srinivasan**  
Director  
DIN : 01535417

**Sanjay Tibrewala**  
Chief Executive Officer

**Kamlesh Rane**  
Company Secretary  
Membership No. A29339

**PHOENIX ARC PRIVATE LIMITED**  
**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022**

(Amount in lakhs)

|               | Particulars  | Note no. | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---------------|--|----------|--------------------------------------|--------------------------------------|
|               | <b>Revenue from operations</b>   |          |                                      |                                      |
|               | Fees and commission income   | 19       | 19,925.24                            | 14,481.55                            |
|               | Interest income  | 18       | 1,085.59                             | 904.15                               |
| <b>(I)</b>    | <b>Total revenue from operations</b>   |          | <b>21,010.83</b>                     | <b>15,385.70</b>                     |
| <b>(II)</b>   | <b>Other income</b>  | 21       | <b>241.75</b>                        | <b>76.32</b>                         |
| <b>(III)</b>  | <b>Total income ( I + II )</b>   |          | <b>21,252.58</b>                     | <b>15,462.02</b>                     |
|               | <b>Expenses</b>  |          |                                      |                                      |
|               | Finance costs  | 22       | 3,877.32                             | 4,584.02                             |
|               | Net loss on fair value changes   | 20       | 2,514.11                             | 3,348.55                             |
|               | Impairment on financial instruments  | 23       | 1,418.86                             | 2,274.65                             |
|               | Employee benefits expenses   | 24       | 1,493.06                             | 705.54                               |
|               | Depreciation, amortization and impairment                                    | 7 & 8    | 90.76                                | 86.76                                |
|               | Other expenses   | 25       | 354.33                               | 338.59                               |
| <b>(IV)</b>   | <b>Total expenses</b>  |          | <b>9,748.44</b>                      | <b>11,338.11</b>                     |
| <b>(V)</b>    | <b>Profit / (loss) before exceptional items and tax (III-IV)</b>             |          | <b>11,504.14</b>                     | <b>4,123.91</b>                      |
| <b>(VI)</b>   | <b>Exceptional items</b>   |          | -                                    | -                                    |
| <b>(VII)</b>  | <b>Profit/(loss) before tax (V -VI )</b>                                     |          | <b>11,504.14</b>                     | <b>4,123.91</b>                      |
| <b>(VIII)</b> | <b>Tax expense</b>   | 26       |                                      |                                      |
|               | (1) Current tax  |          | 3,191.96                             | 2,739.79                             |
|               | (2) Deferred tax   |          | 297.16                               | (1,175.04)                           |
|               | <b>Total tax expense (1+2)</b>   |          | <b>3,489.12</b>                      | <b>1,564.75</b>                      |
| <b>(IX)</b>   | <b>Profit/(loss) for the year (VII-VIII)</b>                                 |          | <b>8,015.02</b>                      | <b>2,559.16</b>                      |
| <b>(X)</b>    | <b>Other comprehensive income</b>  |          |                                      |                                      |
|               | Items that will not be reclassified to profit or loss                        |          |                                      |                                      |
|               | - Remeasurements of the defined benefit plans                                |          | (6.50)                               | (7.16)                               |
|               | <b>Sub-total</b>   |          | <b>(6.50)</b>                        | <b>(7.16)</b>                        |
|               | Income tax relating to items that will not be reclassified to profit or loss |          | 1.64                                 | 1.80                                 |
|               |  |          | <b>(4.86)</b>                        | <b>(5.36)</b>                        |
| <b>(XI)</b>   | <b>Total comprehensive Income for the year (IX+X)</b>                        |          | <b>8,010.16</b>                      | <b>2,553.80</b>                      |
| <b>(XII)</b>  | <b>Earnings per equity share</b>   | 27       |                                      |                                      |
|               | Basic (Rs.)  |          | 4.77                                 | 1.52                                 |
|               | Diluted (Rs.)  |          | 4.77                                 | 1.52                                 |

In terms of our report attached.

**For Manohar Chowdhry & Associates**

Chartered Accountants

Firm Registration No. 001997S

**Ameet N Patel**

Partner

Membership No. 039157

**Keki Elavia**

Director

DIN : 00003940

**For and on behalf of the Board of**

**Directors of Phoenix ARC Private Limited**

**Venkattu Srinivasan**

Director

DIN : 01535417

**Sanjay Tibrewala**

Chief Executive Officer

**Gauri Bhatkal**

Chief Financial Officer

**Kamlesh Rane**

Company Secretary

Membership No. A29339

Mumbai, 25 April, 2022

**PHOENIX ARC PRIVATE LIMITED  
STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2022**
*(Amount in lakhs)*

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Cash flow from operating activities</b>  |                                      |                                      |
| <b>Profit before tax</b>  | 11,504.14                            | 4,123.91                             |
| <b>Adjustments to reconcile profit before tax to net cash generated from / (used in) operating activities</b> |                                      |                                      |
| Depreciation and amortisation expense   | 90.76                                | 86.76                                |
| Gain on realisation of proceeds from investments  | (961.67)                             | (2,892.94)                           |
| Net loss on fair value changes  | 3,475.78                             | 6,241.49                             |
| Impairment of financial instruments   | 1,418.86                             | 2,274.65                             |
| Profit on sale of fixed assets  | (0.17)                               | (2.88)                               |
| Interest income (other than loans and advances)   | (110.09)                             | (56.27)                              |
| Concession of lease rentals   | -                                    | (3.80)                               |
| Finance costs   | 3,848.08                             | 4,577.63                             |
| Interest on lease liability   | 29.24                                | 6.39                                 |
| Gratuity provision  | 13.29                                | 12.25                                |
| <b>Operating profit before working capital changes</b>  | <b>19,308.22</b>                     | <b>14,367.19</b>                     |
| <b>Working capital adjustments</b>  |                                      |                                      |
| Adjustments for (increase) / decrease in operating assets   |                                      |                                      |
| Loans and advances  | 2,171.31                             | (1,031.14)                           |
| Trade receivables   | (189.34)                             | (1,511.30)                           |
| Other assets  | (423.78)                             | (317.64)                             |
| Adjustments for increase / (decrease) in operating liabilities  |                                      |                                      |
| Trade payables  | (3.63)                               | (17.25)                              |
| Provisions  | (51.98)                              | (11.23)                              |
| Other liabilities   | 1,766.73                             | 1,468.35                             |
|   | 3,269.31                             | (1,420.21)                           |
| <b>Cash from operations</b>   | <b>22,577.53</b>                     | <b>12,946.98</b>                     |
| Income tax paid (net)   | (1,377.62)                           | (1,332.54)                           |
| <b>Net cash from operating activities</b>   | <b>21,199.91</b>                     | <b>11,614.44</b>                     |
| <b>Cash flow from investing activities</b>  |                                      |                                      |
| Purchase of property plant and equipments   | (57.73)                              | (20.80)                              |
| Sale of property, plant and equipments  | 0.17                                 | 2.88                                 |
| Purchase of investments   | (79,871.21)                          | (24,683.33)                          |
| Sale of investments   | 44,047.75                            | 28,783.22                            |
| Interest received on fixed deposits with bank   | 110.09                               | 56.27                                |
| <b>Net cash (used in) / generated from investing activities</b>   | <b>(35,770.93)</b>                   | <b>4,138.24</b>                      |
| <b>Cash flow from financing activities</b>  |                                      |                                      |
| Proceeds from borrowings  | 45,375.73                            | 26,793.68                            |
| Repayment of borrowings   | (31,532.06)                          | (20,000.00)                          |
| Net proceeds from bank overdraft facility   | 1,916.37                             | (13,690.11)                          |
| Finance costs   | (4,599.15)                           | (4,112.86)                           |
| Payment of lease liability  | (87.12)                              | (89.55)                              |

**PHOENIX ARC PRIVATE LIMITED**  
**STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2022**

(Amount in lakhs)

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Net cash flow from financing activities</b>                            | <b>11,073.77</b>                     | <b>(11,098.84)</b>                   |
| <b>Net (decrease) / increase in cash and cash equivalents</b>             | <b>(3,497.25)</b>                    | <b>4,653.84</b>                      |
| Cash and cash equivalents at the beginning of the year                    | 9,538.53                             | 4,884.69                             |
| <b>Cash and cash equivalents at the end of the year</b>                   | <b>6,041.28</b>                      | <b>9,538.53</b>                      |
| <b>Reconciliation of cash and cash equivalents with the balance sheet</b> |                                      |                                      |
| Cash and cash equivalents as per balance sheet (refer note 2)             |                                      |                                      |
| Cash on hand  | 0.05                                 | 0.01                                 |
| Balances with banks in current account                                    | 687.19                               | 6,266.58                             |
| Balance in term deposit < 3 months  | 3,813.51                             | 3,273.80                             |
| Term deposits   | 1,541.71                             | -                                    |
| Less: Impairment loss allowance   | (1.18)                               | (1.86)                               |
| <b>Cash and cash equivalents as at the year end</b>                       | <b>6,041.28</b>                      | <b>9,538.53</b>                      |

The above Cash flow statement has been prepared under the 'Indirect Method' as set out in Ind AS 7 - 'Cash Flow Statements'.

In terms of our report attached.

**For Manohar Chowdhry & Associates**

Chartered Accountants  
Firm Registration No. 001997S

**Ameet N Patel**  
Partner  
Membership No. 039157

**Keki Elavia**  
Director  
DIN : 00003940

**For and on behalf of the Board of  
Directors of Phoenix ARC Private Limited**

**Venkattu Srinivasan**  
Director  
DIN : 01535417

**Sanjay Tibrewala**  
Chief Executive Officer

Mumbai, 25 April, 2022

**Gauri Bhatkal**  
Chief Financial Officer

**Kamlesh Rane**  
Company Secretary  
Membership No. A29339

**PHOENIX ARC PRIVATE LIMITED**  
**STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022**

**A. Equity share capital**

(Amount in lakhs)

| Particulars                                     | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Balance at the beginning of the reporting year  | 16,800.00               | 16,800.00               |
| Changes in equity share capital during the year | -                       | -                       |
| <b>Balance at the end of the reporting year</b> | <b>16,800.00</b>        | <b>16,800.00</b>        |

**B. Other equity**

(Amount in lakhs)

| Particulars   | Reserves and surplus  |                                    |                       |                      | Total            |
|---|-----------------------|------------------------------------|-----------------------|----------------------|------------------|
|   | Securities<br>premium | Debenture<br>redemption<br>reserve | Impairment<br>reserve | Retained<br>earnings |                  |
| <b>Balance as at March 31, 2020</b>                                 | <b>3,006.10</b>       | <b>386.99</b>                      | <b>249.67</b>         | <b>23,908.80</b>     | <b>27,551.56</b> |
| Profit for the year   | -                     | -                                  | -                     | 2,559.16             | <b>2,559.16</b>  |
| Other comprehensive income for the year (net of tax)                | -                     | -                                  | -                     | (5.36)               | <b>(5.36)</b>    |
| <b>Total comprehensive Income for the year ended March 31, 2022</b> | <b>-</b>              | <b>-</b>                           | <b>-</b>              | <b>2,553.80</b>      | <b>2,553.80</b>  |
| <b>Transfer/utilisations</b>  |                       |                                    |                       |                      |                  |
| Transfer to impairment reserve                                      | -                     | -                                  | -                     | -                    | -                |
| <b>Balance as at March 31, 2021</b>                                 | <b>3,006.10</b>       | <b>386.99</b>                      | <b>249.67</b>         | <b>26,462.60</b>     | <b>30,105.36</b> |
| Profit for the year   | -                     | -                                  | -                     | 8,015.02             | <b>8,015.02</b>  |
| Other comprehensive income for the year (net of tax)                | -                     | -                                  | -                     | (4.86)               | <b>(4.86)</b>    |
| <b>Total comprehensive Income for the year ended March 31, 2022</b> | <b>-</b>              | <b>-</b>                           | <b>-</b>              | <b>8,010.16</b>      | <b>8,010.16</b>  |
| <b>Transfer/utilisations</b>  |                       |                                    |                       |                      |                  |
| Transfer to debenture redemption reserve                            | -                     | 418.63                             | -                     | (418.63)             | -                |
| <b>Balance as at March 31, 2022</b>                                 | <b>3,006.10</b>       | <b>805.62</b>                      | <b>249.67</b>         | <b>34,054.13</b>     | <b>38,115.52</b> |

In terms of our report attached.

**For Manohar Chowdhry & Associates**  
Chartered Accountants  
Firm Registration No. 001997S

**Ameet N Patel**  
Partner  
Membership No. 039157

Mumbai, 25 April, 2022

**Keki Elavia**  
Director  
DIN : 00003940

**Gauri Bhatkal**  
Chief Financial Officer

**For and on behalf of the Board of  
Directors of Phoenix ARC Private Limited**

**Venkattu Srinivasan**  
Director  
DIN : 01535417

**Sanjay Tibrewala**  
Chief Executive Officer

**Kamlesh Rane**  
Company Secretary  
Membership No. A29339

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**1. General information**

Phoenix ARC Private Limited ('the Company') is a company domiciled in India and incorporated on 2 March 2007. The Company is registered with the Reserve Bank of India ('RBI') under section 3 of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act). The Company is incorporated to carry on the business of securitization of assets and reconstruction thereof under the provisions of the SARFAESI Act and the various guidelines issued by RBI from time to time.

**2. Basis of Preparation**

**A. Statement of compliance**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016 and other relevant provisions of the Act.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the financial years presented in the financial statements. These standalone financial statements were authorized for issue by the Company's Board of Director's on April 25, 2022.

**B. Functional and presentation currency**

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All values are rounded to the nearest lakhs with two decimals, except when otherwise indicated.

**C. Basis of measurement**

The financial statements have been prepared on a historical cost basis except for the following:

- Certain financial assets and liabilities - measured at fair value (refer accounting policy regarding financial instruments).

**D. Use of estimates and judgements**

The preparation of financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the balance sheet and statement of profit and loss. The actual amounts realized may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

Judgement, estimates, and assumptions are required in particular for:

**I. Recognition of revenue**

The Company recognises revenue from trusteeship fee on point in time because the performance obligation is completed once the service is provided by the Company.

**II. Determination of useful lives of property, plant and equipment**

Useful lives of property, plant and equipment are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

**III. Recognition and measurement of defined benefit obligations**

The obligation arising from defined benefit plan is determined on the basis of actuarial valuation. Key actuarial assumptions which form the basis of above valuation includes discount rate, trends in salary escalation, demographics and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Further details are disclosed in note 33.

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

IV. Recognition of deferred tax assets

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, depreciation carry-forward and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, depreciation carry-forward and unused tax credits could be utilized.

V. Recognition and measurement of provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may, therefore, vary from the amount included in other provisions.

VI. Discounting of long-term financial assets/liabilities

All financial assets/liabilities are required to be measured at fair value on initial recognition. In case of financial assets which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.

VII. Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value refer note 34.

VIII. Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payment of Principal and Interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through Other Comprehensive Income (OCI) that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

IX. Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given /taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.



**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

X. Impairment of financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECL) on its financial assets measured at amortised cost and Fair Value through Other Comprehensive Income (FVOCI) except investment in equity instruments. At each reporting date, the Company assesses whether the above financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Company's ECL calculations are outputs of statistical models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies such as macroeconomic scenarios and collateral values.

XI. Determination of lease term

Ind AS 116 – Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

XII. Discount rate for lease liability

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

XIII. Impact of COVID -19

COVID-19 has had an extraordinary impact on macroeconomic conditions in India and around the world post declaration of it as a pandemic by World Health Organisation in March 2020. Nation-wide lockdown in April-May 2020 followed by localised lockdown were imposed to restrict the spread in areas with significant number of cases. The restrictions were gradually lifted leading to improvement in economic activity. This was followed by two waves of COVID-19 with outbreak of new variants which led to the re-imposition of regional lockdowns which were subsequently lifted supported by administration of the COVID vaccines to a large population in the country.

India is emerging from the COVID-19 pandemic. The extent to which any new wave of COVID-19 pandemic will impact the Company's results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

Though the extent of the actual impact is difficult to assess without undue costs and efforts and depends upon the severity and duration of the outbreak, the Company's Board of Directors have concluded that the carrying values of the financial assets and liabilities as on March 31, 2022 have been adjusted as necessary on account of COVID-19.

(i) Impairment of Financial Assets (note L and note 34)

Financial assets measured at amortised cost includes cash and cash equivalents amounting to Rs. 6,042.41 lakhs (March 31, 2021: Rs. 9,540.38 lakhs), trade receivables amounting to Rs. 4,721.69 lakhs (March 31, 2021: Rs. 4,532.35), loan to borrowers amounting to Rs. 5,587.72 lakhs (March 31, 2021: Rs. 7,021.07 lakhs) and advances recoverable from trust amounting to Rs. 2,637.34 lakhs (March 31, 2021: Rs. 2,235.46 lakhs) as at March 31, 2022. The Company has used management overlay considering the nature of receivables, financial strength of the customers, recoverability

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

timelines, and overall global economic conditions to arrive at the recoverability estimates. The Company as on March 31, 2022 holds provision for expected credit losses based on the information available. Basis this assessment, the allowance for expected credit loss on financial assets of Rs. 9,592.74 lakhs (March 31, 2021: Rs. 7,581.15 lakhs) is considered adequate and the Company will continue to closely monitor any material changes to these assumptions, estimates and future economic condition.

(ii) Measurement of fair values (note O and note 34)

In assessing the impact on the fair value of the investments in security receipts (classified as level III investments and having a gross value of Rs. 1,58,971.77 lakhs (March 31, 2021: Rs. 1,19,490.92) as on March 31, 2022, the Company has made estimates and associated assumptions based on historical experience and various other factors including the possible effects that may result from the pandemic, that are believed to be reasonable under the current circumstances. Company has also considered unobservable inputs such as discounting rates, cashflow estimates that reflects the risk and uncertainty associated with these investments due to impact of COVID-19. Basis this assessment, the fair value loss of Rs. 43,338.02 lakhs (March 31, 2021: Rs. 36,795.96 lakhs) on as at March 31, 2022 is considered adequate and the Company will continue to closely monitor any material changes to these assumptions, estimates and future economic conditions.

**3. Amendments to existing Ind AS**

Recent pronouncements Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

**Ind AS 103 – Business Combination** The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired, and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 16 – Property, Plant and Equipment**

Proceeds before intended use the amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

**Ind AS 37 – Provisions, Contingent Liabilities & Contingent Assets**

The amendments specify that that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 109 – Financial Instruments**

The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**4. Significant accounting policies**

**A. Cash and cash equivalents**

Cash and cash equivalents comprise of cash on hand and demand deposits with banks. It also comprises of short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**B. Property, plant and equipment**

**i. Recognition and measurement**

Items of property, plant and equipment (PPE) are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

**ii. Subsequent expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

**iii. Depreciation**

Depreciation is provided on a pro-rata basis on a straight-line method over the estimated useful life of the assets at rates which are equal to or higher than the rates prescribed under Schedule II of the Companies Act, 2013 in order to reflect the actual usage of the assets. Estimated useful lives of assets based on technical evaluation by management are as follows:

|                        |         |
|------------------------|---------|
| Furniture and Fixtures | 6 years |
| Vehicles               | 4 years |
| Computers              | 3 years |
| Office equipment       | 5 years |

Assets costing less than INR 5,000 are fully depreciated in the year of purchase.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**Intangible assets**

**i. Recognition and measurement**

Intangible assets are stated at cost of acquisition less accumulated amortization and impairment losses, if any.

**ii. Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

**PHOENIX ARC PRIVATE LIMITED  
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**iii. Amortisation**

The intangible assets are amortised over the estimated useful lives as given below:

|  |         |
|--|---------|
| Software (including development) expenditure | 3 years |
|--|---------|

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**C. Revenue recognition**

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 - Revenue from contracts with customers

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services

- i. Trusteeship and other fees are recognised when it is probable that consideration would be collected while considering the customer's ability and intention to pay when it is due.
- ii. Realisation/returns on assets over acquisition price is accounted for as per terms of the relevant trust deed/offer document.

**Interest Income**

Interest income on financial assets is recognized on an accrual basis using effective interest method. Interest revenue is continued to be recognized at the original effective interest rate applied on the gross carrying amount of assets classified as no significant increase in credit risk & significant increase in credit risk (not credit impaired) as against on amortised cost for the assets falling under credit impaired classification.

**D. Leases**

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

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

- (i) the contract involves the use of identified asset;
- (ii) the Company has substantially all the economic benefits from the use of the asset through the period of lease; and
- (iii) the Company has right to direct the use of the asset.

**As a lessee**

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

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

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

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

The lease liability is subsequently measured at amortised cost using the effective interest method. Lease liability and the right of use asset have been separately presented in the balance sheet and lease payments have been classified as financing activities.

In July 2020, MCA issued COVID-19-Related Rent Concessions, which provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. It requires lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications. Lessees need to disclose that fact and need to apply the exemption retrospectively in accordance with INDAS 8, but they do not require to restate prior period numbers. The practical expedient is available only for lease payments originally due upto June 2021. The Company has applied the amendment effective April 1, 2020.

**E. Accounting for Finance Leases as a Lessor**

Agreements are classified as finance leases, if substantially all the risks and rewards incidental to ownership of the leased asset is transferred to the lessee.

Assets given under finance leases are recognised as a receivable at an amount equal to the net investment in the lease. Finance income is allocated over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the net investment in the finance lease.

