September 16, 2021

The Manager
Listing Department - Wholesale Debt Market
The National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor, Plot C/1, G Block,
Bandra-Kurla Complex, Bandra (East)
Mumbai- 400051

Subject: Intimation under Regulation 53 (2) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

Dear Madam/Sir,

As per the requirement of Regulation 53 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Annual Report for financial year 2020-21 along with notice of the ensuing Annual General Meeting of the Shareholders of the Company scheduled to be held on Monday, 27th September 2021

Annual Report and Notice of Annual General Meeting have been published on website of the Company and same shall be dispatched to the Shareholders of the of the Company tomorrow i.e. on Friday, 17th September 2021.

Kindly take the aforesaid information on your record.

Thanking you,

For **Phoenix ARC Private Limited**

Kamlesh Tulshidas Rane
Digitally signed by Kamlesh Tulshidas Rane
Date: 2021.09.16 14:41:19 +05'30'

Kamlesh Rane
Company Secretary

Cc:
Vistra ITCL (India) Limited
IL&FS Financial Centre, Plot C-22, G Block,
Bandra Kurla Complex, Bandra (East), Mumbai – 400051

PHOENIX ARC PRIVATE LIMITED

FOURTEENTH ANNUAL REPORT 2020-21

Board of Directors

Mr. Chandan Bhattacharya

Mr. Keki Elavia

Mr. Venkattu Srinivasan

Ms. Jyoti Agarwal

Management Team

Mr. Sanjay Tibrewala, Chief Executive Officer

Mr. Ajay Walimbe, Head Acquisition & Company Secretary
(Re-designated as Head Acquisition w.e.f. June 16, 2021)

Mr. K. B. Ajit, Head Resolution

Ms. Gauri Bhatkal, Chief Financial Officer

Company Secretary

Mr. Kamlesh Rane
(Appointed w.e.f. June 16, 2021)

Statutory Auditors

S R Batliboi & Co. LLP, Chartered Accountants

Bankers

Kotak Mahindra Bank Limited

HDFC Bank Limited

Punjab National Bank

Registered Office

5th 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 FOURTEENTH ANNUAL GENERAL MEETING of Phoenix ARC Private Limited will be held on Monday, September 27, 2021, at 11.00 a.m. at 5th 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, 2021 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, 2021 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 and, if thought fit, to pass with or without modification(s) following resolution as an Ordinary Resolution:

    "**RESOLVED THAT** pursuant to the provisions of Sections 139,141,142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, and guidelines and circulars issued by the Reserve Bank of India ("RBI") in this regard and from time to time, including any amendments, modifications, variations or re-enactments thereof, for the time being in force, the appointment of M/s Manohar Chowdhry & Associates (Firm Registration No. 001997S), as Statutory Auditors of the Company, be and is hereby approved to hold office from the conclusion of the Fourteenth Annual General Meeting until the conclusion of the Seventeenth Annual General Meeting of the Company, and at such remuneration and out of pocket expenses as may be approved by the Board of Directors of the Company from time to time."

SPECIAL BUSINESS:

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

Kamlesh Rane
Company Secretary

Registered Office
Phoenix ARC Private Limited
CIN: U67190MH2007PTC168303
5th Floor, Dani Corporate Park,
158, CST Road, Kalina,
Santacruz (East), Mumbai 400098

Place : Mumbai
Date : September 7, 2021

Notes:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of item nos. 2 & 3 is 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.

   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.

3. 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.

4. 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

Explanatory Statements setting out material facts concerning the businesses pursuant to Section 102 of the Companies Act, 2013

Item No.2

(Though not mandatory, this statement is provided for reference)

The Reserve Bank of India (RBI) vide Circular No. DoS.CO.ARG /SEC.01/ 08.91.001 /2021-22 dated April 27, 2021 (RBI Circular), issued guidelines for appointment of Statutory Auditors. The RBI vide their email dated August 27, 2021, confirmed the applicability of said circular to Asset Reconstruction Companies. The RBI Circular provides for eligibility criteria, professional standards, tenure & rotation and procedure for appointment of statutory auditors. One of the conditions of the RBI Circular is that an audit firm, subject to it fulfilling the prescribed eligibility norms, will be allowed to continue as the statutory auditor for a period of three years and thereafter the said firm would not be eligible for reappointment in the same entity for a period of at least six years (two tenures)

M/s S.R. Batliboi & Co. LLP, Chartered Accountants (Registration No. 301003E/E300005) have been Statutory Auditors of the Company for last three financial years and are ineligible to continue as Statutory Auditors of the Company, and in view of the RBI mandate, M/s S.R. Batliboi & Co. LLP, Chartered Accountants shall retire at the conclusion of the Fourteenth Annual General Meeting.

In accordance with provisions of the RBI Circular, M/s Manohar Chowdhry & Associates (Firm Registration No. 001997S) are proposed to be appointed as Statutory Auditors of the Company for a period of three years commencing from conclusion of Fourteenth Annual General Meeting till conclusion of the Seventeenth Annual General Meeting of the Company.

The approval of Members of the Company is sought pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Act and RBI Circular for appointment of the statutory auditors as also for granting authority to the Board to fix remuneration and out of pocket expenses payable to Statutory Auditors from time to time.

None of the Directors / 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 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 13th Annual General Meeting held on August 31, 2020 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 August 31, 2020 was valid for a period of one year i.e. up to August 30, 2021.

With the object to raise medium term finance, the Board of Directors (the Board) of the Company, at its meeting held on April 24, 2021, 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 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 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 / 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 Members.

By Order of the Board of Directors

Kamlesh Rane
Company Secretary

Registered Office
Phoenix ARC Private Limited
CIN: U67190MH2007PTC168303
5th Floor, Dani Corporate Park,
158, CST Road, Kalina,
Santacruz (East), Mumbai 400098

Place : Mumbai
Date : September 7, 2021

DIRECTORS' REPORT

To the Members of

Phoenix ARC Private Limited

Your Directors have pleasure in presenting the Fourteenth Annual Report together with the Audited Financial Statements of the Company for the year ended March 31, 2021.

REVIEW OF OPERATIONS

Particulars	For the year ended March 31, 2021 (Rs. in Lakh)	For the year ended March 31, 2020 (Rs. in Lakh)
Total Income	**19,018.18**	23,156.21
Profit/(Loss) before tax	**2,499.84**	(1,366.60)
Provision for tax	**1,224.72**	(160.49)
Profit/(Loss) after Tax	**1,275.12**	(1,206.11)
Other Comprehensive Income (net of Tax)	**(5.36)**	(2.77)
Total Comprehensive Income transferred to Reserves	**1,269.76**	(1,208.88)

CONSOLIDATED FINANCIAL RESULTS

Consolidated financial results for the year ended March 31, 2021 represent the financial numbers of the Company along with 32 trusts which have been consolidated in accordance with the Indian Accounting Standards. The consolidated revenues of the Company for the year, were at Rs. 19,018.18 Lakh representing a drop of 17.87% over the previous year. The Total Comprehensive Income for the year stood at Rs. 1,269.76 Lakh as compared to a loss of Rs. 1,208.88 Lakh in the previous year. During the year, there has also been a substantial decrease in the net loss on the financial instruments due to fair value changes. The Company had consolidated realised losses of Rs. 181.87 Lakh in the current year compared to the consolidated realised profits of Rs. 1,467.96 Lakh in the previous year and the unrealised losses decreased to Rs. 5,586.49 Lakh as compared to Rs. 12,744.74 Lakh in the previous year.