**F. Employee benefits**

**Defined Contribution Plan**

**Provident Fund**

The Company's contribution to government provident fund is considered as defined contribution plans and is charged as an expense based on the amount of contribution required to be made and when services are

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

rendered by the employees. The Company has no further obligations.

**Defined Benefit Plan**

**Gratuity**

The Company provides for gratuity, covering employees in accordance with the Payment of Gratuity Act, 1972, service regulations and service awards as the case may be. The Company's liability is actuarially determined (using Projected Unit Credit Method) at the Balance Sheet date. The Company carries a provision based on actuarial valuation in its books of accounts.

Remeasurement of all defined benefit plans, which comprise actuarial gains and losses are recognised immediately in other comprehensive income in the year they are incurred. Net interest expense/(income) on the net defined liability/(assets) is computed by applying the discount rate, used to measure the net defined liability/(asset), to the net defined liability/(asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit or loss.

**Compensated Absences**

Compensated absences which accrue to employees and which are expected to be availed within twelve months immediately following the year end are reported as expenses during the year in which the employees performs the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit, and where the availment or encashment is otherwise not expected to wholly occur within the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

**Other Employee Benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentives.

**G. Income Tax**

Income tax expense comprises current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income OCI.

**Current tax**

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date.

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

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



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**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the way the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if:

- a. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority

**H. Earnings per share**

Basic earnings per share is computed by dividing the net profit or loss after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**I. Impairment of non-financial assets**

The carrying values of assets at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount in the Statement of Profit and Loss.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognized.

**J. Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's Chief Operating Decision Maker ("CODM") to make decisions for which discrete financial information is available. The Company operates in one business segment, viz. Asset Reconstruction and one geographical segment, hence there are no reportable segments.



**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**K. 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.

All regular way purchase or sale of financial instruments are recognised and derecognised on a trade date basis. Purchase or sale of unquoted instrument is recognised on the closing date or as and when the transaction is completed as per terms mentioned in relevant transaction agreement /document.

**Financial assets**

**Recognition, initial measurement and derecognition**

All financial assets are recognised initially at fair value plus or minus, in the case of financial assets not recorded at fair value through profit or loss, transaction fees or costs that are directly attributable and incremental to the origination/acquisition of the financial asset unless otherwise specifically mentioned in the accounting policies.

**Classification**

The Company classifies its financial assets as subsequently measured at either amortised cost or fair value based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

**Business model assessment**

The Company determines business model in which an asset is held consistent with the way in which business is managed and information provided to management. The information considered includes:

- the objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity
- 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**

For the purposes of assessing contractual cash flows, '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 lending risks and costs, as well as profit margin.

**Subsequent measurement**

The Company classifies its financial assets in the following measurement categories:

**1. Financial assets at amortised cost**

A financial asset is measured at amortised cost using the EIR method only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR and reported as part of interest income in the profit and loss account. The losses if any, arising from impairment are recognised in the profit and loss account.

**2. Financial asset at Fair Value through Other Comprehensive Income (FVOCI)**

Financial asset with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI. The impairment losses, if any, are recognized through profit and loss account. The loss allowance is recognized in other comprehensive income and does not reduce the carrying value of the financial asset.

**3. Financial asset at Fair Value Through Profit and Loss (FVTPL)**

Any financial instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified to be measured at FVTPL.

Financial instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss account.

***Financial liabilities and equity instruments:***

**Classification as debt or equity**

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

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity

**Financial liabilities**

All financial liabilities are subsequently measured at amortised cost, except when designated to be measured at FVTPL. Liabilities which are classified at fair value through profit or loss, Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

**L. Impairment of Financial Assets**

**Methodology for computation of Expected Credit Losses**

The financial instruments covered within the scope of ECL include financial assets measured at amortised cost and FVOCI, such as trade receivables, loans, advances recoverable from trust, security deposit, balances with banks and other financial assets. ECL has not been determined on financial assets measured at FVTPL.

The loss allowance has been measured using lifetime ECL except for financial assets on which there has been no significant increase in credit risk since initial recognition. In such cases, loss allowance has been measured at 12 month ECL.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and FVOCI is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred since initial recognition. Evidence that a financial asset is credit-impaired includes the observable data such as Days Past Due ('DPD') or default event.

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

ECL is a probability weighted estimate of credit losses, measured as follows:

- Financial assets that are not credit impaired at the reporting date –

ECL has been estimated by determining the probability of default ('PD'), Exposure At Default ('EAD') and Loss Given Default ('LGD'). PD has been computed using observed history of default and converted into forward looking PD's using suitable macro-economic variable data.

- Financial assets that are credit impaired at the reporting date –

For loans, ECL has been estimated as the difference between the gross carrying amount and the present value of estimated future cash flows.

**Financial assets that are Purchased or Originated Credit Impaired ('POCI'):**

On initial recognition, POCI assets do not carry any impairment allowance. Lifetime ECL are incorporated in the calculation of effective interest rate. The cash flows are estimated on annual basis. Any changes in expected cash flows are discounted using the original credit-adjusted effective interest rate and the resulting changes are recognised as impairment gains or losses. Favorable changes in lifetime ECL are recognised as an impairment gain, even if the favorable changes are more than the amount, if any, previously recognised in profit or loss account as impairment losses.

For trade receivables, the Company applies a simplified approach. It recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

*Criteria used for determination of movement from stage 1 (12 month ECL) to stage 2 (lifetime ECL) and stage 3 (lifetime ECL)*

The Company applies a three-stage approach to measure ECL on financial assets measured at amortised cost and FVOCI. The assets migrate through the following three stages based on an assessment of qualitative and quantitative considerations:

- Stage 1: 12 month ECL

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 recognised. Interest income is accrued using the effective interest rate on the gross carrying amount.

- Stage 2: Lifetime ECL (not credit impaired)

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 recognised. Interest income is accrued using the effective interest rate on the gross carrying amount.

- Stage 3: Lifetime ECL (credit impaired)

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 recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of loss allowance).

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

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.

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

The Company considers its historical loss experience and adjusts it for current observable data. In addition, the Company 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 Company's ECL calculations are outputs of number of underlying assumptions regarding the choice of variable inputs and their interdependencies such as macroeconomic scenarios and collateral values.

**M. Write-offs**

Financial assets are written off either partially or in their entirety when there is no realistic prospect of recovery. 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. Any subsequent recoveries are credited to impairment on financial instruments in statement of profit and loss. 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.

**N. Derecognition of financial assets and financial liabilities**

**Financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company 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 delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit or loss.

**Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

**Modifications of financial assets and financial liabilities**

**Financial assets**

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate and recognises the amount

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

arising from adjusting the gross carrying amount as a modification gain or loss in profit and loss account. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income or other gain or loss as appropriate.

**Financial liabilities**

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit or loss.

**O. Measurement of fair values**

The Company's accounting policies and disclosures require fair value measurement of investment in Security Receipts (SR's).

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the lowest level inputs that are significant to the measurements, used in the valuation techniques as follows.

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments in Security Receipts (SRs) held by the Company are classified as FVTPL and are recorded at Net Asset Value (NAV).

**P. Provisions contingent liabilities and contingent assets**

A provision is recognised when the Company has a present obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liabilities (other than in its capacity as Trustee) are disclosed in the notes.

Contingent assets are not recognised in the Financial Statements.

**Q. Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing, and financing activities of the Company are segregated based on the available information.

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 2 CASH AND CASH EQUIVALENTS (refer note 34)**

(Amount in lakhs)

| Particulars                            | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Cash on hand                           | 0.05                    | 0.01                    |
| Balances with banks in current account | 687.19                  | 6,266.58                |
| Balance in term deposit < 3 months     | 3,813.51                | 3,273.80                |
| Term deposits                          | 1,541.71                | -                       |
| <b>Sub total</b>                       | <b>6,042.46</b>         | <b>9,540.39</b>         |
| Less: Impairment loss allowance        | (1.18)                  | (1.86)                  |
| <b>Total</b>                           | <b>6,041.28</b>         | <b>9,538.53</b>         |

**NOTE 3 RECEIVABLES (refer note 34)**

(Amount in lakhs)

| Particulars                           | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---------------------------------------|-------------------------|-------------------------|
| <b>Trade receivables</b>              |                         |                         |
| Unsecured, considered good            | 843.74                  | 397.64                  |
| Receivables overdue more than 90 days | 3,877.95                | 4,134.71                |
| <b>Sub total</b>                      | <b>4,721.69</b>         | <b>4,532.35</b>         |
| Less: Impairment loss allowance       | (3,282.97)              | (3,397.42)              |
| <b>Total</b>                          | <b>1,438.72</b>         | <b>1,134.93</b>         |

For trade receivables, the Company assessed expected credit loss using simplified approach at a collective level and not on an individual basis. In accordance with Ind AS 109, trade receivables that are past due more than 90 days has been disclosed separately.

(Amount in lakhs)

| Particulars  | As at March 31, 2022 |         |                    |                   |                 |               |                   | Total           |
|--|----------------------|---------|--------------------|-------------------|-----------------|---------------|-------------------|-----------------|
|  | Unbilled             | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years       | 2-3 years     | More than 3 years |                 |
| (i) Undisputed trade receivables - considered good                                 | -                    | -       | 715.09             | -                 | -               | -             | -                 | 715.09          |
| (ii) Undisputed trade receivables - which have significant increase in credit risk | -                    | -       | 128.65             | -                 | -               | -             | -                 | 128.65          |
| (iii) Undisputed trade receivables - Credit Impaired                               | -                    | -       | 584.25             | 157.88            | 1,109.72        | 383.71        | 1,642.39          | 3,877.95        |
| (iv) Disputed trade receivables - Considered good                                  | -                    | -       | -                  | -                 | -               | -             | -                 | -               |
| (v) Disputed trade receivables - which have significant increase in credit risk    | -                    | -       | -                  | -                 | -               | -             | -                 | -               |
| (vi) Disputed trade receivables - credit impaired                                  | -                    | -       | -                  | -                 | -               | -             | -                 | -               |
| <b>Total</b>   | -                    | -       | <b>1,427.99</b>    | <b>157.88</b>     | <b>1,109.72</b> | <b>383.71</b> | <b>1,642.39</b>   | <b>4,721.69</b> |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 3 RECEIVABLES (refer note 34) (Continued)**

(Amount in lakhs)

| Particulars  | As at March 31, 2021 |         |                    |                   |                 |                 |                   | Total           |
|--|----------------------|---------|--------------------|-------------------|-----------------|-----------------|-------------------|-----------------|
|  | Unbilled             | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years       | 2-3 years       | More than 3 years |                 |
| (i) Undisputed trade receivables - considered good                                 | -                    | -       | 281.39             | -                 | -               | -               | -                 | <b>281.39</b>   |
| (ii) Undisputed trade receivables - which have significant increase in credit risk | -                    | -       | 116.25             | -                 | -               | -               | -                 | <b>116.25</b>   |
| (iii) Undisputed trade receivables - credit Impaired                               | -                    | -       | 267.98             | 793.14            | 1,062.35        | 1,503.20        | 508.04            | <b>4,134.71</b> |
| (iv) Disputed trade receivables - considered good                                  | -                    | -       | -                  | -                 | -               | -               | -                 | -               |
| (v) Disputed trade receivables - which have significant increase in credit risk    | -                    | -       | -                  | -                 | -               | -               | -                 | -               |
| (vi) Disputed trade receivables - credit Impaired                                  | -                    | -       | -                  | -                 | -               | -               | -                 | -               |
| <b>Total</b>   | -                    | -       | <b>665.62</b>      | <b>793.14</b>     | <b>1,062.35</b> | <b>1,503.20</b> | <b>508.04</b>     | <b>4,532.35</b> |

**NOTE 4 LOANS (AT AMORTISED COST) (refer note 34)**

(Amount in lakhs)

| Particulars                     | As at March 31, 2022 | As at March 31, 2021 |
|---------------------------------|----------------------|----------------------|
| Term loans                      | 5,587.72             | 7,021.07             |
| <b>Total gross (A)</b>          | <b>5,587.72</b>      | <b>7,021.07</b>      |
| Less: Impairment loss allowance | (3,935.77)           | (2,204.23)           |
| <b>Total net (A)</b>            | <b>1,651.95</b>      | <b>4,816.84</b>      |
| Secured by tangible assets      | 5,587.72             | 7,021.07             |
| <b>Total gross (B)</b>          | <b>5,587.72</b>      | <b>7,021.07</b>      |
| Less: Impairment loss allowance | (3,935.77)           | (2,204.23)           |
| <b>Total net (B)</b>            | <b>1,651.95</b>      | <b>4,816.84</b>      |
| <b>Loans in India</b>           |                      |                      |
| Others                          | 5,587.72             | 7,021.07             |
| <b>Total gross (C)</b>          | <b>5,587.72</b>      | <b>7,021.07</b>      |
| Less: Impairment loss allowance | (3,935.77)           | (2,204.23)           |
| <b>Total net (C)</b>            | <b>1,651.95</b>      | <b>4,816.84</b>      |
| <b>Total</b>                    | <b>1,651.95</b>      | <b>4,816.84</b>      |



**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 4 LOANS (AT AMORTISED COST) (refer note 34) (Continued)**

**Gross carrying value reconciliation**

(Amount in lakhs)

| Particulars  | 12-month ECL    | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired |
|--|-----------------|----------------------------------|------------------------------|
| <b>Term loans</b>  |                 |                                  |                              |
| <b>Balance as at March 31, 2020</b>                            | <b>2,977.23</b> | -                                | <b>2,554.66</b>              |
| Transfers  | (2,977.23)      | -                                | 2,977.23                     |
| Net remeasurement of existing financial asset                  | -               | -                                | 385.07                       |
| New financial assets originated during the year                | 1,104.11        | -                                | -                            |
| Financial assets that have been derecognised during the period | -               | -                                | -                            |
| <b>Balance as at March 31, 2021</b>                            | <b>1,104.11</b> | -                                | <b>5,916.96</b>              |
| Transfers  | 2,678.36        | -                                | (2,678.36)                   |
| Net remeasurement of existing financial asset                  | (1,004.61)      | -                                | 669.30                       |
| New financial assets originated during the year                | 1,506.07        | -                                | -                            |
| Financial assets that have been derecognised during the period | (2,604.11)      | -                                | -                            |
| <b>Balance as at March 31, 2022</b>                            | <b>1,679.82</b> | -                                | <b>3,907.90</b>              |

**NOTE 5 INVESTMENTS (AT FAIR VALUE) (refer note 34)**

(Amount in lakhs)

| Particulars                      | As at March 31, 2022 | As at March 31, 2021 |
|----------------------------------|----------------------|----------------------|
| At Fair Value                    |                      |                      |
| Investments in security receipts | 1,15,633.75          | 82,694.96            |
| Investments in equity shares     | 229.34               | -                    |
| <b>Total gross (A)</b>           | <b>1,15,863.09</b>   | <b>82,694.96</b>     |
| Investments in India             | 1,15,863.09          | 82,694.96            |
| <b>Total (B)</b>                 | <b>1,15,863.09</b>   | <b>82,694.96</b>     |
| <b>Total net</b>                 | <b>1,15,863.09</b>   | <b>82,694.96</b>     |

Classified as available for sale in terms of the RBI guidelines.

Investments in Security Receipts are provided as a security for Debt securities and Secured borrowings availed as on March 31, 2022. Refer note 11 & 12 for fair value of Security Receipts offered for each Debt securities and Secured borrowings.

**NOTE 6 OTHER FINANCIAL ASSETS (refer note 34)**

(Amount in lakhs)

| Particulars                      | As at March 31, 2022 | As at March 31, 2021 |
|----------------------------------|----------------------|----------------------|
| Advances recoverable from Trusts | 2,637.34             | 2,235.46             |
| Other receivables                | 3.50                 | 2.85                 |
| Security deposits                | 34.20                | 32.41                |
|                                  | 2,675.04             | 2,270.72             |
| Less: Impairment loss allowance  | (2,373.44)           | (1,978.04)           |
| <b>Total</b>                     | <b>301.60</b>        | <b>292.68</b>        |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 7 PROPERTY, PLANT AND EQUIPMENT**

*(Amount in lakhs)*

| Particulars  | Furniture and fixtures | Vehicles     | Office equipment | Computers    | Right to use asset | Total         |
|--|------------------------|--------------|------------------|--------------|--------------------|---------------|
| <b>Balance as at April 1, 2020</b>                   | <b>6.95</b>            | <b>23.40</b> | <b>5.52</b>      | <b>26.80</b> | <b>141.30</b>      | <b>203.97</b> |
| Additions during the year                            | -                      | 13.67        | 1.31             | 5.81         | 358.70             | 379.49        |
| Disposals during the year                            | -                      | (10.34)      | -                | (0.64)       | (141.31)           | (152.29)      |
| <b>Balance as at March 31, 2021</b>                  | <b>6.95</b>            | <b>26.73</b> | <b>6.83</b>      | <b>31.97</b> | <b>358.69</b>      | <b>431.17</b> |
| <b>Accumulated depreciation as at April 1, 2020</b>  | <b>2.80</b>            | <b>15.24</b> | <b>1.60</b>      | <b>20.22</b> | <b>73.88</b>       | <b>113.74</b> |
| Depreciation for the year                            | 1.21                   | 4.52         | 1.26             | 4.91         | 73.51              | 85.41         |
| Disposals during the year                            | -                      | (10.34)      | -                | (0.64)       | (141.31)           | (152.29)      |
| <b>Accumulated depreciation as at March 31, 2021</b> | <b>4.01</b>            | <b>9.42</b>  | <b>2.86</b>      | <b>24.49</b> | <b>6.08</b>        | <b>46.86</b>  |
| <b>Net carrying amount as at March 31, 2021</b>      | <b>2.94</b>            | <b>17.31</b> | <b>3.97</b>      | <b>7.48</b>  | <b>352.61</b>      | <b>384.31</b> |
| <b>Balance as at April 1, 2021</b>                   | <b>6.95</b>            | <b>26.73</b> | <b>6.83</b>      | <b>31.97</b> | <b>358.69</b>      | <b>431.17</b> |
| Additions during the year                            | 10.78                  | 23.93        | -                | 13.93        | -                  | 48.64         |
| Disposals during the year                            | (0.29)                 | -            | (0.21)           | (6.64)       | -                  | (7.14)        |
| <b>Balance as at March 31, 2022</b>                  | <b>17.44</b>           | <b>50.66</b> | <b>6.62</b>      | <b>39.26</b> | <b>358.69</b>      | <b>472.67</b> |
| <b>Accumulated depreciation as at April 1, 2021</b>  | <b>4.01</b>            | <b>9.42</b>  | <b>2.86</b>      | <b>24.49</b> | <b>6.08</b>        | <b>46.86</b>  |
| Depreciation for the year                            | 1.85                   | 8.98         | 1.36             | 5.94         | 71.70              | 89.83         |
| Disposals during the year                            | (0.29)                 | -            | (0.21)           | (6.64)       | -                  | (7.14)        |
| <b>Accumulated depreciation as at March 31, 2022</b> | <b>5.57</b>            | <b>18.40</b> | <b>4.01</b>      | <b>23.79</b> | <b>77.78</b>       | <b>129.55</b> |
| <b>Net carrying amount as at March 31, 2022</b>      | <b>11.87</b>           | <b>32.26</b> | <b>2.61</b>      | <b>15.47</b> | <b>280.91</b>      | <b>343.12</b> |

**Impairment loss and reversal of impairment loss**

Management has assessed for impairment indicators and there is no impairment loss that is required to be recognised.

**NOTE 8 OTHER INTANGIBLE ASSETS**

*(Amount in lakhs)*

| Particulars  | Computer Software | Total       |
|--|-------------------|-------------|
| <b>Balance as at April 1, 2020</b>                                 | <b>9.97</b>       | <b>9.97</b> |
| Additions during the year  | -                 | -           |
| Disposals during the year  | -                 | -           |
| <b>Balance as at March 31, 2021</b>                                | <b>9.97</b>       | <b>9.97</b> |
| <b>Accumulated depreciation and impairment as at April 1, 2020</b> | <b>7.68</b>       | <b>7.68</b> |
| Depreciation for the year  | 1.35              | 1.35        |
| Disposals during the year  | -                 | -           |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 8 OTHER INTANGIBLE ASSETS (Continued)**

(Amount in lakhs)

| Particulars   | Computer Software | Total       |
|---|-------------------|-------------|
| <b>Accumulated depreciation and impairment as at March 31, 2021</b> | <b>9.03</b>       | <b>9.03</b> |
| <b>Net carrying amount as at March 31, 2021</b>                     | <b>0.94</b>       | <b>0.94</b> |
| <b>Balance as at April 1, 2021</b>                                  | <b>9.97</b>       | <b>9.97</b> |
| Additions during the year   | -                 | -           |
| Disposals during the year   | -                 | -           |
| <b>Balance as at March 31, 2022</b>                                 | <b>9.97</b>       | <b>9.97</b> |
| <b>Accumulated depreciation and impairment as at April 1, 2021</b>  | <b>9.03</b>       | <b>9.03</b> |
| Depreciation for the year   | 0.94              | 0.94        |
| Disposals during the year   | -                 | -           |
| <b>Accumulated depreciation and impairment as at March 31, 2022</b> | <b>9.97</b>       | <b>9.97</b> |
| <b>Net carrying amount as at March 31, 2022</b>                     | <b>-</b>          | <b>-</b>    |

**Impairment loss and reversal of impairment loss**

Management has assessed for impairment indicators and there is no impairment loss that is required to be recognised.

**Intangible assets under development (refer note 37)**

(Amount in lakhs)

| Ageing Schedule                | Amount in CWIP for a period of |           |           |                   | Total       |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|-------------|
|                                | Less than 1 Year               | 1-2 Years | 2-3 Years | More than 3 Years |             |
| Projects in progress           | 9.10                           | -         | -         | -                 | <b>9.10</b> |
| Projects temporarily suspended | -                              | -         | -         | -                 | -           |
| <b>Total</b>                   | <b>9.10</b>                    | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>9.10</b> |

**NOTE 9 OTHER NON-FINANCIAL ASSETS**

(Amount in lakhs)

| Particulars      | As at March 31, 2022 | As at March 31, 2021 |
|------------------|----------------------|----------------------|
| Prepaid expenses | 23.59                | 7.27                 |
| Other assets     | 0.03                 | -                    |
| <b>Total</b>     | <b>23.62</b>         | <b>7.27</b>          |

**NOTE 10 TRADE PAYABLE**

(Amount in lakhs)

| Particulars                                | As at March 31, 2022 | As at March 31, 2021 |
|--|----------------------|----------------------|
| <b>Trade payables</b>                      |                      |                      |
| Due to Micro, Small and Medium Enterprises | -                    | -                    |
| Dues to others                             | 1.79                 | 5.42                 |
| <b>Total</b>                               | <b>1.79</b>          | <b>5.42</b>          |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 10 TRADE PAYABLE (Continued)**

(Amount in lakhs)

| Particulars                   | As at March 31, 2022 |         |                  |           |           |                   | Total       |
|-------------------------------|----------------------|---------|------------------|-----------|-----------|-------------------|-------------|
|                               | Unbilled             | Not Due | Less than 1 Year | 1-2 years | 2-3 years | More than 3 years |             |
| (i) Undisputed dues - MSME    | -                    | -       | -                | -         | -         | -                 | -           |
| (ii) Undisputed dues - Others | -                    | -       | 1.79             | -         | -         | -                 | 1.79        |
| (iii) Disputed dues - MSME    | -                    | -       | -                | -         | -         | -                 | -           |
| (iv) Disputed dues - Others   | -                    | -       | -                | -         | -         | -                 | -           |
| <b>Total</b>                  | -                    | -       | <b>1.79</b>      | -         | -         | -                 | <b>1.79</b> |

(Amount in lakhs)

| Particulars                   | As at March 31, 2021 |         |                  |           |           |                   | Total       |
|-------------------------------|----------------------|---------|------------------|-----------|-----------|-------------------|-------------|
|                               | Unbilled             | Not Due | Less than 1 Year | 1-2 years | 2-3 years | More than 3 years |             |
| (i) Undisputed dues - MSME    | -                    | -       | -                | -         | -         | -                 | -           |
| (ii) Undisputed dues - Others | -                    | -       | 5.42             | -         | -         | -                 | 5.42        |
| (iii) Disputed dues - MSME    | -                    | -       | -                | -         | -         | -                 | -           |
| (iv) Disputed dues - Others   | -                    | -       | -                | -         | -         | -                 | -           |
| <b>Total</b>                  | -                    | -       | <b>5.42</b>      | -         | -         | -                 | <b>5.42</b> |

**NOTE 11 DEBT SECURITIES (AT AMORTISED COST) (refer note 34)**

(Amount in lakhs)

| Particulars                       | As at March 31, 2022 | As at March 31, 2021 |
|-----------------------------------|----------------------|----------------------|
| 10.75% Non-Convertible Debentures | -                    | 10,705.60            |
| 10.37% Non-Convertible Debentures | 5,152.14             | 5,146.66             |
| 6.95% Non-Convertible Debentures  | 2,543.59             | 2,543.23             |
| 6.95% Non-Convertible Debentures  | 5,084.21             | 5,081.44             |
| 7.55% Non-Convertible Debentures  | 9,740.06             | -                    |
| Commercial Paper                  | 4,987.41             | 9,786.91             |
| <b>Total (A)</b>                  | <b>27,507.41</b>     | <b>33,263.84</b>     |
| Debt securities in India          | 27,507.41            | 33,263.84            |
| Debt securities outside India     | -                    | -                    |
| <b>Total (B)</b>                  | <b>27,507.41</b>     | <b>33,263.84</b>     |
| Secured Borrowings                | 22,520.00            | 23,476.93            |
| Unsecured Borrowings              | 4,987.41             | 9,786.91             |
| <b>Total (C)</b>                  | <b>27,507.41</b>     | <b>33,263.84</b>     |

Debentures are secured againsts hypothecation of Security Receipts at NAV.

| Non Convertible Debentures        | NAV pledged | Repayment  |
|-----------------------------------|-------------|------------|
| 10.37% Non-Convertible Debentures | 6,550.72    | 12-12-2022 |
| 6.95% Non-Convertible Debentures  | 3,576.00    | 28-12-2023 |
| 6.95% Non-Convertible Debentures  | 6,163.49    | 27-12-2023 |
| 7.55% Non-Convertible Debentures  | -           | 04-11-2024 |
| 7.55% Non-Convertible Debentures  | 11,139.26   | 29-11-2024 |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 12 BORROWINGS OTHER THAN DEBT SECURITIES (AT AMORTISED COST)**

(Amount in lakhs)

| Particulars                   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-------------------------------|-------------------------|-------------------------|
| <b>Term loans</b>             |                         |                         |
| (a) from banks                | 8,176.76                | 10,002.05               |
| (b) from other parties        | -                       | -                       |
| (c) Loan from related parties | 20,568.35               | -                       |
| Loans repayable on demand     |                         |                         |
| from banks                    | 11,985.44               | 9,963.09                |
| <b>Total (A)</b>              | <b>40,730.55</b>        | <b>19,965.14</b>        |
| Borrowings in India           | 40,730.55               | 19,965.14               |
| Borrowings outside India      | -                       | -                       |
| <b>Total (B)</b>              | <b>40,730.55</b>        | <b>19,965.14</b>        |
| Secured borrowings            | 25,730.55               | 19,965.14               |
| Unsecured borrowings          | 15,000.00               | -                       |
| <b>Total (C)</b>              | <b>40,730.55</b>        | <b>19,965.14</b>        |

Facilities are secured against hypothecation of Security Receipts at NAV.

| HDFC bank  | Amount   | NAV pledged | ROI   |
|--|----------|-------------|-------|
| Term loans (Rs. 625.00 lacs quarterly repayment till 30-09-2025) | 8,176.76 | 24,576.46   | 7.45% |
| Loans repayable on demand  | 5,002.67 |             | 6.50% |
| Loans repayable on demand  | 2,017.69 |             | 7.45% |

| Kotak Mahindra bank (Loan from related parties)                  | Amount   | NAV pledged | ROI   |
|--|----------|-------------|-------|
| Term loans (Rs. 93.75 lacs quarterly repayment till 30-09-2025)  | 1,321.24 | 7,883.09    | 7.35% |
| Term loans (Rs. 281.25 lacs quarterly repayment till 30-09-2025) | 4,247.11 |             | 7.45% |

| Infina Finance Pvt Ltd (Loan from related parties) | Amount    | NAV pledged | ROI   | Repayment  |
|--|-----------|-------------|-------|------------|
| Term loans   | 5,000.00  | Unsecured   | 7.30% | 27-06-2022 |
| Term loans   | 10,000.00 | Unsecured   | 7.00% | 29-04-2022 |

| Punjab National Bank      | Amount   | NAV pledged | ROI   |
|---------------------------|----------|-------------|-------|
| Loans repayable on demand | 4,965.08 | 6,686.21    | 7.55% |

**NOTE 13 OTHER FINANCIAL LIABILITIES**

(Amount in lakhs)

| Particulars               | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---------------------------|-------------------------|-------------------------|
| Lease liability           | 286.31                  | 344.19                  |
| Employee related accruals | 691.32                  | 282.29                  |
| Others                    | 90.69                   | 98.04                   |
| <b>Total</b>              | <b>1,068.32</b>         | <b>724.52</b>           |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 14 PROVISIONS**

(Amount in lakhs)

| Particulars                            | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Provision for employee benefits</b> |                         |                         |
| Gratuity                               | 104.41                  | 85.33                   |
| Compensated absences                   | 35.95                   | 28.86                   |
| <b>Total</b>                           | <b>140.36</b>           | <b>114.19</b>           |

**NOTE 15 OTHER NON-FINANCIAL LIABILITIES**

(Amount in lakhs)

| Particulars           | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-----------------------|-------------------------|-------------------------|
| Advances received     | 3,763.12                | 2,436.59                |
| Statutory liabilities | 308.24                  | 328.08                  |
| <b>Total</b>          | <b>4,071.36</b>         | <b>2,764.67</b>         |

**NOTE 16 EQUITY SHARE CAPITAL**

(Amount in lakhs)

| Particulars   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>Authorised</b><br>2,500 lakhs (March 31, 2021: 2,500 lakhs) equity shares of Rs.10 each with voting rights                                   | 25,000.00               | 25,000.00               |
| <b>Issued, subscribed and paid up</b><br>1,680 lakhs (March 31, 2021: 1,680 lakhs) equity shares of Rs.10 each fully paid up with voting rights | 16,800.00               | 16,800.00               |

- a. Reconciliation of number of shares outstanding at the beginning and at the end of the year :

(Amount in lakhs)

| Particulars                                       | No. of shares<br>(In lakhs) | Amount           |
|---|-----------------------------|------------------|
| <b>Equity shares of Rs 10 each, fully paid-up</b> |                             |                  |
| <b>As at March 31, 2020</b>                       | <b>1,680.00</b>             | <b>16,800.00</b> |
| Add/(less) : Movement during the year             | -                           | -                |
| <b>As at March 31, 2021</b>                       | <b>1,680.00</b>             | <b>16,800.00</b> |
| Add/(less) : Movement during the year             | -                           | -                |
| <b>As at March 31, 2022</b>                       | <b>1,680.00</b>             | <b>16,800.00</b> |

- b. Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is entitled to one vote per share held. The Company declares and pays dividends if any, in Indian rupees. The dividend proposed by the Board of Directors if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. However, no preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 16 EQUITY SHARE CAPITAL (Continued)**

c. Details of shares held by each shareholder holding more than 5% shares in the company

| Particulars                             | As at March 31, 2022        |               | As at March 31, 2021        |               |
|---|-----------------------------|---------------|-----------------------------|---------------|
|   | Number of shares (in lakhs) | % Holding     | Number of shares (in lakhs) | % Holding     |
| <b>Equity shares with voting rights</b> |                             |               |                             |               |
| Kotak Mahindra Investments Limited      | 504.00                      | 30.00%        | 504.00                      | 30.00%        |
| Kotak Mahindra Prime Limited            | 334.32                      | 19.90%        | 334.32                      | 19.90%        |
| Anjum Gafulbhai Bilakhia                | 94.50                       | 5.63%         | 94.50                       | 5.63%         |
| Rajesh Khanna and Ashu Khanna           | 84.50                       | 5.03%         | 84.50                       | 5.03%         |
| <b>Total</b>                            | <b>1,017.32</b>             | <b>60.56%</b> | <b>1,017.32</b>             | <b>60.56%</b> |

d. Disclosures of Shareholding of Promoters - Shares held by the Promoters:

| Promoter name                      | As at March 31, 2022     |                  | As at March 31, 2021     |                  |
|------------------------------------|--------------------------|------------------|--------------------------|------------------|
|                                    | No. of Shares (in lakhs) | %of total shares | No. of Shares (in lakhs) | %of total shares |
| Kotak Mahindra Investments Limited | 504.00                   | 30.00%           | 504.00                   | 30.00%           |
| Kotak Mahindra Prime Limited       | 334.32                   | 19.90%           | 334.32                   | 19.90%           |
| <b>Total</b>                       | <b>838.32</b>            | <b>49.90%</b>    | <b>838.32</b>            | <b>49.90%</b>    |

**Note 17 OTHER EQUITY**

(Amount in lakhs)

| Particulars                  | As at March 31, 2022 | As at March 31, 2021 |
|------------------------------|----------------------|----------------------|
| Securities premium           | 3,006.10             | 3,006.10             |
| Debenture redemption reserve | 805.62               | 386.99               |
| Impairment reserve           | 249.67               | 249.67               |
| Retained earnings            | 34,054.13            | 26,462.60            |
| <b>Total</b>                 | <b>38,115.52</b>     | <b>30,105.36</b>     |

**NOTE 17.1 NATURE AND PURPOSE OF RESERVE**

**Securities premium**

Premium collected on issue of securities are accumulated as part of securities premium. Utilisation of such reserve is restricted by the Companies Act, 2013.

**Debenture redemption reserve**

The Companies Act 2013 requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The Company is required to transfer a specified percentage (as provided in the Companies Act, 2013) of the outstanding redeemable debentures to debenture redemption reserve. The amounts credited to the debenture redemption reserve shall not be utilised except to redeem debentures.

**Impairment reserve**

As directed by RBI, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), Company shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'.



**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 17 OTHER EQUITY (Continued)**

**Retained earnings**

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

**NOTE 17.2 OTHER EQUITY MOVEMENT**

(Amount in lakhs)

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>(i) Securities premium</b>                            |                         |                         |
| Opening balance  | 3,006.10                | 3,006.10                |
| Addition during the year                                 | -                       | -                       |
| <b>Closing balance</b>                                   | <b>3,006.10</b>         | <b>3,006.10</b>         |
| <b>(ii) Debenture redemption reserve</b>                 |                         |                         |
| Opening balance  | 386.99                  | 386.99                  |
| Transfer from retained earnings                          | 418.63                  | -                       |
| <b>Closing balance</b>                                   | <b>805.62</b>           | <b>386.99</b>           |
| <b>(iv) Impairment reserve</b>                           |                         |                         |
| Opening balance  | 249.67                  | 249.67                  |
| Transfer from retained earnings                          | -                       | -                       |
| <b>Closing balance</b>                                   | <b>249.67</b>           | <b>249.67</b>           |
| <b>(iv) Retained earnings</b>                            |                         |                         |
| Opening balance  | 26,462.60               | 23,908.80               |
| Impact of adoption of Ind AS 116 (Leases) (net of taxes) | -                       | -                       |
| Net profit for the year                                  | 8,015.02                | 2,559.16                |
| Remeasurement (Gain)/Loss on defined benefit plans       | (4.86)                  | (5.36)                  |
| Transfer to debenture redemption reserve                 | (418.63)                | -                       |
| <b>Closing balance</b>                                   | <b>34,054.13</b>        | <b>26,462.60</b>        |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 18 INTEREST INCOME (AT AMORTISED COST)**

*(Amount in lakhs)*

| Particulars                     | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---------------------------------|--------------------------------------|--------------------------------------|
| Interest on loans               | 833.37                               | 831.77                               |
| Interest on advances (net)      | 140.34                               | 12.41                                |
| Interest on deposits with banks | 110.09                               | 56.27                                |
| Other interest income           | 1.79                                 | 3.70                                 |
| <b>Total</b>                    | <b>1,085.59</b>                      | <b>904.15</b>                        |

**NOTE 19 FEES AND COMMISSION INCOME**

*(Amount in lakhs)*

| Particulars      | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|------------------|--------------------------------------|--------------------------------------|
| Trusteeship fees | 16,200.47                            | 10,910.97                            |
| Other fees       | 3,724.77                             | 3,570.58                             |
| <b>Total</b>     | <b>19,925.24</b>                     | <b>14,481.55</b>                     |

**NOTE 20 NET GAIN/ (LOSS) ON FAIR VALUE CHANGES**

*(Amount in lakhs)*

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Net gain/ (loss) on financial instruments at fair value through profit or loss</b> |                                      |                                      |
| -Others   | (2,514.11)                           | (3,348.55)                           |
| <b>Total net gain/(loss) on fair value changes</b>                                    | <b>(2,514.11)</b>                    | <b>(3,348.55)</b>                    |
| <b>Fair value changes:</b>  |                                      |                                      |
| -Realised   | 961.67                               | 2,892.94                             |
| -Unrealised   | (3,475.78)                           | (6,241.49)                           |
| <b>Total net gain/(loss) on fair value changes</b>                                    | <b>(2,514.11)</b>                    | <b>(3,348.55)</b>                    |

**NOTE 21 OTHER INCOME**

*(Amount in lakhs)*

| Particulars  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Profit on sale of fixed assets (net)                 | 0.17                                 | 2.88                                 |
| Miscellaneous income (interest on income tax refund) | 241.58                               | 69.64                                |
| Rent concession income                               | -                                    | 3.80                                 |
| <b>Total</b>   | <b>241.75</b>                        | <b>76.32</b>                         |

**NOTE 22 FINANCE COSTS (AMORTISED COST)**

*(Amount in lakhs)*

| Particulars                 | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|-----------------------------|--------------------------------------|--------------------------------------|
| Interest on borrowings      | 1,628.63                             | 1,753.58                             |
| Interest on debt securities | 2,215.62                             | 2,784.58                             |
| Interest on lease liability | 29.24                                | 6.39                                 |
| Other borrowing costs       | 3.83                                 | 39.47                                |
| <b>Total</b>                | <b>3,877.32</b>                      | <b>4,584.02</b>                      |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 23 IMPAIRMENT ON FINANCIAL INSTRUMENTS (AMORTISED COST)**

*(Amount in lakhs)*

| <b>Particulars</b>       | <b>For the year ended<br/>March 31, 2022</b> | <b>For the year ended<br/>March 31, 2021</b> |
|--------------------------|--|--|
| Loans                    | 1,134.79                                     | 207.28                                       |
| Receivables              | (114.44)                                     | 1,549.87                                     |
| Recoverables from trusts | 398.67                                       | 517.89                                       |
| Others                   | (0.14)                                       | (0.39)                                       |
| <b>Total</b>             | <b>1,418.86</b>                              | <b>2,274.65</b>                              |

**NOTE 24 EMPLOYEE BENEFITS EXPENSES**

*(Amount in lakhs)*

| <b>Particulars</b>                             | <b>For the year ended<br/>March 31, 2022</b> | <b>For the year ended<br/>March 31, 2021</b> |
|--|--|--|
| Salaries, bonus and allowances                 | 1,428.78                                     | 653.25                                       |
| Contribution to provident fund and other funds | 47.79  | 39.50  |
| Gratuity                                       | 13.29  | 12.25  |
| Staff welfare expenses                         | 3.20   | 0.54   |
| <b>Total</b>                                   | <b>1,493.06</b>                              | <b>705.54</b>                                |

**NOTE 25 OTHER EXPENSES**

*(Amount in lakhs)*

| <b>Particulars</b>              | <b>For the year ended<br/>March 31, 2022</b> | <b>For the year ended<br/>March 31, 2021</b> |
|---------------------------------|--|--|
| Audit Fees (refer note 29)      | 28.03  | 31.69  |
| Electricity expenses            | 11.27  | 10.05  |
| Rent                            | 1.26   | 4.61   |
| Rates and taxes                 | (5.91)                                       | 0.03   |
| Director fees                   | 18.40  | 15.03  |
| Travelling and conveyance       | 3.64   | 0.82   |
| Professional fees               | 77.68  | 59.25  |
| CSR expenditure (refer note 30) | 108.00                                       | 114.00                                       |
| Others                          | 111.96                                       | 103.11                                       |
| <b>Total</b>                    | <b>354.33</b>                                | <b>338.59</b>                                |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 26 TAX EXPENSE**

**(a) Amounts recognised in profit and loss**

*(Amount in lakhs)*

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Current tax expense</b>                          |                                      |                                      |
| Current period                                      | 2,625.38                             | 2,727.69                             |
| Changes in estimated related to prior years         | 566.58                               | 12.10                                |
| <b>Total current tax expense (A)</b>                | <b>3,191.96</b>                      | <b>2,739.79</b>                      |
| <b>Deferred income tax liability / (asset), net</b> |                                      |                                      |
| Origination and reversal of temporary differences   | 297.16                               | (1,661.10)                           |
| Reduction in tax rate                               | -                                    | -                                    |
| Changes in estimated related to prior years         | -                                    | 486.06                               |
| <b>Deferred tax expense (B)</b>                     | <b>297.16</b>                        | <b>(1,175.04)</b>                    |
| <b>Total tax expense for the year (A+B)</b>         | <b>3,489.12</b>                      | <b>1,564.75</b>                      |

**(b) Amounts recognised in other comprehensive income**

*(Amount in lakhs)*

| Particulars  | For the year ended<br>March 31, 2022 |                             |               | For the year ended<br>March 31, 2021 |                             |               |
|--|--------------------------------------|-----------------------------|---------------|--------------------------------------|-----------------------------|---------------|
|  | Before tax                           | Tax<br>(expense)<br>benefit | Net of tax    | Before tax                           | Tax<br>(expense)<br>benefit | Net of<br>tax |
| <b>Items that will not be reclassified to profit or loss</b> |                                      |                             |               |                                      |                             |               |
| Remeasurements of defined benefit liability/(asset)          | (6.50)                               | 1.64                        | <b>(4.86)</b> | (7.16)                               | 1.80                        | <b>(5.36)</b> |
| <b>Total</b>   | <b>(6.50)</b>                        | <b>1.64</b>                 | <b>(4.86)</b> | <b>(7.16)</b>                        | <b>1.80</b>                 | <b>(5.36)</b> |