STANDALONE FINANCIAL RESULTS

Particulars	For the year ended March 31, 2021 (Rs. in Lakh)	For the year ended March 31, 2020 (Rs. in Lakh)
Total Income	**15,462.02**	18,261.28
Profit/(Loss) before tax	**4,123.91**	(231.46)
Provision for tax	**1,564.75**	320.76
Profit/(Loss) after Tax	**2,559.16**	(552.22)
Other Comprehensive Income (net of Tax)	**(5.36)**	(2.77)
Total Comprehensive Income transferred to Reserves	**2,553.80**	(554.99)

For the year ended March 31, 2021, the revenues of your Company were at Rs. 15,462.02 Lakh representing a drop of 15.33% over the previous year. The Total Comprehensive Income for the year stood at Rs.2,553.80 Lakh as compared to a loss of Rs. 554.99 Lakh in the previous year. The growth in Total Comprehensive Income is due to substantial increase in the realised profits from the financial instruments. The realised profits have increased to Rs. 2,892.94 Lakh in the current year compared to Rs.1,744.42 Lakh in the previous year and the unrealised losses decreased to Rs.6,241.49 Lakh as compared to Rs.12,167.19 Lakh in previous year.

During the year, the Company acquired Non-Performing Assets (NPA) from various Banks and Financial Institutions for an amount of Rs.143,536 Lakh. Your Company invested an amount of Rs.25,883 Lakh during the year. The Company has till date, issued Security Receipts (SRs) with face value aggregating to Rs.1,316,289 Lakh.

DIVIDEND

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

YEAR UNDER REVIEW AND FUTURE OUTLOOK

The COVID-19 pandemic has severely disrupted economic activities across the country for most part of the year. Several sectors of the Indian economy have been badly impacted despite the fiscal & monetary support and regulatory forbearance by the Goverment in the form of suspension of commencement of new insolvency proceedings.

Due to delayed recoveries and decline in expected recovery value, rating of the SRs issued by Asset Reconstruction Companies (ARCs) have been downgraded. Further, there has been sharp slowdown in resolution under Insolvency and Bankruptcy proceedings. The pandemic has also led to surge in retail Non-Performing Loans (NPLs), during the year, and the Company has acquired few portfolios of retail NPLs during the year.

Fitch Ratings expects a moderately worse environment for the Indian banking sector in 2021, but headwinds would intensify, should rising infections and follow-up measures to contain the virus further affect business and economic activity. As judicial intervention (forbearance) measures unwind, Fitch Ratings expects Indian banks to reverse the improvements in asset quality and profitability.

As per Financial Stability Report released by RBI in January 2021, Gross Non-Performing Assets (GNPA) ratio of Scheduled Commercial Banks may rise to 13.5 % by September 2021 from 7.5 % in September 2020 under the baseline scenario. As per the said report, if the macroeconomic environment worsens into a severe stress scenario, the GNPA ratio may escalate to 14.8 %

Union Budget - 2021 has proposed setting up of asset reconstruction and management company to deal with NPAs which may surge post withdrawal of regulatory forbearance. The asset reconstruction and management company set up by the Government is expected to consolidate and take over the stressed assets and dispose of such stressed assets to potential investors including ARCs, Alternate Investment Funds & Special Situation Funds.

With growing stress in the financial markets coupled with increased interest of potential investors, the stressed assets market of the country is expected to witness exponential growth in coming years. Your Company is poised for higher growth and is well equipped to seize such large business opportunity.

RISK MANAGEMENT

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

EMPLOYEES

Disclosures in accordance with the provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are set out in the Annexure III to the Directors' Report.

In terms of the provisions of Section 136 of the Comapnies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on names and other particulars of employees as required pursuant to provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Such information is available for inspection by the Members at their request. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary at compliance@phoenixarc.co.in.

DEBENTURES

As approved by Members at Thirteenth Annual General Meeting held on August 31, 2020, during the year, Company issued Secured Non-Convertible Debentures amounting to Rs. 7500 Lakh 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, 7th Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Tel: +91 2226593535, Email: mumbai@vistra.com

CHANGES IN BOARD OF DIRECTORS

Ms. Jyoti Agarwal was appointed as Additional Director on the Board of Directors of the Company subject to approval of Reserve Bank of India. RBI vide its letter dated January 28, 2020 had approved her appointment. Appointment of Ms. Agarwal as Director was regularised by the Members at the Thirteenth Annual General Meeting of the Company held on August 31, 2020.

DEPOSITS

During the year under review, your Company has not accepted any deposits.

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, 2021, 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 as referred to in Section 188 (1) of the Companies Act, 2013. Thus, disclosure in Form AOC-2 is not required.

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.

DISCLOSURES PURSUANT TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a 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 employees and Directors of the Company 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”.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 & Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual evaluation of its own performance as a whole, of its statutory committees and of its Directors.

Board effectiveness assessment questionnaire was designed for the performance evaluation of the Board, its Committees and Directors and in accordance with the criteria set & covering various aspects of performance which includes structure of the Board, its meetings, functions, role & responsibilities, governance compliance, evaluation of risks, grievance redressal for investors, conflict of interest, stakeholder value and responsibility, relationship among Directors, Director competency and Board procedures, processes, functioning & its effectiveness. The said questionnaire was circulated to all the Directors of the Company for the annual performance evaluation.

Based on the assessment of the responses received to the questionnaire from the Directors on the annual evaluation of the Board, its Committees and the Directors, the Board Evaluation Report was placed before the meeting of the Board of Directors for consideration. There were no adverse observations on the areas of corporate governance and Board processes. The Board noted that results of the performance evaluation indicated a high degree of satisfaction amongst the Directors and its integrity, expertise and experience (including the proficiency) of the Directors appointed.

ANNUAL RETURN

Annual Return in Form MGT-7 is available on the Company’s website viz. URL : http://www.phoenixarc.co.in/financial-reports

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pursuant to Section 135 of the Companies Act, 2013, the CSR expenditure incurred during the financial year 2020-21 amounts to Rs.114 Lakh as against Rs.139.50 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 , M/s S.R. Batliboi & Co. LLP, Chartered Accountants (Registration No. 301003E/E300005) were appointed as Statutory Auditors of the Company for a period of 5 years commencing from the conclusion of Eleventh Annual General Meeting till the conclusion of the Sixteenth Annual General Meeting. However, RBI vide its Circular dated April 27, 2021, issued guidelines for appointment of statutory auditors (“RBI Circular”) and mandated the appointment of statutory auditors for a continuous tenure of 3 years subject to audit firm satisfying eligibility norms each year. The RBI vide their email dated August 27, 2021, confirmed the applicability of said circular to Asset Reconstruction Companies.

Since M/s S.R. Batliboi & Co. LLP, Chartered Accountants have completed tenure 3 years as Statutory Auditors of the Company, in view of the RBI mandate, M/s S.R. Batliboi & Co. LLP, Chartered Accountants retire at the conclusion of the Fourteenth Annual General Meeting.