**(c) Reconciliation of effective tax rate**

*(Amount in lakhs)*

| Particulars   | For the year ended<br>March 31, 2022 |               | For the year ended<br>March 31, 2021 |               |
|---|--------------------------------------|---------------|--------------------------------------|---------------|
|   | Amount                               | % terms       | Amount                               | % terms       |
| <b>Profit before tax as per Statement of profit and loss</b>                      | 11,504.14                            |               | 4,123.91                             | -             |
| Tax using the Company' domestic tax rate (Current year and Previous Year 25.168%) | 2,895.36                             | 25.17%        | 1,037.91                             | 25.17%        |
| Reduction in tax rate   |                                      |               | -                                    | -             |
| <b>Tax effect of:</b>   |                                      |               |                                      |               |
| Tax effects of amounts which are not deductible for taxable income                | 27.18                                | 0.24%         | 28.69                                | 0.70%         |
| Changes in estimated related to prior years (Including change in tax rate)        | 566.58                               | 4.93%         | 498.16                               | 12.08%        |
| Others  | -                                    | 0.00%         | (0.01)                               | 0.00%         |
| <b>Total tax expense</b>  | <b>3,489.11</b>                      | <b>30.34%</b> | <b>1,564.75</b>                      | <b>37.95%</b> |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 26 TAX EXPENSE (Continued)**

**(d) Movement in deferred tax balances**

(Amount in lakhs)

| Particulars                                  | As at March 31, 2022             |                                    |                      |                 |                       |                           |
|--|----------------------------------|------------------------------------|----------------------|-----------------|-----------------------|---------------------------|
|  | Net balance<br>March 31,<br>2021 | Recognised<br>in profit or<br>loss | Recognised<br>in OCI | Net             | Deferred tax<br>asset | Deferred tax<br>liability |
| <b>Deferred tax asset/(liabilities)</b>      |                                  |                                    |                      |                 |                       |                           |
| Property, plant and equipment                | 12.99                            | (0.62)                             | -                    | 12.37           | 12.37                 | -                         |
| Receivables                                  | 744.10                           | 70.54                              | -                    | 814.64          | 814.64                | -                         |
| Employee benefits                            | 99.53                            | 31.68                              | 1.64                 | 132.85          | 132.85                | -                         |
| Investments                                  | 7,545.37                         | 874.79                             | -                    | 8,420.16        | 8,420.16              | -                         |
| Borrowings                                   | (8.04)                           | 5.09                               | -                    | (2.95)          | -                     | (2.95)                    |
| Loans  | 155.13                           | 285.60                             | -                    | 440.73          | 440.73                | -                         |
| Leases                                       | 0.35                             | 2.98                               | -                    | 3.33            | 3.33                  | -                         |
| Share of income of trust on<br>accrual basis | (2,164.84)                       | (1,564.89)                         | -                    | (3,729.73)      | -                     | (3,729.73)                |
| Other items                                  | 2.42                             | (2.33)                             | -                    | 0.09            | 0.09                  | -                         |
| <b>Total</b>                                 | <b>6,387.01</b>                  | <b>(297.16)</b>                    | <b>1.64</b>          | <b>6,091.49</b> | <b>9,824.17</b>       | <b>(3,732.68)</b>         |

(Amount in lakhs)

| Particulars                                  | As at March 31, 2021             |                                    |                      |                 |                       |                           |
|--|----------------------------------|------------------------------------|----------------------|-----------------|-----------------------|---------------------------|
|  | Net balance<br>March 31,<br>2020 | Recognised<br>in profit or<br>loss | Recognised<br>in OCI | Net             | Deferred tax<br>asset | Deferred tax<br>liability |
| <b>Deferred tax asset/(liabilities)</b>      |                                  |                                    |                      |                 |                       |                           |
| Property, plant and equipment                | 14.48                            | (1.49)                             | -                    | 12.99           | 12.99                 | -                         |
| Receivables                                  | 234.85                           | 509.25                             | -                    | 744.10          | 744.10                | -                         |
| Employee benefits                            | 87.08                            | 10.65                              | 1.80                 | 99.53           | 99.53                 | -                         |
| Investments                                  | 6,460.58                         | 1,084.79                           | -                    | 7,545.37        | 7,545.37              | -                         |
| Borrowings                                   | (14.80)                          | 6.76                               | -                    | (8.04)          | -                     | (8.04)                    |
| Loans  | 102.96                           | 52.17                              | -                    | 155.13          | 155.13                | -                         |
| Leases                                       | 4.52                             | (4.17)                             | -                    | 0.35            | 0.35                  | -                         |
| Share of income of trust on<br>accrual basis | (1,684.44)                       | (480.40)                           | -                    | (2,164.84)      | -                     | (2,164.84)                |
| Other items                                  | 4.94                             | (2.52)                             | -                    | 2.42            | 2.42                  | -                         |
| <b>Total</b>                                 | <b>5,210.17</b>                  | <b>1,175.04</b>                    | <b>1.80</b>          | <b>6,387.01</b> | <b>8,559.89</b>       | <b>(2,172.88)</b>         |

The Company 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 deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 27 EARNINGS PER EQUITY SHARE**

Basic EPS is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

*(Amount in lakhs)*

| <b>Particulars</b>  | <b>For the year ended<br/>March 31, 2022</b> | <b>For the year ended<br/>March 31, 2021</b> |
|---|--|--|
| Net profit attributable to equity holders   | 8,015.02                                     | 2,559.16                                     |
| <b>Profit attributable to equity holders of the Company adjusted for the effect of dilution</b> | <b>8,015.02</b>                              | <b>2,559.16</b>                              |
| Weighted average number of ordinary shares  |  |  |
| Issued ordinary shares (in lakhs) at the beginning of the year                                  | 1,680.00                                     | 1,680.00                                     |
| <b>Weighted average number of shares (in lakhs) at the end of the year for basic EPS</b>        | <b>1,680.00</b>                              | <b>1,680.00</b>                              |
| <b>Weighted average number of shares (in lakhs) at the end of the year for diluted EPS</b>      | 1,680.00                                     | 1,680.00                                     |
| Face value per share  | 10.00  | 10.00  |
| Basic earnings per share  | 4.77   | 1.52   |
| Diluted earnings per share  | 4.77   | 1.52   |

**PHOENIX ARC PRIVATE LIMITED  
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022  
NOTE 28 MATURITY ANALYSIS**

(Amount in lakhs)

| Particulars  | As at March 31, 2022 |                  | As at March 31, 2021 |                  | Total              |
|--|----------------------|------------------|----------------------|------------------|--------------------|
|  | Within 12 months     | After 12 months  | Within 12 months     | After 12 months  |                    |
| <b>ASSETS</b>  |                      |                  |                      |                  |                    |
| <b>Financial assets</b>  |                      |                  |                      |                  |                    |
| Cash and cash equivalents  | 6,041.28             | -                | 9,538.53             | -                | 9,538.53           |
| Trade receivables  | 1,438.72             | -                | 1,134.93             | -                | 1,134.93           |
| Loans  | 750.49               | 901.46           | 2,318.08             | 2,498.76         | 4,816.84           |
| Investments  | 42,829.00            | 73,034.09        | 22,700.00            | 59,994.96        | 82,694.96          |
| Other Financial assets   | 267.40               | 34.20            | 260.27               | 32.41            | 292.68             |
| <b>Sub total</b>   | <b>51,326.89</b>     | <b>73,969.75</b> | <b>35,951.81</b>     | <b>62,526.13</b> | <b>98,477.94</b>   |
| <b>Non-financial assets</b>  |                      |                  |                      |                  |                    |
| Current Tax assets (Net)   | -                    | 1,491.69         | -                    | 179.96           | 179.96             |
| Deferred Tax assets (Net)  | -                    | 6,091.49         | -                    | 6,387.01         | 6,387.01           |
| Property, Plant and Equipment  | -                    | 343.12           | -                    | 384.31           | 384.31             |
| Other intangible assets  | -                    | -                | -                    | 0.94             | 0.94               |
| Intangible assets under development  | -                    | 9.10             | -                    | -                | -                  |
| Other Non-financial assets   | 23.62                | -                | 7.27                 | -                | 7.27               |
| <b>Sub total</b>   | <b>23.62</b>         | <b>7,935.40</b>  | <b>7.27</b>          | <b>6,952.22</b>  | <b>6,959.49</b>    |
| <b>Total Assets</b>  | <b>51,350.51</b>     | <b>81,905.15</b> | <b>35,959.08</b>     | <b>69,478.35</b> | <b>1,05,437.43</b> |
| <b>LIABILITIES</b>   |                      |                  |                      |                  |                    |
| <b>Financial liabilities</b>   |                      |                  |                      |                  |                    |
| Trade payables   | -                    | -                | -                    | -                | -                  |
| total outstanding dues of micro enterprises and small enterprises                      | -                    | -                | -                    | -                | -                  |
| total outstanding dues of creditors other than micro enterprises and small enterprises | 1.79                 | -                | 5.42                 | -                | 5.42               |
| Debt securities  | 10,139.55            | 17,367.86        | 20,782.54            | 12,481.30        | 33,263.84          |
| Borrowings (Other than Debt Securities)  | 31,074.30            | 9,656.25         | 11,840.14            | 8,125.00         | 19,965.14          |
| Other Financial liabilities  | 865.30               | 203.02           | 405.26               | 319.26           | 724.52             |
| <b>Sub total</b>   | <b>42,080.94</b>     | <b>27,227.13</b> | <b>33,033.36</b>     | <b>20,925.56</b> | <b>53,958.92</b>   |
| <b>Non-Financial liabilities</b>   |                      |                  |                      |                  |                    |
| Current tax liabilities (Net)  | 4,820.35             | -                | 1,694.29             | -                | 1,694.29           |
| Provisions   | 43.38                | 96.98            | 39.61                | 74.58            | 114.19             |
| Other non-financial liabilities  | 4,071.36             | -                | 2,764.67             | -                | 2,764.67           |
| <b>Sub total</b>   | <b>8,935.09</b>      | <b>96.98</b>     | <b>4,498.57</b>      | <b>74.58</b>     | <b>4,573.15</b>    |
| <b>Total Liabilities</b>   | <b>51,016.03</b>     | <b>27,324.11</b> | <b>37,531.93</b>     | <b>21,000.14</b> | <b>58,532.07</b>   |

For the assets and liabilities mentioned above where no contractual maturity is available, the Management has done an assessment to arrive at the probable maturity timeline based on assumptions and estimates.



**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 29 PAYMENT TO AUDITORS**

*(Amount in lakhs)*

| <b>Particulars</b>                | <b>For the year ended<br/>March 31, 2022</b> | <b>For the year ended<br/>March 31, 2021</b> |
|-----------------------------------|--|--|
| <b>Payment to the auditor as:</b> |  |  |
| Audit fees                        | 28.00  | 31.50  |
| Out of pocket expenses            | 0.03   | 0.02   |
| Goods and Service Tax             | 2.43   | 0.90   |
| Less: Input tax credit            | (2.43)                                       | (0.73)                                       |
| <b>Total</b>                      | <b>28.03</b>                                 | <b>31.69</b>                                 |

**NOTE 30 CORPORATE SOCIAL RESPONSIBILITY (CSR)**

*(Amount in lakhs)*

| <b>Particulars</b>                                    | <b>For the year ended<br/>March 31, 2022</b> | <b>For the year ended<br/>March 31, 2021</b> |
|---|--|--|
| Contribution to Kotak Education Foundation            | -  | 25.00  |
| Contribution to Ratna Nidhi Charitable Trust          | -  | 14.00  |
| Contribution to Foundation of Mother and Child Health | 40.00  | 75.00  |
| Cancer Patients Aid Association                       | 68.00  | -  |
| <b>Total</b>  | <b>108.00</b>                                | <b>114.00</b>                                |

*(Amount in lakhs)*

| <b>Particulars</b>   | <b>For the year ended<br/>March 31, 2022</b> | <b>For the year ended<br/>March 31, 2021</b> |
|--|--|--|
| Corporate Social Responsibility expenses for the period  | 108.00                                       | 114.00                                       |
| Various Head of expenses included in above:  |  |  |
| Other expenses (CSR Expenditure)   | 108.00                                       | 114.00                                       |
| Gross amount required to be spent by the company during the year   | 108.00                                       | 114.00                                       |
| Amount spent during the year on:   |  |  |
| (i) Construction/acquisition of any asset  | -  | -  |
| (ii) On purposes other than (i) above  | 108.00                                       | 114.00                                       |
| Details of related party transactions  |  |  |
| <b><u>Provision for CSR Expenses</u></b>   |  |  |
| Opening Balance  | -  | -  |
| Add: Provision created during the year   | -  | -  |
| Less: Provision utilised during the year   | -  | -  |
| <b>Closing Balance</b>   | <b>-</b>                                     | <b>-</b>                                     |
| The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year | -  | -  |
| The total of previous years' shortfall amounts   | -  | -  |
| The reason for above shortfalls by way of a note   | -  | -  |
| The nature of CSR activities undertaken by the Company   | -  | -  |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 31 RELATED PARTY DISCLOSURE**

Related party disclosures, as required by notified Ind AS 24 - 'Related Party Disclosures' are given below:

**A. Names of Related Parties**

| <b>Sr. No.</b> | <b>Particulars</b>                             | <b>Country of Incorporation</b> | <b>Proportion of ownership interest</b> |
|----------------|--|---------------------------------|---|
| <b>(a)</b>     | <b>Trusts over which Company has Control:</b>  |                                 |   |
|                | Phoenix Trust-FY09-2                           | India                           | 99.26%                                  |
|                | Phoenix Trust-FY10-8 - Scheme C                | India                           | 50.00%                                  |
|                | Phoenix Trust-FY11-1 - Scheme K                | India                           | 99.78%                                  |
|                | Phoenix Trust FY 11-6                          | India                           | 50.00%                                  |
|                | Phoenix Trust FY 14-1 - Scheme A               | India                           | 99.72%                                  |
|                | Phoenix Trust FY 14-1 - Scheme B               | India                           | 98.57%                                  |
|                | Phoenix Trust FY 14-12 - Scheme B              | India                           | 99.38%                                  |
|                | Phoenix Trust FY 15-14                         | India                           | 99.70%                                  |
|                | Phoenix Trust FY 15-25 - Series A and Series B | India                           | 75.00%                                  |
|                | Phoenix Trust FY 15-26                         | India                           | 99.89%                                  |
|                | Phoenix Trust FY 16-1 - Scheme C               | India                           | 99.80%                                  |
|                | Phoenix Trust FY 16-1 - Scheme E               | India                           | 99.31%                                  |
|                | Phoenix Trust FY 18-1                          | India                           | 99.96%                                  |
|                | Phoenix Trust FY 18-1 - Scheme C               | India                           | 99.96%                                  |
|                | Phoenix Trust FY 18-1 - Scheme F               | India                           | 99.93%                                  |
|                | Phoenix Trust FY 18-2                          | India                           | 99.86%                                  |
|                | Phoenix Trust FY 18-2 - Scheme C               | India                           | 99.92%                                  |
|                | Phoenix Trust FY 18-4                          | India                           | 99.79%                                  |
|                | Phoenix Trust FY 19-5 Scheme D                 | India                           | 99.95%                                  |
|                | Phoenix Trust FY 19-5 Scheme M                 | India                           | 99.89%                                  |
|                | Phoenix Trust FY 19-7                          | India                           | 51.00%                                  |
|                | Phoenix Trust FY 20-5                          | India                           | 99.73%                                  |
|                | Phoenix Trust FY 20-7                          | India                           | 99.93%                                  |
|                | Phoenix Trust-FY-21-12                         | India                           | 99.97%                                  |
|                | Phoenix Trust-FY-20-13                         | India                           | 100.00%                                 |
|                | Phoenix Trust FY-20-15                         | India                           | 100.00%                                 |
|                | Phoenix Trust-FY21-9                           | India                           | 61.67%                                  |
|                | Phoenix Trust-FY21-11                          | India                           | 61.67%                                  |
|                | Phoenix Trust-FY21-17                          | India                           | 61.67%                                  |
|                | Phoenix Trust-FY22-11                          | India                           | 100.00%                                 |
|                | Phoenix Trust-FY22-6                           | India                           | 99.89%                                  |
|                | Phoenix Trust-FY22-8 - Series A and Series B   | India                           | 66.00%                                  |
|                | Phoenix Trust-FY22-17                          | India                           | 99.95%                                  |
|                | Phoenix Trust-FY22-18                          | India                           | 99.88%                                  |
|                | Phoenix Trust-FY22-21                          | India                           | 99.92%                                  |
|                | Phoenix Trust-FY22-14                          | India                           | 99.99%                                  |
|                | Phoenix Trust-FY22-24                          | India                           | 99.96%                                  |
|                | Phoenix Trust-FY22-19 - Series A and Series B  | India                           | 55.80%                                  |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 31 RELATED PARTY DISCLOSURE (Continued)**

| Sr. No. | Particulars   | Country of Incorporation                           | Proportion of ownership interest |
|---------|---|--|----------------------------------|
| (b)     | <b>Entity having Joint control over the company</b><br>Kotak Mahindra Investments Limited (holding company of KMIL is 'Kotak Mahindra Bank Limited')  | India  |                                  |
| (c)     | <b>Others</b><br>Kotak Mahindra Bank Limited<br>Kotak Securities Limited<br>Kotak Mahindra Capital Company Limited<br>Infina Finance Private Limited<br>Kotak Mahindra General Insurance Company Limited<br>Kotak Mahindra Life Insurance Company Limited   | India<br>India<br>India<br>India<br>India<br>India |                                  |
| (d)     | <b>Key Management Personnel</b><br>Sanjay Tibrewala - CEO<br>Ajay Walimbe - Head Acquisition & Company Secretary (Re-designated as Head Acquisition w.e.f June 16, 2021)<br>Gauri Bhatkal - CFO<br>Kamlesh Rane - Company Secretary (Appointed w.e.f June 16, 2021)<br>Mr Chandan Bhattacharya - Independent director**<br>Mr Keki Elavia - Independent director**<br><br>** Categorized as Key Management Personnel as per definition of IndAS 24, however Directors continue to be Independent Director as defined in section 149 (6) of the Companies Act, 2013. |  |                                  |

**B. Transactions with related parties**

| Nature of transaction              | Year ended March 31 | Entity having joint control over the Company | Trusts over which Company has control | Others | Key Management Personnel | Total     |
|------------------------------------|---------------------|--|---------------------------------------|--------|--------------------------|-----------|
| Term deposits repaid               | 2022                | 84,768.61                                    | -                                     | -      | -                        | 84,768.61 |
|                                    | 2021                | 49,552.29                                    | -                                     | -      | -                        | 49,552.29 |
| Term deposits placed               | 2022                | 86,849.69                                    | -                                     | -      | -                        | 86,849.69 |
|                                    | 2021                | 48,033.31                                    | -                                     | -      | -                        | 48,033.31 |
| Interest received on term deposits | 2022                | 110.09                                       | -                                     | -      | -                        | 110.09    |
|                                    | 2021                | 56.27  | -                                     | -      | -                        | 56.27     |
| Other expenses                     | 2022                | 5.07   | -                                     | -      | -                        | 5.07      |
|                                    | 2021                | 0.25   | -                                     | -      | -                        | 0.25      |
| Remuneration paid                  | 2022                | -  | -                                     | -      | 371.38                   | 371.38    |
|                                    | 2021                | -  | -                                     | -      | 261.10                   | 261.10    |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 31 RELATED PARTY DISCLOSURE (Continued)**

| Nature of transaction                                    | Year ended<br>March 31 | Entity having<br>joint control<br>over the<br>Company | Trusts over<br>which<br>Company<br>has control | Others    | Key<br>Management<br>Personnel | Total     |
|--|------------------------|---|--|-----------|--------------------------------|-----------|
| Directors Sitting Fee                                    | 2022                   | -   | -  | -         | 14.40                          | 14.40     |
|  | 2021                   | -   | -  | -         | 10.80                          | 10.80     |
| Directors Commission                                     | 2022                   | -   | -  | -         | 4.00                           | 4.00      |
|  | 2021                   | -   | -  | -         | 4.00                           | 4.00      |
| Sale of Fixed Assets                                     | 2022                   | -   | -  | -         | -                              | -         |
|  | 2021                   | -   | -  | -         | 2.65                           | 2.65      |
| Fees income  | 2022                   | -   | 404.48   | -         | -                              | 404.48    |
|  | 2021                   | -   | 193.24   | -         | -                              | 193.24    |
| Profit from SR holder                                    | 2022                   | -   | 4,158.68                                       | -         | -                              | 4,158.68  |
|  | 2021                   | -   | 3,074.82                                       | -         | -                              | 3,074.82  |
| Interest expense   | 2022                   | -   | -  | 1,249.88  | -                              | 1,249.88  |
|  | 2021                   | -   | -  | 799.30    | -                              | 799.30    |
| Loan repaid  | 2022                   | -   | -  | 5,468.75  | -                              | 5,468.75  |
|  | 2021                   | -   | -  | 10,000.00 | -                              | 10,000.00 |
| Loan taken   | 2022                   | -   | -  | 26,000.00 | -                              | 26,000.00 |
|  | 2021                   | -   | -  | 2,500.00  | -                              | 2,500.00  |
| Investment in SRs  | 2022                   | -   | 31,708.00                                      | -         | -                              | 31,708.00 |
|  | 2021                   | -   | 3,921.20                                       | -         | -                              | 3,921.20  |
| Redemption of SRs  | 2022                   | -   | 13,653.00                                      | -         | -                              | 13,653.00 |
|  | 2021                   | -   | 6,932.65                                       | -         | -                              | 6,932.65  |
| <b>Balance Outstanding</b>                               |                        |   |  |           |                                |           |
| Term deposits placed                                     | 2022                   | 5,353.83  | -  | -         | -                              | 5,353.83  |
|  | 2021                   | 3,272.52  | -  | -         | -                              | 3,272.52  |
| Bank balance in current<br>account                       | 2022                   | (2.55)  | -  | -         | -                              | (2.55)    |
|  | 2021                   | 196.14  | -  | -         | -                              | 196.14    |
| Security receipts  | 2022                   | -   | 30,858.92                                      | -         | -                              | 30,858.92 |
|  | 2021                   | -   | 12,839.96                                      | -         | -                              | 12,839.96 |
| Advances recoverable                                     | 2022                   | -   | 509.93   | -         | -                              | 509.93    |
|  | 2021                   | -   | 465.70   | -         | -                              | 465.70    |
| Trade receivable   | 2022                   | -   | 65.54  | -         | -                              | 65.54     |
|  | 2021                   | -   | 51.76  | -         | -                              | 51.76     |
| Loan Outstanding<br>(including outstanding<br>interest)* | 2022                   | -   | -  | 28,226.98 | -                              | 28,226.98 |
|  | 2021                   | -   | -  | 7,689.89  | -                              | 7,689.89  |

\* Loan outstanding comprises of listed non-convertible debentures initially issued to party other than the related party amounting to Rs. Nil and the same is not forming part of the loans taken. (Previous year: Rs. 5,000 lakhs)

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 31 RELATED PARTY DISCLOSURE (Continued)**

**C. Compensation of key management personnel**

(Amount in lakhs)

| Particulars                  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|------------------------------|-------------------------|-------------------------|
| Short term employee benefits | 371.38                  | 261.10                  |
| Post employment benefits*    | -                       | -                       |
| Termination benefits         | -                       | -                       |
| <b>Total</b>                 | <b>371.38</b>           | <b>261.10</b>           |

\*Post employment benefits are actuarially determined on overall basis and hence not separately provided.