The Board of Directors at its meeting held on September 7, 2021, recommended appointment of M/s Manohar Chowdhry & Associates, Chartered Accountants (Firm Registration No. 001997S) as Statutory Auditors of the Company for a period of 3 (three) years commencing from conclusion of Fourteenth Annual General Meeting till the conclusion of Seventeenth Annual General Meeting in terms of said RBI Circular and the Companies Act, 2013.

M/s Manohar Chowdhry & Associates, Chartered Accountants have consented to the said appointment and confirmed that their appointment, if made will be in accordance with Section 139 & 141 of the Companies Act, 2013 & Rules thereunder and RBI Circular.

The Board of Directors place on record their appreciation for the services rendered by M/s S.R. Batliboi & Co. LLP, Chartered Accountants during their tenure.

SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013, the Company has appointed M/s Parikh & Associates, Company Secretaries as its Secretarial Auditor. The Secretarial Audit Report for the financial year ended March 31, 2021 is annexed hereto as “Annexure IV.” 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 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:

i) in preparation of the annual accounts 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 all the Employees, Shareholders, Investors, Bankers, Regulators and other business associates for their continued support during the year.

On behalf of the Board of Directors

Keki Elavia	**Venkattu Srinivasan**
Director	Director
(DIN: 00003940)	(DIN: 01535417)

Place : Mumbai
Date : September 7, 2021

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.

The Board is responsible for formulation of strategic and business plans, review of corporate performance and reporting to the Shareholders. The Board members ensure that their other responsibilities do not materially impact their responsibility as Directors of the Company.

Board of Directors

The Board comprises of four Directors including two Independent Directors. The Board is primarily responsible for overall management of the Company's business. The Directors provide inputs to Management based on their knowledge and expertise. The Board directly and through Committees undertakes the following functions:

(i) Assessment of business strategy developed by Management

(ii) Assessment of operational strategy

(iii) Assessment and approval of budgets

(iv) Major acquisitions and investment decisions

(v) Review of operations and financial performance

(vi) Setting the tone for organisation culture and governance

(vii) Review and assessment of various policies from time to time

(viii) Review of compliance with laws and regulations

Board Meetings

The Board meets at least once a quarter to review the performance, formulate plans & strategy and to consider other business items of the agenda.

The agenda of the meeting is pre-circulated with adequate notes, explanations and supporting documents. Following information is regularly provided to the Board as a part of the agenda:

(i) Minutes of the meetings of the Board of Directors, CSR Committee, Audit Committee, Allotment Committee and Management Committee

(ii) Compliance under various laws

(iii) Review of business operations

(iv) Information on recruitment of key executives

(v) Fund flow and financials

(vi) Issues relating to Shareholders

(vii) Matters relating to statutory Board approvals

(viii) Major investment decisions

Management Committee members are invited to attend the Board meeting to provide additional inputs.

Audit Committee

Audit Committee comprises of three members which includes two Independent Directors viz. Mr. Chandan Bhattacharya & Mr. Keki Elavia and Mr. Venkattu Srinivasan, Director. The Audit Committee meets every quarter. Meetings of the Audit Committee are also attended by Management Committee members and Auditors as special invitees. The Company Secretary acts as Secretary of the committee.

The main functions of the committee are as under:

a) To review scope of Statutory Auditors, Internal Auditors and Secretarial Auditors to ensure adequate processes and risk coverage;

b) To review financial statements of the Company before submission to the Board with primary focus on:

- Any change in accounting policies and practices
- The going concern assumptions and qualifications, if any
- Compliance with applicable accounting standards;

c) Discussion with Internal Auditors on any significant findings and follow up thereon;

d) To review Company's financial controls and adequacy of internal control systems & risk monitoring.

Allotment Committee

Allotment Committee consists of three Directors viz. Mr. Keki Elavia, Independent Director, Mr. Venkattu Srinivasan, Director and Ms. Jyoti Agarwal, Director. The Committee functions to allot any securities including Shares, Debentures and Bonds and to issue security certificates.

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 three Directors viz. Mr. Chandan Bhattacharya, Independent Director, Mr. Venkattu Srinivasan, Director and Ms. Jyoti Agarwal, Director. 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.

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

During the year, Directors of the Company had 10 Board meetings, 5 Audit Committee meetings, 4 CSR Committee meetings and 2 Allotment Committee meetings. Annual General Meeting was held on August 31, 2020.

Management Committee

The day to day operations are undertaken by the Management Committee, headed by the Chief Executive Officer and comprising of senior executives of the Company. The main terms of reference of the Management Committee are:

- To evaluate and consider acquisition proposals as per limits approved by the Board of Directors
- To approve investments
- To decide resolution strategy of acquired assets
- To consider initiation of legal action, settlement proposals, sale of assets etc.
- To monitor and regulate day to day operations of the Company within policy framework.

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 except to the extent that the Directors nominated by Sponsors are also employees of the Sponsors.

III. Shareholders' Information

All the equity shares 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	**Venkattu Srinivasan**
Director	Director
(DIN: 00003940)	(DIN: 01535417)

Place : Mumbai
Date : September 7, 2021

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 are:

   - Promoting education
   - Enhancing vocational skills and livelihood
   - Promoting preventive healthcare and sanitation
   - Reducing inequalities faced by socially and economically backward groups
   - Environment sustainability
   - Relief and rehabilitation
   - Clean India
   - 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. Venkattu Srinivasan	Director	4	4
3	Ms. Jyoti Agarwal	Director	4	4

3. **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

4. **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:** 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 :** Not Applicable

6. **Average net profit of the company as per section 135(5)** : Rs. 5,723 Lakh

7. (a) **Two percent of average net profit of the company as per section 135(5):** Rs. 114 Lakh

   (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. 114 Lakh

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

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	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)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
114 Lakh	Nil	Nil	Nil	Nil	Nil

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

(c) **Details of CSR amount spent against other than 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 Rs.)	Mode of Implementation Direct (Yes/ No)	Mode of Implementation – Through Implementing Agency	
				State	District			Name	CSR Registration Number
1	Unnati	Education	Yes	Maharashtra	Mumbai	25 Lakh	No	Kotak Education Foundation	CSR00001785
2	Community Nutrition Initiative	Healthcare	Yes	Maharashtra	Bhiwandi	75 Lakh	No	Foundation of Mother & Child Health	CSR00002719
3	Project Dependence to Independence	Healthcare	Yes	Maharashtra	Mumbai, Nashik, Solapur, Amravati, Ahmednagar, Thane	14 Lakh	No	Ratna Nidhi Charitable Trust	CSR00000064

(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. 114 Lakh

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

Sl. No.	Particulars	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	114 Lakh
(ii)	Total amount spent for the Financial Year	114 Lakh
(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, details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):** Not Applicable

On behalf of the Board of Directors

Keki Elavia
Director
(DIN: 00003940)

Venkattu Srinivasan
Director
(DIN: 01535417)

Place : Mumbai
Date : September 7, 2021

Annexure III

Disclosures pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year: Not Applicable

2. Percentage increase/decrease in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary, in the financial year :

Directors / KMP	Title	% decrease in remuneration
Mr. Sanjay Tibrewala	Chief Executive Officer	21 %
Mr. Ajay Walimbe	Head Acquisition & Company Secretary	16 %
Ms. Gauri Bhatkal	Chief Financial Officer	43 %

3. Percentage increase in the median remuneration of employees in the financial year: 7.1 %

4. Number of permanent employees on the rolls of Company at the end of the year: 39

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

KMP	% decrease in remuneration	Average percentile increase already made in the salaries of employees other than the managerial personnel	Justification
Mr. Sanjay Tibrewala	21 %	Average: Nil % on total base	-
Mr. Ajay Walimbe	16 %		-
Ms. Gauri Bhatkal	43 %		-

6. The remuneration is as per the remuneration policy of the Company

Notes:

1. Remuneration includes Fixed pay + Variable paid during the year + perquisite value as calculated under the Income Tax Act, 1961.

2. Directors of the Company do not receive any remuneration except in the form of sitting fees for attending the Board/ Committee meetings and in the form of an annual profit-based commission (if any).

Annexure IV

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021

[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 The 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 31st March, 2021, 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 31st March, 2021 according to the applicable 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; (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;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies 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; (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 applicable specifically 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 for meetings 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 etc.

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

(i) Issuance of Commercial Paper on 20th July 2020 amounting to Rs 100 Cr.

(ii) Issuance of Non-Convertible Debentures on private placement basis on 28th December 2020 and 29th December 2020 amounting to Rs 50 Cr and Rs. 25 Cr respectively.

(iii) Redemption of Debentures aggregating to Rs. 175 Cr.

For Parikh & Associates
Company Secretaries

Sarvari Shah
Partner
FCS No: 9697 CP No: 11717
UDIN : F009697C000172882

Place : Mumbai
Date : April 24, 2021

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. Where ever 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 : F009697C000172882

Place : Mumbai
Date : April 24, 2021

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 Phoenix ARC 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 March 31, 2021, the consolidated Statement of Profit and Loss, including consolidated statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity 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 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 consolidated state of affairs of the Group, as at March 31, 2021, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of 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 Group'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 March 31, 2021. 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
(a) Impairment of financial instruments (loans, trade receivables and advance 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)	
Loans, trade receivables (majorly management fee receivable) and advance recoverable from trust amount to Rs. 6,176.33 lacs (net of impairment provision) as disclosed in the consolidated Ind AS financial statements as at March 31, 2021. Ind AS 109 Financial instruments (Ind AS 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 judgement has been applied by the management in respect of following matters: 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. b) Determining the staging of loans, trade receivables and advance recoverable from trust c) Determining effect of past defaults on future probability of default. d) Estimation of management overlay for macro-economic factors which could impact the ECL provisions. e) Estimation of loss given default (LGD) based on past recovery rates 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.	• Our audit procedures included considering the Group's board approved policies for impairment of financial instruments and assessing compliance with the policies in terms of Ind AS 109. • We understood the process of ECL estimation and tested the design and operating effectiveness of key controls around data extraction and validation. • 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 • 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. • We tested the arithmetical accuracy of computation of ECL provision performed by the Group in spreadsheets. • 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.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">(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)</td></tr>
<tr><td>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 March 31, 2021 is Rs. 69,856.98 lacs 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

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.

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.

Given the significant judgement exercised by the management, 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 key audit matter.</td><td>• 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.

• We tested the operating effectiveness of the controls for the purpose of fair valuation of security receipts.

• We have performed testing on a sample basis of key inputs as mentioned above to validate the reasonableness of the input values.

    • We have involved our valuation experts for the process understanding of the valuation process followed by the CRAs and test the fair valuation of sample cases. They 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.

• 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.

• 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.

• We assessed disclosures included in consolidated Ind AS financial statements with respect to such fair valuation.</td></tr>
</table>

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">(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)</td></tr>
<tr><td>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. 17,837.96 as disclosed in the consolidated Ind AS financial statements as at 31 March 2021.

These assets are measured using projected cash flows based on management estimates of recovery and then discounted at the credit adjusted effective interest rate.

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.

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.</td><td>• 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.
• We tested the operating effectiveness of the controls for collating the information for future recovery estimates and past collections records.
• Verified on a sample basis the calculation of the credit adjusted effective interest rate used for the purpose of discounting these assets.
• 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.
• 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.
• We have assessed disclosures included in the financial statements with respect to these assets in accordance with Ind AS 107 and Ind AS 109.</td></tr>
<tr><td colspan="2">(d) Consolidation of Trusts
(Refer note 4 of the notes to accounts of the consolidated Ind AS financial statements)</td></tr>
<tr><td>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.

As per Ind AS 110 Consolidated Financial Statements (Ind AS 110), 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.

Considering the significant management judgement and estimate involved in assessing control, we have considered this a key audit matter.</td><td>• 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.
• 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.
• 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.
• We have verified the consolidation of these trusts done by the Group.
• We have assessed disclosures included in the financial statements with respect to these assets in accordance with Ind AS 107 and Ind AS 110.</td></tr>
</table>

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.

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 March 31, 2021 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, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated 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 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 March 31, 2021 taken on record by the Board of Directors of the Group none of the directors of the Group is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Group refer to our separate Report in "Annexure 1" to this report;

(g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Group for the year ended March 31, 2021;

(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 March 31, 2021;

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 March 31, 2021.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Viren Mehta
Partner
Membership Number: 048749
Place of Signature: Mumbai
UDIN:21048749AAAAGY3964
Date: April 24, 2021

ANNEXURE 1 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 March 31, 2021 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 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, maintained 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 March 31, 2021, 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 **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Viren Mehta
Partner
Membership Number: 048749
Place of Signature: Mumbai
UDIN:21048749AAAAGY3964
Date: April 24, 2021

PHOENIX ARC PVT LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2021

(Amount in lakhs)

Particulars	Note no.	As at March 31, 2021	As at March 31, 2020
Assets			
Financial assets			
Cash and cash equivalents	2	9,914.33	5,661.24
Trade receivables	3	1,105.93	1,167.35
Loans	4	22,654.80	27,308.04
Investments	5	69,856.98	73,638.97
Other financial assets	6	285.97	482.20
Sub total		**103,818.01**	**108,257.80**
Non-financial assets			
Current tax assets (net)		487.87	166.88
Deferred tax assets (net)	26	5,402.92	3,886.04
Property, plant and equipment	7	384.31	90.23
Other intangible assets	8	0.94	2.29
Other non-financial assets	9	13.44	18.04
Sub total		**6,289.48**	**4,163.48**
Total assets		**110,107.49**	**112,421.28**
Liabilities and equity			
Liabilities			
Financial liabilities			
Payables			
Trade payables			
total outstanding dues of creditors other than micro enterprises and small enterprises		63.78	81.03
Debt securities	10	34,932.93	35,382.68
Borrowings (Other than debt securities)	11	19,965.14	26,174.63
Other financial liabilities	12	892.15	767.58
Sub total		**55,854.00**	**62,405.92**
Non-financial liabilities			
Current tax liabilities (net)		2,002.20	273.95
Provisions	13	114.19	106.01
Other non-financial liabilities	14	3,082.60	1,850.66
Sub total		**5,198.99**	**2,230.62**
Equity			
Equity share capital	15	16,800.00	16,800.00
Other equity	16	32,254.50	30,984.74
Sub total		**49,054.50**	**47,784.74**
Total liabilities and equity		**110,107.49**	**112,421.28**
Significant accounting policies & notes on accounts	1		