**NOTE 32 LEASE DISCLOSURES**

**As Lessee:**

The Company has taken office under cancellable operating lease or leave and license agreement. The tenor of the lease is 5 years and cancellable under leave and license agreement and are renewable by mutual consent on mutually agreeable terms. Information for leases where Company is lessee is presented below:

**Right to use asset**

(Amount in lakhs)

| Particulars                      | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|----------------------------------|-------------------------|-------------------------|
| Opening balance                  | 352.61                  | 67.42                   |
| Additions during the year        | -                       | 358.70                  |
| Depreciation charge for the year | (71.70)                 | (73.51)                 |
| Contingent rent expense          | -                       | -                       |
| <b>Closing balance</b>           | <b>280.91</b>           | <b>352.61</b>           |

**C) Maturity analysis of lease liabilities**

(Amount in lakhs)

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Less than 6 months   | 43.56                   | 43.56                   |
| 6-12 months  | 43.56                   | 43.56                   |
| 1-2 years  | 87.12                   | 87.12                   |
| 2-5 years  | 166.98                  | 254.10                  |
| <b>Total undiscounted lease liabilities</b>                              | <b>341.22</b>           | <b>428.34</b>           |
| <b>Lease liabilities included in the statement of financial position</b> | <b>286.31</b>           | <b>344.19</b>           |
| Current  | 83.29                   | 83.29                   |
| Non Current  | 203.02                  | 260.90                  |

**Amounts recognised in Profit and loss**

(Amount in lakhs)

| Particulars                      | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|----------------------------------|-------------------------|-------------------------|
| Interest on lease liabilities    | 29.24                   | 6.39                    |
| Depreciation charge for the year | 71.70                   | 73.51                   |
| <b>Total</b>                     | <b>100.94</b>           | <b>79.90</b>            |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 32 LEASE DISCLOSURES (Continued)**

(Amount in lakhs)

| Particulars                   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-------------------------------|-------------------------|-------------------------|
| Total cash outflow for leases | 87.12                   | 89.55                   |

**NOTE 33 EMPLOYEE BENEFITS**

**A. The Company contributes to the following post-employment defined benefit plans in India.**

**(i) Defined Contribution Plans:**

The Company makes Provident Fund contributions to Recognized Provident Fund for employees. The Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 47.79 lakhs (Year ended March 31, 2021 Rs 39.50 lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the Fund are at rates specified in the Rules of the Scheme.

**(ii) Defined Benefit Plan:**

Gratuity :- The Company accounts for the liability for future gratuity benefits based on an actuarial valuation. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date :

(Amount in lakhs)

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Present value of defined benefit obligations (A)                     | 104.41                  | 85.33                   |
| Fair value of plan assets (B)  | -                       | -                       |
| <b>Net (asset) / liability recognised in the balance sheet (A-B)</b> | <b>104.41</b>           | <b>85.33</b>            |

**B. Movement in net defined benefit (asset) / liability**

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components.

(Amount in lakhs)

| Particulars                         | Defined benefit obligation |                            | Fair value of plan assets  |                            | Net defined benefit (asset) / liability |                            |
|-------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|---|----------------------------|
|                                     | As at<br>March 31,<br>2022 | As at<br>March 31,<br>2021 | As at<br>March 31,<br>2022 | As at<br>March 31,<br>2021 | As at<br>March 31,<br>2022              | As at<br>March 31,<br>2021 |
| <b>Opening balance</b>              | 85.33                      | 75.92                      | -                          | -                          | 85.33                                   | 75.92                      |
| Included in profit or loss          |                            | -                          |                            |                            |   | -                          |
| Current service cost                | 8.93                       | 7.87                       | -                          | -                          | 8.93                                    | 7.87                       |
| Past service cost                   |                            | -                          | -                          | -                          | -                                       | -                          |
| Interest cost (income)              | 4.36                       | 4.38                       | -                          | -                          | 4.36                                    | 4.38                       |
|                                     | <b>98.62</b>               | <b>88.17</b>               | -                          | -                          | <b>98.62</b>                            | <b>88.17</b>               |
| <b>Included in OCI</b>              |                            |                            |                            |                            |   |                            |
| <u>Remeasurement loss (gain):</u>   |                            |                            |                            |                            |   |                            |
| Actuarial loss (gain) arising from: |                            |                            |                            |                            |   |                            |
| Demographic assumptions             | -                          | -                          | -                          | -                          | -                                       | -                          |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 33 EMPLOYEE BENEFITS (Continued)**

(Amount in lakhs)

| Particulars  | Defined benefit obligation |                      | Fair value of plan assets |                      | Net defined benefit (asset) / liability |                      |
|--|----------------------------|----------------------|---------------------------|----------------------|---|----------------------|
|  | As at March 31, 2022       | As at March 31, 2021 | As at March 31, 2022      | As at March 31, 2021 | As at March 31, 2022                    | As at March 31, 2021 |
| Financial assumptions  | (0.45)                     | 0.94                 | -                         | -                    | (0.45)                                  | 0.94                 |
| Experience adjustment  | 6.95                       | 6.22                 | -                         | -                    | 6.95                                    | 6.22                 |
| Return on plan assets excluding interest income                | -                          | -                    | -                         | -                    | -                                       | -                    |
|  | <b>6.50</b>                | <b>7.16</b>          | -                         | -                    | <b>6.50</b>                             | <b>7.16</b>          |
| <b>Other</b>   |                            |                      |                           |                      |   |                      |
| Contributions paid by the employer                             | -                          | -                    | -                         | -                    | -                                       | -                    |
| Benefits paid  | (0.71)                     | (10.00)              | -                         | -                    | <b>(0.71)</b>                           | (10.00)              |
| Liabilities (settled on divestiture) / assumed on acquisitions | -                          | -                    | -                         | -                    | -                                       | -                    |
| <b>Closing balance</b>   | <b>104.41</b>              | <b>85.33</b>         | -                         | -                    | <b>104.41</b>                           | <b>85.33</b>         |
| <b>Represented by</b>  |                            |                      |                           |                      |   |                      |
| Net defined benefit asset                                      |                            |                      |                           |                      | -                                       | -                    |
| Net defined benefit liability                                  |                            |                      |                           |                      | 104.41                                  | 85.33                |
|  |                            |                      |                           |                      | <b>104.41</b>                           | <b>85.33</b>         |

**C. Defined benefit obligations**

**i. Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages)

| Particulars            | As at March 31, 2022                | As at March 31, 2021 |
|------------------------|-------------------------------------|----------------------|
| Discount rate          | 6.70%                               | 6.20%                |
| Salary escalation rate | 12% until year 1 inclusive, then 7% | 7.00%                |

Assumptions regarding future mortality have been based on published statistics and mortality tables.

**ii. Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| Particulars                   | As at March 31, 2022 |          | As at March 31, 2021 |          |
|-------------------------------|----------------------|----------|----------------------|----------|
|                               | Increase             | Decrease | Increase             | Decrease |
| Discount rate (50 bps)        | -2.64%               | 2.80%    | -2.71%               | 2.87%    |
| Future salary growth (50 bps) | 1.69%                | -1.63%   | 1.64%                | -1.61%   |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.



**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT**

**A. Accounting classification**

Carrying amounts of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below

*(Amount in lakhs)*

| Particulars                             | As at<br>March 31, 2022 |          |                    | As at<br>March 31, 2021 |          |                  |
|---|-------------------------|----------|--------------------|-------------------------|----------|------------------|
|   | Amotised<br>Cost        | FVTOCI   | FVTPL              | Amotised<br>Cost        | FVTOCI   | FVTPL            |
| <b>Financial assets</b>                 |                         |          |                    |                         |          |                  |
| Cash and cash equivalents               | 6,041.28                | -        | -                  | 9,538.53                | -        | -                |
| Trade receivables                       | 1,438.72                | -        | -                  | 1,134.93                | -        | -                |
| Loans                                   | 1,651.95                | -        | -                  | 4,816.84                | -        | -                |
| Investments                             | -                       | -        | 1,15,863.09        | -                       | -        | 82,694.96        |
| Other financial assets                  | 301.60                  | -        | -                  | 292.68                  | -        | -                |
| <b>Total</b>                            | <b>9,433.55</b>         | <b>-</b> | <b>1,15,863.09</b> | <b>15,782.98</b>        | <b>-</b> | <b>82,694.96</b> |
| <b>Financial liabilities</b>            |                         |          |                    |                         |          |                  |
| Trade payables                          | 1.79                    | -        | -                  | 5.42                    | -        | -                |
| Debt securities                         | 27,507.41               | -        | -                  | 33,263.84               | -        | -                |
| Borrowings (Other than debt securities) | 40,730.55               | -        | -                  | 19,965.14               | -        | -                |
| Other financial liabilities             | 1,068.32                | -        | -                  | 724.52                  | -        | -                |
| <b>Total</b>                            | <b>69,308.07</b>        | <b>-</b> | <b>-</b>           | <b>53,958.92</b>        | <b>-</b> | <b>-</b>         |

**B. Fair Value**

Fair values of financial assets and financial liabilities measured as fair value, including their levels in the fair value hierarchy, are presented below.

*(Amount in lakhs)*

| Particulars             | Fair value           |          |                    |                    |                      |          |                  |                  |
|-------------------------|----------------------|----------|--------------------|--------------------|----------------------|----------|------------------|------------------|
|                         | As at March 31, 2022 |          |                    |                    | As at March 31, 2021 |          |                  |                  |
|                         | Level 1              | Level 2  | Level 3            | Total              | Level 1              | Level 2  | Level 3          | Total            |
| <b>Financial assets</b> |                      |          |                    |                    |                      |          |                  |                  |
| Investments             | 229.34               | -        | 1,15,633.75        | 1,15,863.09        | -                    | -        | 82,694.96        | 82,694.96        |
| <b>Total</b>            | <b>229.34</b>        | <b>-</b> | <b>1,15,633.75</b> | <b>1,15,863.09</b> | <b>-</b>             | <b>-</b> | <b>82,694.96</b> | <b>82,694.96</b> |

Fair values of financial assets and financial liabilities not measured as fair value, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

(Amount in lakhs)

| Particulars                             | As at March 31, 2022 |            |         |                  |                  | As at March 31, 2021 |            |         |                  |                  |
|---|----------------------|------------|---------|------------------|------------------|----------------------|------------|---------|------------------|------------------|
|   | Carrying Value       | Fair Value |         |                  |                  | Carrying Value       | Fair Value |         |                  |                  |
|   |                      | Level 1    | Level 2 | Level 3          | Total            |                      | Level 1    | Level 2 | Level 3          | Total            |
| <b>Financial assets</b>                 |                      |            |         |                  |                  |                      |            |         |                  |                  |
| Cash and cash equivalents               | 6,041.28             | -          | -       | 6,041.28         | 6,041.28         | 9,538.53             | -          | -       | 9,538.53         | 9,538.53         |
| Trade receivables                       | 1,438.72             | -          | -       | 1,438.72         | 1,438.72         | 1,134.93             | -          | -       | 1,134.93         | 1,134.93         |
| Loans                                   | 1,651.95             | -          | -       | 1,726.03         | 1,726.03         | 4,816.84             | -          | -       | 4,688.68         | 4,688.68         |
| Other financial assets                  | 301.60               | -          | -       | 297.15           | 297.15           | 292.68               | -          | -       | 292.52           | 292.52           |
| <b>Total</b>                            | <b>9,433.55</b>      | -          | -       | <b>9,503.18</b>  | <b>9,503.18</b>  | <b>15,782.98</b>     | -          | -       | <b>15,654.66</b> | <b>15,654.66</b> |
| <b>Financial liabilities</b>            |                      |            |         |                  |                  |                      |            |         |                  |                  |
| Trade payables                          | 1.79                 | -          | -       | 1.79             | 1.79             | 5.42                 | -          | -       | 5.42             | 5.42             |
| Debt securities                         | 27,507.41            | -          | -       | 27,946.99        | 27,946.99        | 33,263.84            | -          | -       | 34,191.41        | 34,191.41        |
| Borrowings (Other than debt securities) | 40,730.55            | -          | -       | 41,001.15        | 41,001.15        | 19,965.14            | -          | -       | 19,965.14        | 19,965.14        |
| Other financial liabilities             | 1,068.32             | -          | -       | 1,072.66         | 1,072.66         | 724.52               | -          | -       | 340.65           | 340.65           |
| <b>Total</b>                            | <b>69,308.07</b>     | -          | -       | <b>70,022.59</b> | <b>70,022.59</b> | <b>53,958.92</b>     | -          | -       | <b>54,502.62</b> | <b>54,502.62</b> |

**C. Measurement of fair values**

The fair value of financial instruments have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The categories used are as follows:

**Level 1 :** Level 1 hierarchy includes financial instruments measured using unadjusted quoted prices in active markets that the Company has the ability to access for the identical assets or liabilities. A financial instrument is classified as a Level 1 measurement if it is listed on an exchange.

**Level 2 :** The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

**Level 3 :** If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

**Financial instruments valued at carrying value**

The respective carrying values of certain on-balance sheet financial instruments approximated their fair value. These financial instruments include cash in hand and bank balances, trade receivables, recoverable from trusts, trade payables, overdraft facility payable on demand certain other assets and liabilities that are considered financial instruments. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

**PHOENIX ARC PRIVATE LIMITED  
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

**Valuation techniques used to determine fair value:**

**Investment in Security Receipts(SR)**

Rating for SRs are obtained from registered rating agencies. SR rating methodology is based on evaluating the collection prospects of the assets in the trust and the associated expected timeliness for recovery. The expected collections are derived by applying haircuts to the third party / market valuations based on the property type and property location. The expected recoveries are then discounted at various yields to arrive at the present value of the recoveries. This amount is then expressed as a percentage of the SR outstanding value to arrive at the collection potential %.

**Fair value of financial instruments carried at amortised cost**

**Loans**

The fair values of loans that do not reprice or mature frequently are estimated using discounted cash flow models. The discount rates are based on internal models and consequently for the purposes of level disclosures categorized under Level 3. The Level 3 loans would decrease (increase) in value based upon an increase (decrease) in discount rate. For purposes of these fair value estimates, the fair values of impaired loans were computed by discounting expected cashflows using appropriate yield.

**Security deposits and other receivables**

For Security deposits with defined maturities and other receivables , the fair values are estimated using discounted cash flow models that apply market interest rates corresponding to similar deposits and timing of maturities.

**Borrowings**

The fair values of the Company's borrowings and other debt securities are calculated based on a discounted cash flow model. The discount rates were based on yield curves appropriate for the remaining maturities of the instruments.

**D. Level 3 fair values measurement**

- i. **The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.**

| Particulars                      | As at April 1, 2021 | Total gains/ (losses) recorded in profit or loss | Purchases | Sales/ Settlements | Transfers in/(out) | As at March 31, 2022 |
|----------------------------------|---------------------|--|-----------|--------------------|--------------------|----------------------|
| Investments in Security Receipts | 82,694.96           | (2,602.24)                                       | 79,729.99 | (44,188.96)        | -                  | 1,15,633.75          |

| Particulars                      | As at April 1, 2020 | Total gains/ (losses) recorded in profit or loss | Purchases | Sales/ Settlements | Transfers in/(out) | As at March 31, 2021 |
|----------------------------------|---------------------|--|-----------|--------------------|--------------------|----------------------|
| Investments in Security Receipts | 90,143.40           | (3,348.55)                                       | 24,683.33 | (28,783.22)        | -                  | 82,694.96            |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

**ii. Unabsorbable inputs used in measuring fair value**

| Type of financial instrument     | Valuation technique | Significant unabsorbable input             | Range of estimates         | Fair value measurement sensitivity to unabsorbable inputs                         |
|----------------------------------|---------------------|--|----------------------------|---|
| Investments in Security Receipts | Discounted cashflow | Net expected cashflows derived from trusts | Varies from trust to trust | Significant increase in net expected cash flows would result in higher fair value |

**iii. Sensitivity analysis of Level 3 financial instruments measured at fair value on a recurring basis**

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects.

| Particulars                      | As at March 31, 2022             |                                  | As at March 31, 2021             |                                  |
|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|                                  | 100 bp increase in net cash flow | 100 bp decrease in net cash flow | 100 bp increase in net cash flow | 100 bp decrease in net cash flow |
| Investments in Security Receipts | 1,156.34                         | (1,156.34)                       | 826.95                           | (826.95)                         |

**E. Financial risk management**

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

**i. Risk management framework**

Management believes that an effective Risk Management Process is the key to sustained operations thereby protecting value for all stakeholders, identifying and mitigating and continuously monitoring risks to business, achieving business objectives, improving governance processes and preparing for unplanned circumstances. Management ensures effective Risk Management by implementing following steps:

1. Adheres to procedures described in various policies approved by the Board from time to time by implementing adequate financial controls.
2. Communicates various policies to the stakeholders through suitable training and communication and periodical review of its relevance in changing business atmosphere.
3. Identifies risks and promotes proactive approach for treating such risks.
4. Allocates adequate and timely resources to mitigate, manage and minimize the risks and their adverse impact on outcomes.
5. Strives towards strengthening the Risk Management System through continuous learning and improvement.
6. Complies with all relevant laws and regulations across the areas of operations of the Company.

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

7. Optimises risk situations to manage adverse exposure on deliverables and bring them in line with acceptable risk appetite of the Company in consonance with business objectives.
8. Engages Internal Auditors to periodically review various aspects of the internal control systems. The reports of the internal auditors are reviewed by the Audit Committee.
9. The Company has implemented adequate internal financial controls in consultation with third party consultants
10. The Company has Board approved ALM Policy.