In terms of our report attached.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firm Registration No. 301003E/E300005

per Viren Mehta (Partner)
Membership No. 048749

Place : Mumbai | Date : 24 April, 2021

For **Phoenix ARC Private Limited**

Keki Elavia
Director
DIN : 00003940

Venkattu Srinivasan
Director
DIN : 01535417

Sanjay Tibrewala
Chief Executive Officer

Gauri Bhatkal
Chief Financial Officer

Ajay Walimbe
Head Acquisition & Company Secretary
FCS No: 4786

PHOENIX ARC PVT LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(Amount in lakhs)

	Particulars	Note no.	For the year ended March 31, 2021	For the year ended March 31, 2020
	Revenue from operations			
	Interest income	17	4,619.12	5,892.16
	Fees and commission income	18	14,306.29	17,264.05
(I)	**Total revenue from operations**		**18,925.41**	**23,156.21**
(II)	**Other income**	20	**92.77**	**-**
(III)	**Total income (I + II)**		**19,018.18**	**23,156.21**
	Expenses			
	Finance costs	21	4,533.27	5,530.23
	Net loss on fair value changes	19	5,768.36	11,276.78
	Impairment on financial instruments	22	4,881.99	6,197.25
	Employee benefit expenses	23	705.54	784.72
	Depreciation, amortization and impairment		86.76	93.80
	Other expenses	24	542.42	640.03
(IV)	**Total expenses**		**16,518.34**	**24,522.81**
(V)	**Profit/(loss) before tax (III -IV)**		**2,499.84**	**(1,366.60)**
(VI)	**Tax expense**	26		
	(1) Current tax		2,739.79	2,675.35
	(2) Deferred tax		(1,515.07)	(2,835.84)
	Total tax expense (1+2)		**1,224.72**	**(160.49)**
(VII)	**Profit/(loss) for the period (V-VI)**		**1,275.12**	**(1,206.11)**
(VIII)	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	- Remeasurements of the defined benefit plan		(7.16)	(3.70)
	Sub-total		**(7.16)**	**(3.70)**
	Income tax relating to items that will not be reclassified to profit or loss	26	1.80	0.93
	Total		**(5.36)**	**(2.77)**
(IX)	**Total comprehensive income for the period (VII+VIII)**		**1,269.76**	**(1,208.88)**
(X)	**Earnings per equity share**	27		
	Basic (Rs.)		0.76	(0.72)
	Diluted (Rs.)		0.76	(0.72)

In terms of our report attached.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firm Registration No. 301003E/E300005

per Viren Mehta (Partner)
Membership No. 048749

Place : Mumbai | Date : 24 April, 2021

For **Phoenix ARC Private Limited**

Keki Elavia
Director
DIN : 00003940

Venkattu Srinivasan
Director
DIN : 01535417

Sanjay Tibrewala
Chief Executive Officer

Gauri Bhatkal
Chief Financial Officer

Ajay Walimbe
Head Acquisition & Company Secretary
FCS No: 4786

PHOENIX ARC PVT LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flow from operating activities		
Profit / (loss) before tax	2,499.84	(1,366.60)
Adjustments to reconcile profit / (loss) before tax to net cash generated from / (used in) operating activities		
Depreciation and amortization expense	86.76	93.80
(Loss) / gain on realisation of proceeds from investments	181.87	(1,467.96)
Net loss on fair value changes	5,586.49	12,744.74
Impairment on financial instruments	4,882.00	6,197.26
Profit on sale of fixed assets	(2.88)	-
Interest received on fixed deposits with bank	(68.71)	(28.35)
Interest on lease liability	6.39	12.11
Concession of lease rentals	(3.80)	-
Finance costs	4,526.88	5,518.12
Gratuity provision	12.25	15.02
Operating profit before working capital changes	**17,707.09**	**21,718.14**
Working capital adjustments		
Adjustments for (increase) / decrease in operating assets		
Loans and advances	1,837.94	(4,604.20)
Trade receivables	(1,469.62)	(316.56)
Other assets	(344.80)	(402.55)
Adjustments for increase / (decrease) in operating liabilities		
Trade payables	(17.25)	(10.28)
Provisions	(11.23)	(42.51)
Other liabilities	1,094.74	349.22
	1,089.78	**(5,026.88)**
Cash from operations	**18,796.87**	**16,691.26**
Income tax paid (net)	(1,332.54)	(2,866.06)
Net cash from operating activities	**17,464.33**	**13,825.20**
Cash flow from investing activities		
Purchase of investments	(20,762.13)	(17,235.15)
Sale of investments	18,775.75	16,782.90
Purchase of fixed assets	(20.80)	(5.52)
Sale of fixed assets	2.88	2.92
Interest received on fixed deposits with bank	68.71	28.35
Net cash (used in) / generated from investing activities	**(1,935.59)**	**(426.50)**
Cash flow from financing activities		
Proceeds from borrowings	26,793.68	15,000.00
Repayment of borrowings	(20,000.00)	(20,398.53)
Net proceeds from bank overdraft facility	(13,690.11)	352.91
Finance costs including share issue expenses	(4,129.86)	(4,712.57)
Proceeds from issuance of security receipts	1.00	1,013.56

PHOENIX ARC PVT LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021 (continued)

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Redemption of security receipts including gains	(160.81)	-
Payment of lease liability	(89.55)	(99.46)
Net cash flow from financing activities	**(11,275.65)**	**(8,844.09)**
Net (decrease) / increase in cash and cash equivalents	**4,253.09**	**4,554.61**
Cash and cash equivalents at the beginning of the year	5,661.24	1,106.63
Cash and cash equivalents at the end of the year	9,914.33	5,661.24
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents as per balance sheet (refer note 2)		
Cash on hand	0.01	0.03
Balances with banks in current account	6,488.22	205.68
Balance in term deposit < 3 months	3,427.98	5,456.96
Less: Impairment loss allowance	(1.88)	(1.43)
Cash and cash equivalents as restated as at the year end	**9,914.33**	**5,661.24**

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 **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firm Registration No. 301003E/E300005

per Viren Mehta (Partner)
Membership No. 048749

Place : Mumbai | Date : 24 April, 2021

For **Phoenix ARC Private Limited**

Keki Elavia
Director
DIN : 00003940

Venkattu Srinivasan
Director
DIN : 01535417

Sanjay Tibrewala
Chief Executive Officer

Gauri Bhatkal
Chief Financial Officer

Ajay Walimbe
Head Acquisition & Company Secretary
FCS No: 4786

PHOENIX ARC PVT LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A. Equity share capital

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the reporting year	16,800.00	16,800.00
Changes in equity share capital during the year	-	-
Balance at the end of the reporting year	**16,800.00**	**16,800.00**

B. Other equity

(Amount in lakhs)

Particulars	Reserves and surplus				Total
	Securities premium	Debenture redemption reserve	Impairment reserve	Retained earnings	
Balance as at March 31, 2019	**3,006.10**	**386.99**	**-**	**28,826.45**	**32,219.55**
Impact of adoption of Ind AS 116 (Leases) [net of taxes]	-	-	-	(25.92)	**(25.92)**
Restated balance as on 1st April, 2019	**3,006.10**	**386.99**	**-**	**28,800.53**	**32,193.62**
Profit for the year	-	-	-	(1,206.11)	**(1,206.11)**
Other comprehensive income for the year (net of tax)	-	-	-	(2.77)	**(2.77)**
Total comprehensive income for the year ended March 31, 2020	**-**	**-**	**-**	**(1,208.88)**	**(1,208.88)**
Transfer/utilisations					
Transfer to impairment reserve	-	-	249.67	(249.67)	**-**
Transfer to debenture redemption reserve	-	-	-	-	**-**
Balance as at March 31, 2020	**3,006.10**	**386.99**	**249.67**	**27,341.98**	**30,984.74**
Profit for the year	-	-	-	1,275.12	**1,275.12**
Other comprehensive income for the year (net of tax)	-	-	-	(5.36)	**(5.36)**
Total comprehensive income for the year ended March 31, 2021	**-**	**-**	**-**	**1,269.76**	**1,269.76**
Transfer/utilisations					
Transfer to impairment reserve	-	-	-	-	**-**
Transfer to debenture redemption reserve	-	-	-	-	**-**
Balance as at March 31, 2021	**3,006.10**	**386.99**	**249.67**	**28,611.74**	**32,254.50**

In terms of our report attached.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firm Registration No. 301003E/E300005

per Viren Mehta (Partner)
Membership No. 048749

Place : Mumbai | Date : 24 April, 2021

For **Phoenix ARC Private Limited**

Keki Elavia
Director
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Sanjay Tibrewala
Chief Executive Officer

Gauri Bhatkal
Chief Financial Officer

Ajay Walimbe
Head Acquisition & Company Secretary
FCS No: 4786

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

1. General information

Phoenix ARC 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 24, 2021.

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.

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 32.

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 33.

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.

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

In addition to the widespread public health implications, the COVID-19 pandemic has had an extraordinary impact on macroeconomic conditions in India and around the world. During the financial year, people and economies around the world, witnessed serious turbulence caused by the first wave of the pandemic, the consequent lockdowns, the gradual easing of restrictions and the emergence of new variants of the virus. The Q1FY21 was worst affected due to pandemic. However, there was an economic recovery in Q2FY21 and Q3FY21 as lockdowns eased consequent to reduction in COVID-19 cases. Although government has started vaccination drive, COVID-19 cases have significantly increased in recent months due to second wave as compared to earlier levels in India. Various state governments have again announced strict measures include lockdowns to contain this spread. As COVID vaccines get administered to more and more people, businesses in sectors impacted by pandemic may pick up. However, the continuing and evolving nature of the virus has created uncertainty regarding estimated time required for businesses and lives to get back to normal.

The Group continues to closely monitor the situation and in response to this health crisis has implemented protocols and processes to execute its business continuity plans and help protect its employees and support its clients. While there is some improvement in the economic activity, the continued slowdown has a direct impact on the business of the Group including lengthening of collection cycles and resolution timelines of existing assets. There is still uncertainty regarding the time required for life and business to get back to normal completely. The extent to which COVID-19 pandemic will impact the Group's operations and financial results is dependent on future developments, which are still highly uncertain, including among many other things, the severity of the pandemic, effectiveness of vaccine and any action to contain its spread or mitigate its impact, whether Government mandated or elected by the Group.

The management has made judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, equity, income, and expenses. These estimates and associated assumptions are based on various factors including the possible effects that may result from the pandemic, that are believed to be reasonable under the current circumstances. The assessment done by the Group is subject to significant uncertainty and the assumptions and estimates used by the management and the external credit rating agencies may vary materially as events unfold.

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 Group's Board of Directors have concluded that the carrying values of the financial assets and liabilities as on March 31, 2021 have been adjusted as necessary on account of COVID-19.

(i) Impairment of Financial Assets (note M and note 33)

Financial assets measured at amortised cost includes Cash and cash equivalents amounting to Rs. 9,916.21 lakhs (March 31, 2020: Rs. 5,662.67 lakhs), Trade receivables amounting to Rs. 4,480.59 lakhs (March 31, 2020: Rs. 3,053.82 lakhs), Loans amounting to Rs. 31,943.17 lakhs (March 31, 2020: Rs. 33,931.37 lakhs) and Advances recoverable from trust amounting to Rs. 1,774.27 lakhs (March 31, 2020: Rs. 1,414.26 lakhs) as at March 31, 2021. 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, 2020 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. 14,188.08 lakhs (March 31, 2020: Rs. 9,482.36 lakhs) as at March 31, 2021 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 33)

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. 1,06,687.00 lakhs (March 31, 2020: Rs. 1,02,841.65 lakhs) as at March 31, 2021, 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 36,761.92 lakhs (March 31, 2020: Rs. 29,202.68 lakhs) as at March 31, 2021 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

New standard or amendments to the existing standards which would have been applicable from April 1, 2020 has not been notified by Ministry of Corporate Affairs ("MCA").

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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, 2021 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.

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.

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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

Deprecation 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.

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:

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.

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.

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.

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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.

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.

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.

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 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.

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.

- 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.

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.

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, 2021

Note 2 CASH AND CASH EQUIVALENTS (refer note 33)

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	0.01	0.03
Balances with banks in current account	6,488.22	205.68
Balance in term deposit < 3 months	3,427.98	5,456.96
Sub total	**9,916.21**	**5,662.67**
Less: Impairment loss allowance	(1.88)	(1.43)
Total	**9,914.33**	**5,661.24**

Note 3 RECEIVABLES (refer note 33)

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables		
Unsecured, considered good	393.52	296.51
Receivables ovedue more than 90 days	4,087.07	2,757.31
Sub total	**4,480.59**	**3,053.82**
Less: Impairment loss allowance	(3,374.66)	(1,886.47)
Total	**1,105.93**	**1,167.35**

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.

Note 4 LOANS (AMORTISED COST) (refer note 33)

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Term loans	31,943.17	33,931.37
Total Gross (A)	**31,943.17**	**33,931.37**
Less: Impairment loss allowance	(9,288.37)	(6,623.33)
Total Net (A)	**22,654.80**	**27,308.04**
Secured by tangible assets	31,943.17	33,931.37
Total Gross (B)	**31,943.17**	**33,931.37**
Less: Impairment loss allowance	(9,288.37)	(6,623.33)
Total Net (B)	**22,654.80**	**27,308.04**
Loans in India		
Public sector	-	-
Others	31,943.17	33,931.37
Total Gross (C)	**31,943.17**	**33,931.37**
Less: Impairment loss allowance	(9,288.37)	(6,623.33)
Total Net (C)	**22,654.80**	**27,308.04**
Total	**22,654.80**	**27,308.04**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 4 LOANS (AMORTISED COST) (refer note 33) *(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
Term loans				
Balance as at March 31, 2019	**2,004.53**	**-**	**2,026.17**	**24,978.17**
Net remeasurement of existing financial asset	1.09	-	528.49	85.48
New financial assets originated during the year	971.61	-	-	4,037.74
Financial assets that have been derecognised during the period	-	-	-	(701.91)
Balance as at March 31, 2020	**2,977.23**	**-**	**2,554.66**	**28,399.48**
Transfers	(2,977.23)	-	2,977.23	-
Net remeasurement of existing financial asset	-	-	385.06	(2,353.80)
New financial assets originated during the year	1,104.11	-	-	4,416.02
Financial assets that have been derecognised during the period	-	-	-	(5,539.59)
Balance as at March 31, 2021	**1,104.11**	**-**	**5,916.95**	**24,922.11**

Note 5 INVESTMENTS (refer note 33)

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fair value through profit and Loss		
Others (Investments in Security Receipts)*	69,856.98	73,638.97
Total (A)	**69,856.98**	**73,638.97**
Investments in India	69,856.98	73,638.97
Total (B)	**69,856.98**	**73,638.97**
Total Net	**69,856.98**	**73,638.97**

* 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 during the year. Refer note 10 & 11 for value of Security Receipts secured against debt securities and secured borrowings.