**ii. Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances.

The carrying amounts of following financial assets represent the maximum credit risk exposure:-

*(Amount in lakhs)*

| Particulars                    | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--------------------------------|-------------------------|-------------------------|
| Trade receivables              | 4,721.69                | 4,532.35                |
| Loans to borrowers             | 5,587.72                | 7,021.07                |
| Advance receivable from trusts | 2,637.34                | 2,235.46                |
| Bank balances                  | 6,042.41                | 9,540.38                |
| Other financial assets         | 37.70                   | 35.26                   |
| <b>Total</b>                   | <b>19,026.86</b>        | <b>23,364.52</b>        |

**a. Credit quality analysis**

The following table sets out the information about the credit quality of financial assets measured at amortised cost:

*(Amount in lakhs)*

| Particulars               | As at March 31, 2022  |                        |                        |                                  | Total      |
|---------------------------|-----------------------|------------------------|------------------------|----------------------------------|------------|
|                           | Past due<br>1–30 days | Past due<br>31–60 days | Past due<br>61–90 days | Past due<br>more than<br>90 days |            |
| <b>Trade receivables</b>  |                       |                        |                        |                                  |            |
| Gross carrying amount     | 715.09                | -                      | 128.65                 | 3,877.95                         | 4,721.69   |
| Impairment loss allowance | (126.35)              | -                      | (38.07)                | (3,118.55)                       | (3,282.97) |
| Carrying amount           | 588.74                | -                      | 90.58                  | 759.40                           | 1,438.72   |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

(Amount in lakhs)

| Particulars               | As at March 31, 2022 |                                  |                              |                           |            |
|---------------------------|----------------------|----------------------------------|------------------------------|---------------------------|------------|
|                           | 12-month ECL         | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Purchased credit impaired | Total      |
| <b>Loans to borrowers</b> |                      |                                  |                              |                           |            |
| Current                   | 1,679.82             | -                                | -                            | -                         | 1,679.82   |
| Past due 1–30 days        | -                    | -                                | -                            | -                         | -          |
| Past due 31–60 days       | -                    | -                                | -                            | -                         | -          |
| Past due 61–90 days       | -                    | -                                | -                            | -                         | -          |
| Past due 90 days          | -                    | -                                | 3,907.91                     | -                         | 3,907.9    |
| Others                    | -                    | -                                | -                            | -                         | -          |
|                           | 1,679.82             | -                                | 3,907.90                     | -                         | 5,587.72   |
| Impairment loss allowance | (27.87)              | -                                | (3,907.90)                   | -                         | (3,935.77) |
| Carrying amount           | 1,651.95             | -                                | -                            | -                         | 1,651.95   |

(Amount in lakhs)

| Particulars                          | As at March 31, 2022 |                                  |                              |                           |            |
|--------------------------------------|----------------------|----------------------------------|------------------------------|---------------------------|------------|
|                                      | 12-month ECL         | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Purchased credit impaired | Total      |
| <b>Advance receivable from trust</b> |                      |                                  |                              |                           |            |
| Past due 1–30 days                   | 34.73                | -                                | -                            | -                         | 34.73      |
| Past due 31–60 days                  | -                    | 49.26                            | -                            | -                         | 49.26      |
| Past due 61–90 days                  | -                    | 1.44                             | -                            | -                         | 1.44       |
| Past due 90 days                     | -                    | -                                | 2,551.91                     | -                         | 2,551.91   |
|                                      | 34.73                | 50.70                            | 2,551.91                     | -                         | 2,637.34   |
| Impairment loss allowance            | (10.49)              | (18.18)                          | (2,344.15)                   | -                         | (2,372.82) |
| Carrying amount                      | 24.24                | 32.52                            | 207.76                       | -                         | 264.52     |

(Amount in lakhs)

| Particulars                   | As at March 31, 2022 |                                  |                              |                           |          |
|-------------------------------|----------------------|----------------------------------|------------------------------|---------------------------|----------|
|                               | 12-month ECL         | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Purchased credit impaired | Total    |
| <b>Other financial assets</b> |                      |                                  |                              |                           |          |
| Current                       | 6,080.11             | -                                | -                            | -                         | 6,080.11 |
|                               | 6,080.11             | -                                | -                            | -                         | 6,080.11 |
| Impairment loss allowance     | (1.80)               | -                                | -                            | -                         | (1.80)   |
| Carrying amount               | 6,078.31             | -                                | -                            | -                         | 6,078.31 |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

(Amount in lakhs)

| Particulars               | As at March 31, 2021 |                     |                     |                            |            |
|---------------------------|----------------------|---------------------|---------------------|----------------------------|------------|
|                           | Past due 1–30 days   | Past due 31–60 days | Past due 61–90 days | Past due more than 90 days | Total      |
| <b>Trade receivables</b>  |                      |                     |                     |                            |            |
| Gross carrying amount     | 281.39               | -                   | 116.25              | 4,134.71                   | 4,532.35   |
| Impairment loss allowance | (71.96)              | -                   | (43.42)             | (3,282.04)                 | (3,397.42) |
| Carrying amount           | 209.43               | -                   | 72.83               | 852.67                     | 1,134.93   |

(Amount in lakhs)

| Particulars               | As at March 31, 2021 |                                  |                              |                           |            |
|---------------------------|----------------------|----------------------------------|------------------------------|---------------------------|------------|
|                           | 12-month ECL         | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Purchased credit impaired | Total      |
| <b>Loans to borrowers</b> |                      |                                  |                              |                           |            |
| Current                   | 1,104.11             | -                                | -                            | -                         | 1,104.11   |
| Past due 1–30 days        | -                    | -                                | -                            | -                         | -          |
| Past due 31–60 days       | -                    | -                                | -                            | -                         | -          |
| Past due 61–90 days       | -                    | -                                | -                            | -                         | -          |
| Past due 90 days          | -                    | -                                | 5,916.96                     | -                         | 5,916.96   |
| Others                    | -                    | -                                | -                            | -                         | -          |
|                           | 1,104.11             | -                                | 5,916.96                     | -                         | 7,021.07   |
| Impairment loss allowance | (12.42)              | -                                | (2,191.82)                   | -                         | (2,204.23) |
| Carrying amount           | 1,091.69             | -                                | 3,725.14                     | -                         | 4,816.84   |

(Amount in lakhs)

| Particulars                          | As at March 31, 2021 |                                  |                              |                           |            |
|--------------------------------------|----------------------|----------------------------------|------------------------------|---------------------------|------------|
|                                      | 12-month ECL         | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Purchased credit impaired | Total      |
| <b>Advance receivable from trust</b> |                      |                                  |                              |                           |            |
| Past due 1–30 days                   | 20.82                | -                                | -                            | -                         | 20.82      |
| Past due 31–60 days                  | -                    | 2.88                             | -                            | -                         | 2.88       |
| Past due 61–90 days                  | -                    | 0.38                             | -                            | -                         | 0.38       |
| Past due 90 days                     | -                    | -                                | 2,211.38                     | -                         | 2,211.38   |
|                                      | 20.82                | 3.26                             | 2,211.38                     | -                         | 2,235.46   |
| Impairment loss allowance            | (8.74)               | (1.60)                           | (1,967.30)                   | -                         | (1,977.64) |
| Carrying amount                      | 12.08                | 1.66                             | 244.08                       | -                         | 257.82     |



**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

(Amount in lakhs)

| Particulars                   | As at March 31, 2021 |                                  |                              |                           | Total    |
|-------------------------------|----------------------|----------------------------------|------------------------------|---------------------------|----------|
|                               | 12-month ECL         | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Purchased credit impaired |          |
| <b>Other financial assets</b> |                      |                                  |                              |                           |          |
| Current                       | 9,575.64             | -                                | -                            | -                         | 9,575.64 |
| Past due 1–30 days            | -                    | -                                | -                            | -                         | -        |
| Past due 31–60 days           | -                    | -                                | -                            | -                         | -        |
| Past due 61–90 days           | -                    | -                                | -                            | -                         | -        |
| Past due 90 days              | -                    | -                                | -                            | -                         | -        |
|                               | 9,575.64             | -                                | -                            | -                         | 9,575.64 |
| Impairment loss allowance     | (2.26)               | -                                | -                            | -                         | (2.26)   |
| Carrying amount               | 9,573.38             | -                                | -                            | -                         | 9,573.38 |

**b. Collaterals held and concentrations of credit risk**

**Collaterals held**

The company holds collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

| Instrument type    | Percentage of exposure that is subject to collateral requirements |                      | Principal type of collateral held |
|--------------------|---|----------------------|-----------------------------------|
|                    | As at March 31, 2022  | As at March 31, 2021 |                                   |
| Loans to borrowers | 100%  | 100%                 | Immovable property                |

**Quantitative information of Collateral**

(Amount in lakhs)

| Loan to Value (LTV) range | As at March 31, 2022 | As at March 31, 2021 |
|---------------------------|----------------------|----------------------|
| Less than 50%             | 5,587.72             | 7,021.07             |

**Concentration of credit risk**

**c. Amounts arising from ECL**

**i. Inputs, assumptions and techniques used for estimating impairment**

Inputs considered in the ECL model:

The Company applies various approaches to determine if there has been a significant increase in credit risk. In determining whether credit risk has increased significantly since initial recognition, The Company uses days past due information and forecast information to assess deterioration in credit quality of a financial asset.

The company categorises Financial assets into stages based on the days past due status.

- Stage 1: 0-30 days past due
- Stage 2: 31- 90 days past due
- Stage 3: More than 90 days past due

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

The Company has used simplified approach to provide expected credit loss on trade receivables as prescribed by Ind AS 109 which permits use of lifetime expected credit loss provision for all trade receivables. The Company has historic credit loss data to compute ECL.

**Assumption considered in the ECL model:**

- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs.
- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12 month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD.
- "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 Company.

**Forward looking information:**

The Company incorporates forward looking information into both assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of a variety of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables such as Gross Domestic Product, change in Gross Fixed Investments. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

**Assessment of significant increase in credit risk:**

The credit risk on a financial asset of the Company 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 30 days past due.

**Definition of default**

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which the company operates and other micro-economic factors. Accordingly the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due.

**Policy for write-off of loan assets**

All loans which are not recoverable in the opinion of management are written off.

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

**ii. Impairment loss allowance**

The following table shows reconciliations from the opening to the closing balance of the loss allowances and write offs:

(Amount in lakhs)

| Particulars  | Past due<br>1–30 days | Past due<br>31–60 days | Past due<br>61–90 days | Past due<br>more than<br>90 days |
|--|-----------------------|------------------------|------------------------|----------------------------------|
| <b>Trade receivables</b>                                       |                       |                        |                        |                                  |
| <b>Balance as at March 31, 2020</b>                            | <b>43.45</b>          | <b>11.68</b>           | <b>12.94</b>           | <b>1,822.32</b>                  |
| Net remeasurement of loss allowance                            | (24.23)               | (43.42)                | (123.00)               | 1,510.13                         |
| New financial assets originated during the year                | 58.87                 | 43.42                  | 153.83                 | -                                |
| Financial assets that have been derecognised during the period | (6.13)                | (11.68)                | (0.35)                 | (7.56)                           |
| Written off during the year                                    | -                     | -                      | -                      | (42.85)                          |
| <b>Balance as at March 31, 2021</b>                            | <b>71.96</b>          | <b>-</b>               | <b>43.42</b>           | <b>3,282.04</b>                  |
| Net remeasurement of loss allowance                            | (43.03)               | -                      | (8.80)                 | 453.06                           |
| New financial assets originated during the year                | 102.58                | -                      | 6.52                   | 250.66                           |
| Financial assets that have been derecognised during the period | (5.16)                | -                      | (3.07)                 | (867.21)                         |
| Written off during the year                                    | -                     | -                      | -                      | -                                |
| <b>Balance as at March 31, 2022</b>                            | <b>126.35</b>         | <b>-</b>               | <b>38.07</b>           | <b>3,118.55</b>                  |

(Amount in lakhs)

| Particulars  | 12-month<br>ECL | Lifetime<br>ECL not<br>credit-<br>impaired | Lifetime<br>ECL credit-<br>impaired |
|--|-----------------|--|-------------------------------------|
| <b>Term loans</b>  |                 |  |                                     |
| <b>Balance as at March 31, 2020</b>                            | <b>147.06</b>   | <b>-</b>                                   | <b>1,391.85</b>                     |
| New financial assets originated during the year                | 12.42           | -  | -                                   |
| Transfers from Stage 1   | (147.06)        | -  | 147.06                              |
| Transfers from Stage 2   | -               | -  | -                                   |
| Transfers from Stage 3   | -               | -  | -                                   |
| Net remeasurement of loss allowance                            | -               | -  | 652.90                              |
| Financial assets that have been derecognised during the period | -               | -  | -                                   |
| <b>Balance as at March 31, 2021</b>                            | <b>12.42</b>    | <b>0.00</b>                                | <b>2,191.81</b>                     |
| New financial assets originated during the year                | 0.10            | -  | -                                   |
| Transfers from Stage 1   | -               | -  | -                                   |
| Transfers from Stage 2   | -               | -  | -                                   |
| Transfers from Stage 3   | 93.43           | -  | (93.43)                             |
| Net remeasurement of loss allowance                            | (65.66)         | -  | 1,809.52                            |
| Financial assets that have been derecognised during the period | (12.42)         | -  | -                                   |
| <b>Balance as at March 31, 2022</b>                            | <b>27.87</b>    | <b>-</b>                                   | <b>3,907.90</b>                     |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)**

(Amount in lakhs)

| Particulars  | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired |
|--|--------------|----------------------------------|------------------------------|
| <b>Advance receivable from trust</b>                           |              |                                  |                              |
| <b>Balance as at March 31, 2020</b>                            | <b>18.70</b> | <b>31.76</b>                     | <b>1,410.41</b>              |
| New financial assets originated during the year                | 2.90         | 0.68                             | 117.87                       |
| Transfers from Stage 1   | (0.12)       | -                                | 0.12                         |
| Transfers from Stage 2   | 10.15        | (29.88)                          | 19.74                        |
| Transfers from Stage 3   | 48.67        | -                                | (48.67)                      |
| Net remeasurement of loss allowance                            | (53.58)      | 0.09                             | 623.50                       |
| Financial assets that have been derecognised during the period | (17.98)      | (1.05)                           | (154.55)                     |
| Written off during the year                                    | -            | -                                | (1.12)                       |
| <b>Balance as at March 31, 2021</b>                            | <b>8.74</b>  | <b>1.60</b>                      | <b>1,967.30</b>              |
| New financial assets originated during the year                | 1.63         | 7.09                             | 85.46                        |
| Transfers from Stage 1   | (0.68)       | 0.67                             | -                            |
| Transfers from Stage 2   | 0.21         | (1.61)                           | 1.40                         |
| Transfers from Stage 3   | 50.37        | 1.08                             | (51.45)                      |
| Net remeasurement of loss allowance                            | (46.82)      | 9.35                             | 452.41                       |
| Financial assets that have been derecognised during the period | (2.96)       | -                                | (107.48)                     |
| Written off during the year                                    | -            | -                                | (3.49)                       |
| <b>Balance as at March 31, 2022</b>                            | <b>10.49</b> | <b>18.18</b>                     | <b>2,344.15</b>              |

(Amount in lakhs)

| Particulars                         | Bank Balances | Other financial assets |
|-------------------------------------|---------------|------------------------|
| <b>Balance as at March 31, 2020</b> | <b>1.42</b>   | <b>1.23</b>            |
| Net remeasurement of loss allowance | 0.44          | (0.83)                 |
| <b>Balance as at March 31, 2021</b> | <b>1.86</b>   | <b>0.40</b>            |
| Net remeasurement of loss allowance | (0.68)        | 0.22                   |
| <b>Balance as at March 31, 2022</b> | <b>1.18</b>   | <b>0.62</b>            |

**iii. Liquidity Risk**

Measuring and managing liquidity needs are vital for effective operation of the Company. By ensuring the Company's ability to meet its liabilities as they become due, liquidity management can reduce the probability of an adverse situation developing. Keeping in view management of liquidity, the Board has fixed an overall borrowing limit for the Company and allowed the management to borrow within the overall limit.

The Company's principal sources of liquidity are cash and cash equivalents, the cash flow that is generated from operations and the unutilised bank lines. The Company believes that the working capital is sufficient to meet its current requirements.

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

**Maturity profile of financial liabilities**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments.

(Amount in lakhs)

| Particulars                                 | Carrying amount | Total     | On Demand | Less than 6 months | 6-12 months | 1-2 years | 2-5 years |
|---|-----------------|-----------|-----------|--------------------|-------------|-----------|-----------|
| <b>As at March 31, 2022</b>                 |                 |           |           |                    |             |           |           |
| <b>Non-derivative financial liabilities</b> |                 |           |           |                    |             |           |           |
| Trade and other payables                    | 1.79            | 1.79      | 1.79      | -                  | -           | -         | -         |
| debt securities                             | 27,507.41       | 30,691.44 | -         | 5,000.00           | 6,757.00    | 8,738.50  | 10,195.94 |
| Borrowings (other than debt securities)     | 40,730.55       | 44,096.69 | 11,985.44 | 19,738.98          | 3,835.47    | 3,953.12  | 4,583.68  |
| Other financial liabilities                 | 1,068.32        | 1,123.22  | 90.69     | 734.88             | 43.56       | 87.12     | 166.98    |
| Loan commitments                            | 17,031.69       | 17,031.69 | -         | -                  | 17,031.69   | -         | -         |

(Amount in lakhs)

| Particulars                                 | Carrying amount | Total     | On Demand | Less than 6 months | 6-12 months | 1-2 years | 2-5 years |
|---|-----------------|-----------|-----------|--------------------|-------------|-----------|-----------|
| <b>As at March 31, 2021</b>                 |                 |           |           |                    |             |           |           |
| <b>Non-derivative financial liabilities</b> |                 |           |           |                    |             |           |           |
| Trade and other payables                    | 5.42            | 5.42      | 5.42      | -                  | -           | -         | -         |
| Debt securities                             | 33,263.84       | 36,406.95 | -         | 11,075.00          | 11,270.95   | 6,039.75  | 8,021.25  |
| Borrowings (other than debt securities)     | 19,965.14       | 21,560.17 | 9,963.09  | 933.48             | 1,571.70    | 3,008.30  | 6,083.60  |
| Other financial liabilities                 | 724.52          | 808.67    | 98.04     | 325.85             | 43.56       | 87.12     | 254.10    |
| Loan commitments                            | 21,107.10       | 21,107.10 | -         | 8,728.34           | 12,378.76   | -         | -         |

For the liabilities mentioned above where no contractual maturity is available, the management has done an assessment to arrive at the probable maturity timeline based on some assumptions and estimates.

**iv. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates would adversely affect the Company's financial conditions. The same typically involves looking at Gap or mismatch over different time intervals as at a given date.

Interest Rate risk mostly applies to entities which borrows and lends across various time brackets and are thus exposed to the risk of mismatch of amounts across time buckets.

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

While the Company borrows money across time buckets, it is involved in acquiring Non-Performing loans from the market. These loans are typically acquired in a trust, where the Company holds a minimum investment of the acquisition price as prescribed by the RBI from time to time and also earn Trusteeship fees, Recovery Incentives from those trusts. Further the loans are acquired at a discount (varying from case to case) and this provides additional margin to the Company acting in capacity as the Trustee.

The overall yields expected by the Company on its financial assets are significantly higher than the borrowing cost and hence the interest rate risk is quite marginal in terms of NIM (Net Interest Margin).

**Exposure to interest rate risk**

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest bearing financial instruments as reported to the management of the Company is as follows.

*(Amount in lakhs)*

| Particulars                      | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|----------------------------------|-------------------------|-------------------------|
| <b>Fixed-rate instruments</b>    |                         |                         |
| Financial assets                 | 1,651.95                | 4,816.84                |
| Financial liabilities            | (42,507.41)             | (33,263.84)             |
| <b>Variable-rate instruments</b> |                         |                         |
| Financial assets                 | -                       | -                       |
| Financial liabilities            | (25,730.55)             | (19,965.14)             |
| <b>Total Net</b>                 | <b>(66,586.01)</b>      | <b>(48,412.14)</b>      |

**Fair value sensitivity analysis for fixed-rate instruments**

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

**Cash flow sensitivity analysis for variable-rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

*(Amount in lakhs)*

| Particulars                  | As at<br>March 31, 2022 |                 | As at<br>March 31, 2021 |                 |
|------------------------------|-------------------------|-----------------|-------------------------|-----------------|
|                              | 100 bp increase         | 100 bp decrease | 100 bp increase         | 100 bp decrease |
| Variable rate instruments    | (257.31)                | 257.31          | (199.65)                | 199.65          |
| <b>Cash Flow Sensitivity</b> | <b>(257.31)</b>         | <b>257.31</b>   | <b>(199.65)</b>         | <b>199.65</b>   |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)**

**v. Capital management**

The primary objectives of the capital management policy is to ensure that the Company continuously complies with capital requirements required by regulator, maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to fund growth or comply with regulatory capital requirement, Company depends on internal accrual or may raise additional capital. Company may adjust the amount of dividend payment to shareholders, return capital to shareholders.

**Regulatory Capital**

*(Amount in lakhs)*

| <b>Particulars</b>         | <b>As at<br/>March 31, 2022</b> | <b>As at<br/>March 31, 2021</b> |
|----------------------------|---------------------------------|---------------------------------|
| Total capital              | 47,454.95                       | 39,907.87                       |
| Risk weighted assets       | 1,20,983.07                     | 89,633.19                       |
| <b>Total capital ratio</b> | <b>39.22%</b>                   | <b>44.52%</b>                   |

Note: For March 31, 2021; Debenture redemption reserve created earlier has been included while arriving at the Net owned funds.