Note 6 OTHER FINANCIAL ASSETS (refer note 33)

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Advances recoverable from trust	1,774.27	1,414.26
Other receivables	2.85	1.62
Security deposits	32.41	38.68
Sub total	1,809.53	1,454.56
Less: Impairment loss allowance	(1,523.56)	(972.36)
Total	**285.97**	**482.20**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 7 PROPERTY, PLANT AND EQUIPMENT

(Amount in lakhs)

Particulars	Furniture and fixtures	Vehicles	Office equipment	Computers	Right to use asset	Total
Balance as at April 1, 2019	**6.95**	**70.12**	**1.19**	**25.61**	**-**	**103.87**
Restatement on adoption of Ind AS 116	**-**	**-**	**-**	**-**	**141.30**	**141.30**
Additions during the year	-	-	4.33	1.19	-	5.52
Disposals during the year	-	(13.10)	-	-	-	(13.10)
Balance as at March 31, 2020	**6.95**	**57.02**	**5.52**	**26.80**	**141.30**	**237.59**
Accumulated depreciation as at April 1, 2019	**1.54**	**44.63**	**0.65**	**12.84**	**-**	**59.66**
Depreciation for the year	1.26	8.24	0.95	7.38	73.88	91.71
Disposals during the year	-	(4.01)	-	-	-	(4.01)
Accumulated depreciation as at March 31, 2020	**2.80**	**48.86**	**1.60**	**20.22**	**73.88**	**147.36**
Net carrying amount as at March 31, 2020	**4.15**	**8.16**	**3.92**	**6.58**	**67.42**	**90.23**
Balance as at April 1, 2020	**6.95**	**57.02**	**5.52**	**26.80**	**141.30**	**237.59**
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)
Balance as at March 31, 2021	**6.95**	**60.35**	**6.83**	**31.97**	**358.69**	**464.79**
Accumulated depreciation as at April 1, 2020	**2.80**	**48.86**	**1.60**	**20.22**	**73.88**	**147.36**
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)
Accumulated depreciation as at March 31, 2021	**4.01**	**43.04**	**2.86**	**24.49**	**6.08**	**80.48**
Net carrying amount as at March 31, 2021	**2.94**	**17.31**	**3.97**	**7.48**	**352.61**	**384.31**

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	Intangible Software	Total
Balance as at April 1, 2019	**9.97**	**9.97**
Additions during the year	-	-
Disposals during the year	-	-
Balance as at March 31, 2020	**9.97**	**9.97**
Accumulated depreciation and impairment as at April 1, 2019	**5.59**	**5.59**
Depreciation for the year	2.09	2.09

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 8 OTHER INTANGIBLE ASSETS *(Continued)*

Particulars	Intangible Software	Total
Disposals during the year	-	-
Accumulated depreciation and impairment as at March 31, 2020	**7.68**	**7.68**
Net carrying amount as at March 31, 2020	**2.29**	**2.29**
Balance as at April 1, 2020	**9.97**	**9.97**
Additions during the year	-	-
Disposals during the year	-	-
Balance as at March 31, 2021	**9.97**	**9.97**
Accumulated depreciation and impairment as at April 1, 2020	**7.68**	**7.68**
Depreciation for the year	1.35	1.35
Disposals during the year	-	-
Accumulated depreciation and impairment as at March 31, 2021	**9.03**	**9.03**
Net carrying amount as at March 31, 2021	**0.94**	**0.94**

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 9 OTHER NON-FINANCIAL ASSETS

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance TDS to SR Holders	3.98	3.98
TDS on FD Interest	2.19	2.19
Prepaid expenses	7.27	11.87
Total	**13.44**	**18.04**

Note 10 DEBT SECURITIES (AT AMORTISED COST) (refer note 33)

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
10.00% Non-Convertible Debentures	-	7,505.60
10.20% Non-Convertible Debentures	-	10,150.07
10.75% Non-Convertible Debentures	10,705.60	10,687.66
10.37% Non-Convertible Debentures	5,146.66	5,142.70
06.95% Non-Convertible Debentures	2,543.23	-
06.95% Non-Convertible Debentures	5,081.44	-
07.60% Commercial Paper	9,786.91	-
Security receipts (share of other SR holders)	2,030.52	2,190.33
Reserves and surplus (share of other SR holders)	(361.43)	(293.68)
Total	**34,932.93**	**35,382.68**
Debt securities in India	34,932.93	35,382.68
Debt securities outside India	-	-
Total	**34,932.93**	**35,382.68**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 10 DEBT SECURITIES (AT AMORTISED COST) (refer note 33) *(Continued)*

Particulars	As at March 31, 2021	As at March 31, 2020
Secured borrowings	25,146.02	35,382.68
Unsecured borrowings	9,786.91	-
Total	**34,932.93**	**35,382.68**

Non-Convertible Debentures

1. 10.75% of Non-Convertible Debentures are secured against hypothecation of Security Receipts having NAV of Rs. 11,700.71 lakhs and 50% of the outstanding amount is repayable on September 1, 2021 and balance on December 1, 2021.
2. 10.37% of Non-Convertible Debentures are secured against hypothecation of Security Receipts having NAV of Rs. 5,520.99 lakhs and 100% of the outstanding amount is repayable on December 12, 2022.
3. 6.95% of Non-Convertible Debentures are secured against hypothecation of Security Receipts having NAV of Rs. 5,805.91 lakhs and 100% of the outstanding amount is repayable on December 28, 2023.
4. 6.95% of Non-Convertible Debentures are secured against hypothecation of Security Receipts having NAV of Rs. 2,794.25 lakhs and 100% of the outstanding amount is repayable on December 29, 2023.

Commercial Paper

7.60% of Commercial paper (unsecured) is repayable on July 20, 2021.