**Liquidity ratio**

*(Amount in lakhs)*

| <b>Particulars</b>     | <b>As at<br/>March 31, 2022</b> | <b>As at<br/>March 31, 2021</b> |
|------------------------|---------------------------------|---------------------------------|
| Current assets         | 51,326.89                       | 35,959.08                       |
| Current liabilities    | 46,944.67                       | 34,767.26                       |
| <b>Liquidity ratio</b> | <b>1.09</b>                     | <b>1.03</b>                     |

**NOTE 35 REVENUE FROM CONTRACTS WITH CUSTOMERS**

**a) The Company has recognised following amounts relating revenue in the Statement of Profit and Loss:**

*(Amount in lakhs)*

| <b>Particulars</b>                    | <b>For the year ended</b> |                      |
|---------------------------------------|---------------------------|----------------------|
|                                       | <b>March 31,2022</b>      | <b>March 31,2021</b> |
| Revenue from contracts with customers | 19,925.24                 | 14,481.55            |
| Revenue from other sources            | 1,327.34                  | 980.47               |
| <b>Total revenue</b>                  | <b>21,252.58</b>          | <b>15,462.02</b>     |
| Impairment loss/(gain) on receivables | (114.44)                  | 1,549.87             |

**b) Disaggregation of revenue from contracts with customers**

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition:



**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 35 REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)**

(Amount in lakhs)

| Particulars                          | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>Primary geographical market</b>   |                                      |                                      |
| India                                | 19,925.24                            | 14,481.55                            |
| <b>Total</b>                         | <b>19,925.24</b>                     | <b>14,481.55</b>                     |
| <b>Major products/service lines</b>  |                                      |                                      |
| Trusteeship fees                     | 16,200.47                            | 10,910.97                            |
| Other fees                           | 3,724.77                             | 3,570.58                             |
| <b>Total</b>                         | <b>19,925.24</b>                     | <b>14,481.55</b>                     |
| <b>Timing of revenue recognition</b> |                                      |                                      |
| At a point in time                   | 19,925.24                            | 14,481.55                            |
| Over a period of time                | -                                    | -                                    |
| <b>Total</b>                         | <b>19,925.24</b>                     | <b>14,481.55</b>                     |

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

(Amount in lakhs)

| Particulars           | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-----------------------|-------------------------|-------------------------|
| Receivables           | 4,721.69                | 4,532.35                |
| Contracts liabilities | 3,763.12                | 2,436.59                |

Significant changes in contract liabilities balances during the period are as follows:

(Amount in lakhs)

| Particulars   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Opening balance   | 2,436.59                | 995.54                  |
| Liabilities recognised during the year  | 3,763.12                | 2,436.59                |
| Revenue recognised that was included in the contract liability balance at the beginning of the period | (2,436.59)              | (995.54)                |
| <b>Closing balance</b>  | <b>3,763.12</b>         | <b>2,436.59</b>         |

**Transaction price allocated to the remaining performance obligation**

As of March 31, 2022, the amount of transaction price allocated to remaining performance obligation are as follows. The Company will recognise the revenue as and when management services are rendered.

(Amount in lakhs)

| Particulars           | March 31, 2022 | March 31, 2021 |
|-----------------------|----------------|----------------|
| Contracts liabilities | 3,763.12       | 2,436.59       |

The Company has concluded that the Assets Reconstruction Trusts in which it invests, but that it does not consolidate, meet the definition of structured entities because:

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 36 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES**

- the voting rights in the Company are not dominant rights in deciding who controls them because the rights relate to administrative tasks only;
- each trust's activities are restricted by its trust deed;
- insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- the trusts have narrow and well-defined objectives to provide recovery activities to investors.

The following table describes the types of structured entities that the Company does not consolidate but in which it holds an interest.

*(Amount in lakhs)*

| Type of Structured Entity    | Nature and purpose   | Interest held by the Company     | As at March 31, 2022 |                              | As at March 31, 2021 |                              |
|------------------------------|--|----------------------------------|----------------------|------------------------------|----------------------|------------------------------|
|                              |  |                                  | SRs issued by trusts | SR subscribed by the Company | SRs issued by trusts | SR subscribed by the Company |
| Assets Reconstruction Trusts | To acquire stressed assets for the purpose of carrying on the activity of securitisation and asset reconstruction. | Investment in security receipts. | 9,69,355.92          | 1,58,971.77                  | 8,22,375.66          | 1,19,490.92                  |
|                              |  | Acting as trustee to the trusts  |                      |                              |                      |                              |

The following table sets out an analysis of the carrying amounts of interests held by the Company in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the assets held.

*(Amount in lakhs)*

| Carrying amount                  | As at March 31, 2022 | As at March 31, 2021 |
|----------------------------------|----------------------|----------------------|
| Investment in security receipts  | 1,15,633.75          | 82,694.96            |
| Trade receivables                | 1,438.72             | 1,134.93             |
| Advances recoverable from trusts | 264.52               | 257.82               |
| <b>Total</b>                     | <b>1,17,336.99</b>   | <b>84,087.71</b>     |

**NOTE 37 CONTINGENT LIABILITIES AND COMMITMENTS**

Contingent liabilities outstanding as on 31st March 2022 is Nil (31st March 2021 : Nil)

Commitment to acquire additional non-performing loan upto Rs.348 lacs in case of a demand by the assignor bank (Previous year - Rs.348 lacs).

In respect of Software under development, the Company has total capital commitment of Rs.19 lacs of which Rs.9.10 lacs have been paid during the current year till 31st March 2022.

**NOTE 38 COMPARISON BETWEEN PROVISIONS REQUIRED UNDER IRACP AND IMPAIRMENT ALLOWANCES MADE UNDER IND AS 109 PURSUANT TO THE RBI CIRCULAR NO DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 DATED MARCH 13, 2020**

**PHOENIX ARC PRIVATE LIMITED  
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

As at March 31, 2022

|   |  | (Amount in lakhs)   |   |  |  |   |  |
|---|--|---|---|--|--|---|--|
| Asset Classification as per RBI Norms           | Asset classification as per Ind AS 109           | Gross Carrying Amount as per Ind AS   | Loss Allowances (Provisions) as required under Ind AS 109                             | Net Carrying Amount  | Provisions required as per IRACP norms                                 | Difference between Ind AS 109 provisions and IRACP norms                              |  |
| (1)   | (2)  | (3)   | (4)   | (5)=(3)-(4)  | (6)  | (7) = (4)-(6)   |  |
| <b>Performing Assets</b>                        |  |   |   |  |  |   |  |
| Standard  | Stage 1<br>Stage 2                               | 1,679.82<br>-   | 27.86<br>-  | 1,651.96<br>-  | -<br>-   | 27.86<br>-  |  |
| <b>Subtotal (A)</b>                             |  | <b>1,679.82</b>   | <b>27.86</b>  | <b>1,651.96</b>  | <b>-</b>   | <b>27.86</b>  |  |
| <b>Non-Performing Assets (NPA)</b>              |  |   |   |  |  |   |  |
| Substandard                                     | Stage 3  | -   | -   | -  | -  | -   |  |
| Doubtful - up to 1 year                         | Stage 3  | -   | -   | -  | -  | -   |  |
| 1 to 3 years                                    | Stage 3  | -   | -   | -  | -  | -   |  |
| More than 3 years                               | Stage 3  | 3,907.90  | 3,907.90  | -  | 1,286.03   | 2,621.87  |  |
| <b>Subtotal for doubtful</b>                    |  | <b>3,907.90</b>   | <b>3,907.90</b>   | <b>-</b>   | <b>1,286.03</b>  | <b>2,621.87</b>   |  |
| Loss  | Stage 3  | -   | -   | -  | -  | -   |  |
| <b>Subtotal for NPA (B)</b>                     |  | <b>3,907.90</b>   | <b>3,907.90</b>   | <b>-</b>   | <b>1,286.03</b>  | <b>2,621.87</b>   |  |
| <b>Other items</b>                              |  |   |   |  |  |   |  |
| Advances to trusts & other financial assets (C) | Stage 1<br>Stage 2<br>Stage 3                    | 6,114.84<br>50.70<br>2,551.92   | 12.29<br>18.18<br>2,344.15  | 6,102.55<br>32.52<br>207.77  | -<br>-<br>2,489.12   | 12.29<br>18.18<br>(144.97)  |  |
| Trade receivables (Simplified Approach) (D)     | NA   | 4,532.35  | 3,397.42  | 1,134.93   | -  | 3,397.42  |  |
| <b>Subtotal (E) = (C) + (D)</b>                 |  | <b>13,249.81</b>  | <b>5,772.04</b>   | <b>7,477.77</b>  | <b>2,489.12</b>  | <b>3,282.92</b>   |  |
| <b>Total (F) = (A) + (B) + (E)</b>              | Stage 1<br>Stage 2<br>Stage 3<br>Others<br>Total | <b>7,794.66</b><br><b>50.70</b><br><b>6,459.82</b><br><b>4,532.35</b><br><b>18,837.53</b> | <b>40.15</b><br><b>18.18</b><br><b>6,252.05</b><br><b>3,397.42</b><br><b>9,707.80</b> | <b>7,754.51</b><br><b>32.52</b><br><b>207.77</b><br><b>1,134.93</b><br><b>9,129.73</b> | <b>-</b><br><b>-</b><br><b>3,775.15</b><br><b>-</b><br><b>3,775.15</b> | <b>40.15</b><br><b>18.18</b><br><b>2,476.90</b><br><b>3,397.42</b><br><b>5,932.65</b> |  |

PHOENIX ARC PRIVATE LIMITED  
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022

PURSUANT TO THE RBI CIRCULAR NO DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 DATED MARCH 13, 2020 (Continued)

As at March 31, 2021

|   |  |                                     |   |                     |  |  | (Amount in lakhs) |  |
|---|--|-------------------------------------|---|---------------------|--|--|-------------------|--|
| Asset Classification as per RBI Norms           | Asset classification as per Ind AS 109 | Gross carrying amount as per Ind AS | Loss allowances (Provisions) as required under Ind AS 109 | Net carrying Amount | Provisions required as per IRACP norms | Difference between Ind AS 109 provisions and IRACP norms |                   |  |
| (1)   | (2)                                    | (3)                                 | (4)   | (5)=(3)-(4)         | (6)                                    | (7) = (4)-(6)  |                   |  |
| <b>Performing Assets</b>                        |  |                                     |   |                     |  |  |                   |  |
| Standard  | Stage 1                                | 1,104.11                            | 12.42   | 1,091.69            | -                                      | 12.42  |                   |  |
|   | Stage 2                                | -                                   | -   | -                   | -                                      | -  |                   |  |
| <b>Subtotal (A)</b>                             |  | <b>1,104.11</b>                     | <b>12.42</b>  | <b>1,091.69</b>     | -                                      | <b>12.42</b>   |                   |  |
| <b>Non-Performing Assets (NPA)</b>              |  |                                     |   |                     |  |  |                   |  |
| Substandard                                     | Stage 3                                | 2,678.37                            | 93.43   | 2,584.94            | 288.96                                 | (195.53)   |                   |  |
| Doubtful - up to 1 year                         | Stage 3                                | -                                   | -   | -                   | -                                      | -  |                   |  |
| 1 to 3 years                                    | Stage 3                                | 526.78                              | 396.74  | 130.04              | 209.17                                 | 187.57   |                   |  |
| More than 3 years                               | Stage 3                                | 2,711.81                            | 1,701.64  | 1,010.17            | 787.90                                 | 913.74   |                   |  |
| <b>Subtotal for doubtful</b>                    |  | <b>3,238.59</b>                     | <b>2,098.38</b>   | <b>1,140.21</b>     | <b>997.07</b>                          | <b>1,101.31</b>  |                   |  |
| Loss  | Stage 3                                | -                                   | -   | -                   | -                                      | -  |                   |  |
| <b>Subtotal for NPA (B)</b>                     |  | <b>5,916.96</b>                     | <b>2,191.81</b>   | <b>3,725.15</b>     | <b>1,286.03</b>                        | <b>905.78</b>  |                   |  |
| <b>Other items</b>                              |  |                                     |   |                     |  |  |                   |  |
| Advances to trusts & other financial assets (C) | Stage 1                                | 9,596.46                            | 11.00   | 9,585.46            | -                                      | 11.00  |                   |  |
|   | Stage 2                                | 3.26                                | 1.60  | 1.66                | -                                      | 1.60   |                   |  |
|   | Stage 3                                | 2,211.38                            | 1,967.30  | 244.08              | 2,192.91                               | (225.61)   |                   |  |
| Trade receivables (Simplified Approach) (D)     | NA                                     | 4,532.35                            | 3,397.42  | 1,134.93            | -                                      | 3,397.42   |                   |  |
| <b>Subtotal (E) = (C) + (D)</b>                 |  | <b>16,343.45</b>                    | <b>5,377.32</b>   | <b>10,966.13</b>    | <b>2,192.91</b>                        | <b>3,184.41</b>  |                   |  |
| <b>Total (F) = (A) + (B) + (E)</b>              |  | <b>10,700.57</b>                    | <b>23.42</b>  | <b>10,677.15</b>    | -                                      | <b>23.42</b>   |                   |  |
|   | Stage 2                                | 3.26                                | 1.60  | 1.66                | -                                      | 1.60   |                   |  |
|   | Stage 3                                | 8,128.34                            | 4,159.11  | 3,969.23            | -                                      | 680.17   |                   |  |
|   | Others                                 | 4,532.35                            | 3,397.42  | 1,134.93            | -                                      | 3,397.42   |                   |  |
| <b>Total</b>                                    | <b>Total</b>                           | <b>23,364.52</b>                    | <b>7,581.55</b>   | <b>15,782.97</b>    | -                                      | <b>4,102.61</b>  |                   |  |

**PHOENIX ARC PRIVATE LIMITED  
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 38 COMPARISON BETWEEN PROVISIONS REQUIRED UNDER IRACP AND IMPAIRMENT ALLOWANCES MADE UNDER IND AS 109 PURSUANT TO THE RBI CIRCULAR NO DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 DATED MARCH 13, 2020 (Continued)**

Management fee receivables amounting to Rs. 3,796.19 lakhs (March 31, 2021: 4,112.00 Lakhs) and corresponding provision amounting to Rs.3,075.69 lakhs (March 31, 2021: 3,272.29) lakhs have been recorded in the Ind-AS financial statements while amounts were unrecorded in the IGAAP books on account of RBI regulations. The management fee amounts are treated as reversal and not a provision as per RBI regulations and accordingly not considered for the above disclosure.

In accordance with Ind-AS 109 Financial Instruments, the interest on impaired assets is accrued and the gross amounts are tested for impairment provision while in the IGAAP books no interest is accrued on impaired assets as required by RBI regulations. This accounting treatment results in higher gross outstanding values as per Ind-AS compared to those reported in IGAAP amounting to 2,910.83 (March 21, 2021: 2,230.12 lakhs). For the purpose of this disclosure the management has compared absolute amounts of provision on the gross loan balance as per Ind-AS with the provision on the gross balance as per IGAAP books disclosed the difference if any.

**Reconciliation to Impairment reserve**

**As at March 31, 2022**

| Asset classification as per RBI norms | Asset classification as per Ind AS 109 | Gross carrying amount as per Ind AS 109 | Loss allowances (provisions) as required under Ind AS 109 | Net carrying Amount | Provisions required as per IRACP norms | Difference between                     |               |
|---------------------------------------|--|---|---|---------------------|--|--|---------------|
|                                       |  |   |   |                     |  | Ind AS 109 provisions and IRACP norms* | (7) = (4)-(6) |
| (1)                                   | (2)                                    | (3)                                     | (4)   | (5)=(3)-(4)         | (6)                                    | (7) = (4)-(6)                          |               |
| Advances to trusts                    | Stage 1                                | 34.73                                   | 10.49   | 24.24               | -                                      | 10.49                                  |               |
|                                       | Stage 2                                | 50.70                                   | 18.18   | 32.52               | -                                      | 18.18                                  |               |
|                                       | Stage 3                                | 2,551.92                                | 2,344.15  | 207.77              | 2,489.12                               | (144.97)                               |               |
| <b>Total</b>                          |  | <b>2,637.35</b>                         | <b>2,372.82</b>   | <b>264.53</b>       | <b>2,489.12</b>                        | <b>(116.30)</b>                        |               |

**As at March 31, 2021**

| Asset classification as per RBI norms | Asset classification as per Ind AS 109 | Gross carrying amount as per Ind AS 109 | Loss allowances (provisions) as required under Ind AS 109 | Net carrying Amount | Provisions required as per IRACP norms | Difference between                     |               |
|---------------------------------------|--|---|---|---------------------|--|--|---------------|
|                                       |  |   |   |                     |  | Ind AS 109 provisions and IRACP norms* | (7) = (4)-(6) |
| (1)                                   | (2)                                    | (3)                                     | (4)   | (5)=(3)-(4)         | (6)                                    | (7) = (4)-(6)                          |               |
| Advances to trusts                    | Stage 1                                | 20.82                                   | 8.74  | 12.08               | -                                      | 8.74                                   |               |
|                                       | Stage 2                                | 3.26                                    | 1.60  | 1.66                | -                                      | 1.60                                   |               |
|                                       | Stage 3                                | 2,211.38                                | 1,967.30  | 244.08              | 2,192.91                               | (225.61)                               |               |
| <b>Total</b>                          |  | <b>2,235.46</b>                         | <b>1,977.64</b>   | <b>257.82</b>       | <b>2,192.91</b>                        | <b>(215.27)</b>                        |               |

\* Based on the current year's calculator, requirement of impairment reserve is lesser than what was created in year ending March 2020. However, excess balance has not been transferred back as per the RBI guidelines on impairment reserve requirements.

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 39 THE FOLLOWING DISCLOSURES ARE MADE PURSUANT TO THE RBI GUIDELINES:**

- (i) Names and addresses of the banks / financial institutions from whom the financial assets were acquired through various trusts and the value at which such assets were acquired from each such bank / financial institution:

*(Amount in lakhs)*

| <b>Name of the banks / financial institution</b>                                 | <b>Address</b>   | <b>Acquisition Price</b> |
|--|--|--------------------------|
| <b>Non-sponsors</b>  |  |                          |
| Abhyudaya Co-operative Bank Ltd.   | K K Tower, G D Ambekar Marg, Parel Village, Mumbai - 400012.   | 9,610.00                 |
| Allahabad Bank (merged with Indian Bank)   | 1st Floor, Industrial Finance Branch, 17 Parliament Street, New Delhi - 110001.                              | 16,928.80                |
| Andhra Bank (merged with Union Bank of India)                                    | Dr Pattabhi Bhavan, 5-9-11, Saifabad, Hyderabad - 500004.  | 30,745.00                |
| Asset Reconstruction Company (India) Ltd.  | Shreepati Arcade, August Kranti Marg, Nana Chowk, Mumbai-400036.   | 4,865.00                 |
| Axis Bank Ltd  | Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli Mumbai - 400025.                                 | 34,932.11                |
| Bajaj Finance Ltd.   | Bajaj Auto complex, Mumbai - Pune Road, Akurdi Pune - 411035.  | 9,061.00                 |
| Bank of Baroda   | Baroda House, Mandovi, Vadodara-390006.  | 6,322.18                 |
| Bank of India  | G-Block, C5 Bandra Kurla Complex, Bandra (E), Mumbai - 400051.   | 33,910.46                |
| Bank of Maharashtra  | Lokmangal, 1501, Shivajinagar, Pune-411005.  | 8,778.00                 |
| Barclays Bank PLC  | 601, Ceejay House, Dr. Annie Besant Road, Worli, Mumbai - 400018   | 4,914.26                 |
| Canara Bank  | 112 JC Road, Bangalore - 560002.   | 20,192.82                |
| Catholic Syrian Bank Ltd   | CSB Bhavan, Post Box No 502, ST Mary's College Road, Thrissur, Kerala - 680020                               | 15,520.00                |
| Central Bank of India  | Central Office, Chander Mukhi, Nariman Point, Mumbai-400021.   | 43,759.00                |
| CFM Asset Reconstruction Private Ltd.  | Block No. A/1003, West Gate, Near Ymca Club, Sur No. 835/1+3, S.G. Highway, Makarba Ahmedabad Gujarat 380051 | 5,800.00                 |
| Citibank N.A.  | 7th Floor C-61, Bandra Kurla Complex, G Block, Bandra East, Mumbai 400051.                                   | 4,081.25                 |
| Clix Capital Services Private Ltd.   | 4th Floor, Kailash Building, Kasturba Gandhi Marg, Connaught Place New Delhi North East-110001               | 12,588.00                |
| Clix Finance India Private Ltd. (merged with Clix Capital Services Private Ltd.) | 4th Floor, Kailash Building, Kasturba Gandhi Marg, Connaught Place New Delhi North East-110001               | 11,260.00                |
| Corporation Bank (merged with Union Bank of India)                               | 114, M.G Road, Bangalore.  | 8,258.37                 |
| Dena Bank (merged with Bank of Baroda)   | Dena Corporate Centre, C- 10, G Block, Bandra Kurla Complex, Bandra (E), Mumbai- 400051.                     | 29,197.88                |
| Development Bank of Singapore  | Fort House, 3rd Floor, 221 Dr. D N Road, Fort, Mumbai - 400001.  | 1,257.97                 |
| Dhanalakshmi Bank  | Dhanalakshmi Buildings, Naickanal, Thrissur, Kerala - 680001   | 10,000.00                |



**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 39 THE FOLLOWING DISCLOSURES ARE MADE PURSUANT TO THE RBI GUIDELINES: (Continued)**

(Amount in lakhs)

| <b>Name of the banks / financial institution</b>      | <b>Address</b>  | <b>Acquisition Price</b> |
|---|---|--------------------------|
| <b>Non-sponsors</b>                                   |   |                          |
| Edelweiss Asset Reconstruction Company Ltd.           | Edelweiss House, Off. CST Road, Kalina, Mumbai 400098   | 2,634.15                 |
| Federal Bank Ltd.                                     | 21, Variety Hall Road, Dist Coimbatore, Coimbatore - 641001.  | 58,840.93                |
| Fullerton India                                       | Megh Towers, 3rd floor, Old No.307, New No. 165, PH Road, Maduravoyal, Chennai, Tamil Nadu-600095.            | 129.00                   |
| HDFC Bank Ltd.  | HDFC Bank House, Senapati Bapat Marg, Lower Parel (W), Mumbai - 400013.                                       | 1,96,398.64              |
| Hero Fincorp Ltd.                                     | 34, Community Centre, Basant Lok Vasant Vihar New Delhi DI 110057   | 1,300.00                 |
| Hinduja Leyland Finance Ltd                           | 27A, Developed Industrial Estate, Guindy, Chennai - 600032.   | 20,000.00                |
| Honkong and Shanghai Banking Corporation              | 52/60, MG Road, Fort, Mumbai - 400001.  | 5,175.00                 |
| ICICI Bank Ltd.                                       | ICICI Bank Tower, North East Wing, 2nd Floor, Bandra Kurla Complex, Bandra (East), Mumbai-400051.             | 85,470.12                |
| IDBI Bank Ltd.  | IDBI Tower, 17th Floor, WTC Complex, Cuffe Parade, Mumbai-400005.   | 5,854.56                 |
| IDFC Ltd.   | KRM Tower, 8th Floor, No 1, Harrington Road, Chetpet, Chennai.  | 5,387.50                 |
| IFCI Ltd.   | IFCI Tower, 61, Nehru Place, New Delhi – 110019.  | 6,443.00                 |
| IL&FS Financial Services Ltd.                         | The IL&FS Financial Centre, Plot C-22, G-Block, Bandra Kurla Complex, Bandra East, Mumbai-400051.             | 1,598.78                 |
| India Infrastructure Finance Co Ltd.                  | 8th floor, Hindustan Times house, 18 & 20, Kasturba Gandhi Marg, New Delhi - 110001.                          | 2,900.00                 |
| Indian Bank   | 4th Floor, East Wing Raheja Towers, 26-27 M.G Road, Bangalore - 560001  | 11,526.96                |
| Indian Overseas Bank                                  | No.5, K.H. Road, Shanti Nagar, Bangalore - 560027.  | 25,811.95                |
| Indo Star Capital Finance Ltd.                        | One Indiabulls center, 20th Floor, Tower 2A, Jupiter mills compound, S. B. Marg, Lower parel, Mumbai - 400013 | 750.00                   |
| IndusInd Bank   | 701 Solitaire Corporate Park, 167 Guru Har Govindji Marg, Andheri East, Mumbai 400093.                        | 15,763.00                |
| Industrial Investment Bank of India Ltd.              | 19, Netaji Subhas Road, Kolkata 700001.   | 350.00                   |
| ING Vysya Bank Ltd. (merged with Kotak Mahindra Bank) | 22, ING House, M.G. Road, Bangalore - 560001  | 2,325.00                 |
| J & K Bank  | MA Road, Srinagar 190001.   | 980.00                   |
| Janata Sahakari Bank Ltd.                             | 1444, Shukrawar Peth, Thorale Bajirao Road, Pune - 411002.  | 56,752.00                |
| JP Morgan Chase Bank N.A.                             | Mafatlat Centre 9th Floor, Nariman Point, Mumbai - 400001.  | 60.00                    |
| Karnataka Bank Ltd.                                   | P B No. 599, Mahaveera Circle, Kankanady, Mangalore - 575002.   | 21,749.00                |



**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 39 THE FOLLOWING DISCLOSURES ARE MADE PURSUANT TO THE RBI GUIDELINES: (Continued)**

(Amount in lakhs)

| <b>Name of the banks / financial institution</b>                       | <b>Address</b>   | <b>Acquisition Price</b> |
|--|--|--------------------------|
| <b>Non-sponsors</b>  |  |                          |
| Karur Vysya Bank   | Erode Road, Karur, Tamil Nadu.   | 1,321.00                 |
| Karvy Financial Services Ltd.  | 705/706, 7th Floor, Hallmark Business Plaza, Sant Dnyaneshwar Marg, Opposite Guru Nanak Hospital, Bandra (E ), Mumbai 400051                           | 4,850.00                 |
| KKR India Financial Services Private Ltd.                              | Regus Citi Centre, Level 6, 10/11, Dr. Radhakrishna Salai, Chennai, Tamil Nadu - 600004  | 14,500.00                |
| L&T Finance Ltd.   | Technopolis, 7th Floor, A-wing, Plot No.-4, Block - BP, Sector -V, Salt lake, Kolkata, West Bengal - 700091  | 1,73,400.00              |
| L&T Infrastructure Finance Company Ltd. (merged with L&T Finance Ltd.) | Mount Poonamallee Road, Manapakkam, Chennai - 600089   | 37,673.00                |
| Laxmi Vilas Bank Ltd. (merged with DBS Bank)                           | Swapna Sadan, Azad Road, Andheri East, Mumbai - 400069.  | 3,210.00                 |
| Maheshwari Investors Private Ltd.                                      | 401, Akruti Star Building, Central Main Road, Midc, Pocket No 5, Midc, Central Road, Marol, Andheri (E) Mumbai 400069                                  | 6,365.85                 |
| Motilal Oswal Housing Finance Ltd                                      | Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel St Depot, Prabhadevi, Mumbai - 400025   | 45,444.00                |
| NKGSB Co-operative Bank Ltd.   | 361, V.P. Road, Girgaum, Mumbai 400004.  | 900.00                   |
| Omkara Assets Reconstruction Private Ltd.                              | No.9, M.P.Nagar First Street, Kongu Nagar Extension Tirupur Coimbatore -641607 Tamil Nadu  | 11,000.00                |
| Oriental Bank of Commerce (merged with Punjab National Bank)           | Harsh Bhavan, E-Block, Connaught Place, New Delhi - 110001   | 12,636.10                |
| PTC India Financial Services Ltd (PFS)                                 | 7th Floor, Telephone Exchange Building, 8 Bhikaji Cama Place, New Delhi, Delhi - 110066  | 18,650.00                |
| Punjab & Sindh Bank  | Head Office at Bank House, 21, Rajendra Place, New Delhi-110008 and, having one of its Zonal Office at 27/29, Ambalal Doshi Marg, Fort, Mumbai 400 001 | 6,662.00                 |
| Punjab National Bank   | 10th Floor, Atma Ram House, 1- Tolstoy Marg, New Delhi - 110001.   | 11,418.55                |
| RBL Bank Ltd.  | Shahupuri, Kolhapur.   | 4,310.69                 |
| Religare Finvest Ltd.  | 2nd floor, Rajlok Building, 24, Nehru Place, New Delhi - 110019.   | 6,308.00                 |
| Royal Bank of Scotland   | Gustav Mahlerlaan 10 Amsterdam 1082 PP The Netherlands through their Indian branches.  | 3,295.40                 |
| Saraswat Cooperative Bank  | Saraswat Bank Bhavan, 953, Appasaheb Marathe Bank, Prabhadevi, Mumbai - 400025   | 53,000.00                |
| SBFC Finance Private Ltd.  | 103, 1st Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri East, Mumbai - 400059   | 393.00                   |
| SK Finance Ltd.  | G 1-2, New Market, Khasa Kothi Jaipur, Rajasthan 302001  | 2,500.00                 |
| South Indian Bank Ltd.   | SIB House, T.B. Road, Mission Quarter, Thrissur District, Kerela State-680001.   | 1,24,370.00              |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 39 THE FOLLOWING DISCLOSURES ARE MADE PURSUANT TO THE RBI GUIDELINES: (Continued)**

(Amount in lakhs)

| <b>Name of the banks / financial institution</b>                 | <b>Address</b>   | <b>Acquisition Price</b> |
|--|--|--------------------------|
| <b>Non-sponsors</b>  |  |                          |
| Specified Undertaking of Unit Trust of India                     | UTI Tower, G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.                                | 330.00                   |
| Standard Chartered Bank  | Standard Chartered Tower, 201 B/I , Western Express Highway, Goregaon East, Mumbai 400063.             | 950.00                   |
| State Bank of Bikaner & Jaipur (merged with State Bank of India) | Tilak Marg, Jaipur - 302005.   | 6,466.00                 |
| State Bank of Hyderabad (merged with State Bank of India)        | Gunfoundry, Hyderabad.   | 42,670.00                |
| State Bank of India  | Egmore, Stressed Assets Management Branch, Chennai.  | 93,020.99                |
| State Bank of Mauritius Ltd.                                     | TSR Tower, Rajbhavan Road, Somajiguda, Hyderabad - 500082  | 1,250.00                 |
| State Bank of Mysore (merged with State Bank of India)           | K.G. Road, Bangalore-560254.   | 1,500.00                 |
| State Bank of Patiala (merged with State Bank of India)          | The Mall, Patiala, Punjab.   | 8,015.00                 |
| State Bank of Travancore (merged with State Bank of India)       | Poojapura, Thiruvananthapuram - 695012.  | 14,462.00                |
| Stressed Asset Stabilisation Fund                                | IDBI Tower, WTC Complex, Cuffe Parade, Mumbai-400005.  | 868.75                   |
| Syndicate Bank Ltd (merged with Canara Bank)                     | Large Corporate Branch, Illaco House, No. 1 Brabourne Road, Ground Floor, Kolkata - 700001             | 807.75                   |
| TATA Capital Financial Services                                  | Peninsula Park, Tower A. 11th Floor, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013                | 1,527.80                 |
| Tourism Finance Corporation of India Ltd.                        | 4th Floor, Tower 1, Nbcc Plaza Pushp Vihar, Sector-5, Saket New Delhi South Delhi 110017               | 8,603.00                 |
| UCO Bank   | 10, BTM Sarani, Kolkata- 700001.   | 19,961.00                |
| Union Bank of India  | Union Bank Bhavan, 239, Vidhan Bhavan Marg, Nariman Point, Mumbai - 400021                             | 18,431.20                |
| United Bank of India (merged with Punjab National Bank)          | 184/192 Sree Durga Towers, R K Mutt Road, Mandaveli, Chennai 600028.                                   | 12,990.40                |
| Vijaya Bank (merged with Bank of Baroda)                         | 41/2, MG Road, Trinity Circle, Bangalore - 560001.   | 19,634.84                |
| Yes Bank   | Yes Bank Tower, IFC -2, 15th Floor, Senapati Bapat Marg, Elphinstone (W), Mumbai, Maharashtra – 400013 | 11,726.00                |
| Varthana Finance Private Ltd.                                    | Varasiddhi, 3rd Floor, No. 5bc-110 Service Road, 3rd Block Hrbr Layout, Bangalore 560043               | 3,917.00                 |
| <b>Total</b>   |  | <b>16,59,521.02</b>      |

Note: Above classification is based on the records available with the Company.

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 39 THE FOLLOWING DISCLOSURES ARE MADE PURSUANT TO THE RBI GUIDELINES: (Continued)**

**(ii) Dispersion of various financial assets industry - wise:**

*(Amount in lakhs)*

| <b>Industry</b>                       | <b>Acquisition Price</b> | <b>% of Total</b> |
|---------------------------------------|--------------------------|-------------------|
| Retail loans –(PL, BL, STPL, CTG etc) | 2,21,433.70              | 13.34%            |
| Metal                                 | 2,01,368.56              | 12.13%            |
| Infrastructure - Roads                | 1,88,546.11              | 11.36%            |
| Home Loans/LAP                        | 1,26,821.53              | 7.64%             |
| Infrastructure - Power                | 1,05,804.00              | 6.38%             |
| Auto and Ancilliary                   | 90,710.74                | 5.47%             |
| Real Estate - Commercial              | 84,946.39                | 5.12%             |
| Hospitality                           | 83,543.18                | 5.03%             |
| Textiles                              | 74,180.60                | 4.47%             |
| Infrastructure - Others               | 71,492.42                | 4.31%             |
| Real Estate - Housing                 | 45,676.99                | 2.75%             |
| Retailing                             | 42,542.81                | 2.56%             |
| Oil Refining                          | 32,812.99                | 1.98%             |
| Pharma                                | 33,612.73                | 2.03%             |
| Food Processing                       | 32,414.33                | 1.95%             |
| Auto loans                            | 21,311.80                | 1.28%             |
| Education                             | 20,523.28                | 1.24%             |
| Others                                | 1,81,778.86              | 10.96%            |
| <b>Total</b>                          | <b>16,59,521.02</b>      | <b>100.00%</b>    |

Note: Industry classification is based on records available with the Company.

**(iii) Additional disclosure as per RBI notification no. DNBS. PD (SC/RC). 8/CGM (ASR) dated April 21, 2010**

*(Amount in lakhs)*

| <b>Particulars</b>  | <b>For the year ended March 31, 2022</b> | <b>For the year ended March 31, 2021</b> |
|---|--|--|
| Value of financial assets acquired during the financial year either on its own books or in the books of the trust | 3,42,028.16                              | 1,43,536.40                              |
| Value of financial assets realised during the financial year  | 2,23,416.22                              | 1,38,640.97                              |
| Value of financial assets outstanding for realisation as at the end of the financial year                         | 8,50,265.99                              | 7,31,654.05                              |
| <b>Value of Security Receipts-</b>  |  |  |
| Partially redeemed during the year (*)  | 1,45,431.14                              | 48,638.69                                |
| Fully redeemed during the year  | 34,407.79                                | 66,707.57                                |
| Written-off during the year   | 15,208.97                                | 151.63                                   |
| Value of Security Receipts pending for redemption as at the end of the financial year                             | 9,69,355.92                              | 8,22,375.66                              |

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 39 THE FOLLOWING DISCLOSURES ARE MADE PURSUANT TO THE RBI GUIDELINES: (Continued)**

(Amount in lakhs)

| Particulars   | For the year<br>ended<br>March 31, 2022 | For the year<br>ended<br>March 31, 2021 |
|---|---|---|
| Value of Security Receipts which could not be redeemed as a result of non-realisation of the financial assets as per the policy formulated by the Company under Paragraph 7(6)(ii) or 7(6)(iii) of The Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003 | 1,03,172.91                             | 506.72                                  |
| Value of land and / or building acquired in ordinary course of business of reconstruction of assets (year wise)   | -                                       | -                                       |

The values in the table do not include information related to Trusts, where Phoenix has investment in Security Receipts in the capacity of other SR holder only.

The values in the table are in accordance with the quarterly report submitted by the Company to RBI.

- (iv) Net of Rs. 15,985.29 lakhs (previous year : Rs. 30,466.69 lakhs), amounts transferred to “SRs fully redeemed during the year” on full redemption of SRs in the current year, which were disclosed as “Partially redeemed during the year” in the respective previous years on part redemptions of SRs.
- (v) Restructuring loan disbursed amounting to Rs. 997 lakhs (previous year: Rs. 997 lakhs) has been classified non-performing asset. A provision of Rs. Nil (previous year: Rs. 997 lakhs) has been made in the current year on the same as per RBI guidelines.

Under Ind AS, restructuring loan disbursed amounting to a total exposure of Rs. 3,908 lakhs (previous year: Rs. 5,917 lakhs) has been classified credit impaired assets. A loss allowance of Rs. 1,990 lakhs (previous year: Rs. 2,204 lakhs) has been provided in the current year.

**Note 40 FOLLOWING ADDITIONAL DISCLOSURES ARE MADE PURSUANT TO THE RBI CIRCULAR NO DNBS (PD) CC. NO. 41/ SCRC / 26.03.001/ 2014-2015 DATED 5TH AUGUST, 2014 (FOR ACQUISITIONS MADE AFTER 5TH AUGUST, 2014):**

- (i) There have been no acquisitions in the current year, in which the acquisition value of the assets is more than the Book Value.
- (ii) The details of the physical assets disposed off by the Company during the year at a discount of more than 20% of the valuation as on the previous year end are as follows:

| Name of the account                        | Reasons   |
|--|---|
| Phoenix Trust FY 17-8 - Next Communication | On account of pandemic there was huge impact on the value and demand of the property as there were no enquires as well. Despite the said fact multiple attempts were made for sale of property however the same failed for want of bids |

Note: This is based on records available with the Company.

**PHOENIX ARC PRIVATE LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2022**

**NOTE 40 FOLLOWING ADDITIONAL DISCLOSURES ARE MADE PURSUANT TO THE RBI CIRCULAR NO DNBS (PD) CC. NO. 41/ SCRC / 26.03.001/ 2014-2015 DATED 5TH AUGUST, 2014 (FOR ACQUISITIONS MADE AFTER 5TH AUGUST, 2014): (CONTInued)**

(iii) Details of assets where value of SRs has declined more than 20% below the acquisition value in the current year:

*(Amount in lakhs)*

| Name of the account               | Amount of SRs<br>outstanding as on<br>31st March, 2022 | NAV of SRs |
|-----------------------------------|--|------------|
| Phoenix Trust FY 15-13            | 5,387.50   | 10%        |
| Phoenix Trust FY 15-15            | 2,490.00   | 10%        |
| Phoenix Trust FY 15-21            | 2,448.24   | 25%        |
| Phoenix Trust FY 15-22 - Scheme B | 550.00   | 0%         |
| Phoenix Trust FY 15-25 - Series B | 1,299.00   | 25%        |
| Phoenix Trust FY 19-5 - Scheme D  | 1,158.00   | 75%        |
| Phoenix Trust FY 19-11            | 6,549.27   | 65%        |
| Phoenix Trust FY 19-13            | 14,210.00  | 65%        |
| Phoenix Trust FY 19-20            | 4,815.00   | 65%        |
| Phoenix Trust FY 19-5 Scheme M    | 713.13   | 75%        |
| Phoenix Trust FY 20-4             | 9,149.20   | 50%        |

**NOTE 41**

Loans and advances - others, pertain to financial assistance provided to borrowers in terms of the restructuring/ settlement agreement for enabling the borrowers to restructure their business operations.

**NOTE 42**

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

The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

Figures for the previous year have been regrouped / reclassified wherever necessary to conform to current years presentations. Previous year figures are not audited by the present auditors.

In terms of our report attached.

**For Manohar Chowdhry & Associates**

Chartered Accountants  
 Firm Registration No. 001997S

**Ameet N Patel**  
 Partner  
 Membership No. 039157

Mumbai, 25 April, 2022

**Keki Elavia**  
 Director  
 DIN : 00003940

**Gauri Bhatkal**  
 Chief Financial Officer

**For and on behalf of the Board of  
 Directors of Phoenix ARC Private Limited**

**Venkattu Srinivasan**  
 Director  
 DIN : 01535417

**Sanjay Tibrewala**  
 Chief Executive Officer

**Kamlesh Rane**  
 Company Secretary  
 Membership No. A29339





**Phoenix ARC Private Limited**

(CIN: U67190MH2007PTC168303)

Registered Office: 5<sup>th</sup> Floor, Dani Corporate Park, 158, CST Road, Kalina, Santacruz (E), Mumbai 400098

**Proxy form**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

|                                 |  |                                |  |
|---------------------------------|--|--------------------------------|--|
| CIN:                            | U67190MH2007PTC168303  |                                |  |
| Name of the Company:            | Phoenix ARC Private Limited  |                                |  |
| Registered Office:              | 5 <sup>th</sup> Floor, Dani Corporate Park, 158, CST Road, Kalina, Santacruz (E), Mumbai 400 098 |                                |  |
| Email Id: info@phoenixarc.co.in | Phone No.: 022- 68492450   | Website : www.phoenixarc.co.in |  |

|                      |        |  |  |
|----------------------|--------|--|--|
| Name of the (s):     |        |  |  |
| Registered address:  |        |  |  |
| Email Id:            |        |  |  |
| Folio No./Client Id: | DP ID: |  |  |

I/We, being the holder (s) of..... Equity Shares of Phoenix ARC Private Limited, hereby appoint

|    |            |  |
|----|------------|--|
| 1. | Name:      |  |
|    | Address:   |  |
|    | E-mail Id: |  |
|    | Signature: |  |

|    |            |  |
|----|------------|--|
| 2. | Name:      |  |
|    | Address:   |  |
|    | E-mail Id: |  |
|    | Signature: |  |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Fifteenth Annual General Meeting of the Company, to be held on Monday, July 11, 2022 at 11.00 a.m. at 5<sup>th</sup> Floor, Dani Corporate Park, 158, CST Road, Kalina, Santacruz (East), Mumbai 400098 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Particulars   |
|----------------|---|
| 1 a            | To consider and adopt the Audited standalone financial statements including Balance Sheet as at March 31, 2022 and Statement of Profit and Loss Account and Cash Flow Statement for the year ended on that date together with the reports of the Board of Directors and the Auditors thereon. |
| 1 b            | To consider and adopt the Audited consolidated financial statements including Balance Sheet as at March 31, 2022 and Statement of Profit and Loss Account and Cash Flow Statement for the year ended on that date together with the report of the Auditors thereon.                           |
| 2              | To consider appointment of Mr. Balan Wasudeo (DIN : 00073697) as a Director of the Company.   |
| 3              | To consider and approve issuance of Non-Convertible Debentures not exceeding Rs. 600 Crore (Rupees Six Hundred Crore).  |

Signed this..... day of..... 2022

Signature of Shareholder

Signature of Proxy holder(s)



**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**





## ATTENDANCE SLIP

### Phoenix ARC Private Limited

**Registered Office:** 5<sup>th</sup> Floor, Dani Corporate Park, 158, CST Road, Kalina, Santacruz (East), Mumbai 400098

Please complete this Attendance Slip Form and hand it over at the entrance of the place of the meeting

Folio No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

Name of the Shareholder/Proxy \_\_\_\_\_

Address \_\_\_\_\_

No. of shares held \_\_\_\_\_

I hereby record my presence at the Fifteenth Annual General Meeting of the Company held on Monday, July 11, 2022, at 11.00 a.m. at 5<sup>th</sup> Floor, Dani Corporate Park, 158, CST Road, Kalina, Santacruz (East), Mumbai 400098

Signature of the Shareholder/Proxy

## ROUTE MAP