Note 11 BORROWINGS OTHER THAN DEBT SECURITIES (AT AMORTISED COST) (refer note 33)

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Term loans		
from banks	10,002.05	-
from other parties	-	2,500.00
Loans repayable on demand		
from banks	9,963.09	23,674.63
Total	**19,965.14**	**26,174.63**
Borrowings in India	19,965.14	26,174.63
Borrowings outside India	-	-
Total	**19,965.14**	**26,174.63**
Secured borrowings	19,965.14	23,674.63
Unsecured borrowings	-	2,500.00
Total	**19,965.14**	**26,174.63**

Loans repayable on demand from Banks:

1. Facilities from HDFC bank are secured against hypothecation of Security Receipts having NAV of Rs. 22,422.99 lakhs where interest payments are made on a monthly intervals at the rate of 7.60% p.a for overdraft and Working Capital Demand Loan (WCDL) and 7.50% p.a. for term loan.
2. Facility from Punjab National bank is secured against hypothecation of Security Receipts having NAV of Rs. 8,326.71 lakhs where interest payments are made on a monthly intervals at the rate of 9.00% p.a.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 12 OTHER FINANCIAL LIABILITIES

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance for expenses	206.48	207.24
Employee related accruals	282.29	447.07
Other expenses payable	19.51	30.85
Lease liability	344.19	82.42
Others	39.68	-
Total	**892.15**	**767.58**

Note 13 PROVISIONS

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Gratuity	85.33	75.92
Compensated absences	28.86	30.09
Total	**114.19**	**106.01**

Note 14 OTHER NON-FINANCIAL LIABILITIES

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Advances received	2,436.59	995.54
Amount collected pending allocation	167.34	667.26
Statutory liabilities	478.67	187.86
Total	**3,082.60**	**1,850.66**

Note 15 EQUITY SHARE CAPITAL

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised		
2,500 lakhs (March 31, 2020: 2,500 lakhs) equity shares of Rs.10 each with voting rights	25,000.00	25,000.00
Issued, subscribed and paid up		
1,680 lakhs (March 31, 2020: 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 (In lakhs)	Amount
Equity shares of Rs 10 each, fully paid-up		
As at March 31, 2019	1,680.00	16,800.00
Add/(less) : Movement during the year	-	-
As at March 31, 2020	**1,680.00**	**16,800.00**
Add/(less) : Movement during the year	-	-
As at March 31, 2021	**1,680.00**	**16,800.00**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 15 EQUITY SHARE CAPITAL *(Continued)*

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, 2021		As at March 31, 2020	
	Number of shares (In lakhs)	% Holding	Number of shares (In lakhs)	% Holding
Equity shares with voting rights				
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%
Total	**1,017.32**	**60.56%**	**1,017.32**	**60.56%**

Note 16 OTHER EQUITY

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Securities premium	3,006.10	3,006.10
Debenture redemption reserve	386.99	386.99
Impairment reserve	249.67	249.67
Retained earnings	28,611.74	27,341.98
Total	**32,254.50**	**30,984.74**

Note 16.1 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 Group 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.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 16 OTHER EQUITY *(Continued)*

Impairment reserve

As directed by RBI, where impairment allowance under Ind AS 109 is lower than the provisioning required under Income Recognition, Asset Classification and Provisioning (IRACP) (including standard asset provisioning), Company 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 Group and are available for distribution to shareholders.

Note 16.2 Other equity movement

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Securities premium		
Opening balance	3,006.10	3,006.10
Addition during the year	-	-
Closing balance	**3,006.10**	**3,006.10**
(ii) Debenture redemption reserve		
Opening balance	386.99	386.99
Transfer from retained earnings	-	-
Closing balance	**386.99**	**386.99**
(iii) Impairment reserve		
Opening balance	249.67	-
Transfer from retained earnings	-	249.67
Closing balance	**249.67**	**249.67**
(iv) Retained earnings		
Opening balance	27,341.98	28,826.45
Impact of adoption of Ind AS 116 (Leases) (net of taxes)	-	(25.92)
Net profit for the year	1,275.12	(1,206.11)
Remeasurement (Gain)/Loss on Defined Benefit Plans	(5.36)	(2.77)
Transfer to Impairment reserve	-	(249.67)
Closing balance	**28,611.74**	**27,341.98**

Note 17 INTEREST INCOME (AT AMORTISED COST)

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on loans	4,534.30	5,828.60
Interest on advances	12.41	31.09
Interest on deposits with banks	68.71	28.35
Other interest income	3.70	4.12
Total	**4,619.12**	**5,892.16**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 18 FEES AND COMMISSION INCOME

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Trusteeship fees	10,735.71	13,223.09
Other fees	3,570.58	4,040.96
Total	**14,306.29**	**17,264.05**

Note 19 NET GAIN/ (LOSS) ON FAIR VALUE CHANGES

(Amount in lakhs)

Particulars	For the year ended March 31st, 2021	For the year ended March 31st, 2020
Net gain/ (loss) on financial instruments at fair value through profit or loss		
- Others	(5,768.36)	(11,276.78)
Total Net gain/(loss) on fair value changes	**(5,768.36)**	**(11,276.78)**
- Realised	(181.87)	1,467.96
- Unrealised	(5,586.49)	(12,744.74)
Total Net gain/(loss) on fair value changes	**(5,768.36)**	**(11,276.78)**

Note 20 OTHER INCOME

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit on sale of fixed assets (net)	2.88	-
Others	86.09	-
Rent concession income	3.80	-
Total	**92.77**	**-**

Note 21 FINANCE COSTS

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on borrowings	1,753.58	2,800.49
Interest on debt securities	2,784.59	3,062.93
Interest on lease liability	6.39	12.11
Distribution to other SR holders	16.99	25.21
Share in profit of other SR holder	(67.75)	(388.91)
Other borrowing costs	39.47	18.40
Total	**4,533.27**	**5,530.23**

Note 22 IMPAIRMENT ON FINANCIAL INSTRUMENTS

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Loans	2,815.31	5,530.27
Receivables	1,531.04	273.08
Advance recoverables from trusts	536.03	394.38
Others	(0.39)	(0.48)
Total	**4,881.99**	**6,197.25**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 23 EMPLOYEE BENEFITS EXPENSES

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, bonus and allowances	653.25	709.73
Contribution to provident fund and other funds	39.50	43.35
Gratuity	12.25	15.02
Staff welfare expenses	0.54	16.62
Total	**705.54**	**784.72**

Note 24 OTHER EXPENSES

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Advertisement expenses	0.40	3.63
Audit fees (refer note 28)	45.29	41.06
Electricity expenses	10.05	15.26
Filing charges	(1.66)	5.48
Rates and taxes	0.03	0.03
Director fees	15.03	13.56
Security charges	44.35	175.04
Travelling and conveyance	1.19	8.54
Legal & professional fees	136.07	98.13
CSR expenditure	114.00	139.50
Collection charges	15.22	23.06
Trusteeship fees	36.76	28.85
Others	125.69	87.89
Total	**542.42**	**640.03**

Note 25 MATURITY ANALYSIS

(Amount in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	9,914.33	-	9,914.33	5,661.24	-	5,661.24
Trade receivables	1,105.93	-	1,105.93	1,167.35	-	1,167.35
Loans	13,925.08	8,729.72	22,654.80	13,080.70	14,227.34	27,308.04
Investments	20,600.00	49,256.98	69,856.98	17,500.08	56,138.89	73,638.97
Other financial assets	253.56	32.41	285.97	482.20	-	482.20
Sub total	**45,798.90**	**58,019.11**	**103,818.01**	**37,891.57**	**70,366.23**	**108,257.80**
Non-financial assets						
Current tax assets (net)	-	487.87	487.87	-	166.88	166.88
Deferred tax assets (net)	-	5,402.92	5,402.92	-	3,886.04	3,886.04
Property, plant and equipment	-	384.31	384.31	67.42	22.81	90.23
Other intangible assets	-	0.94	0.94	-	2.29	2.29
Other non-financial assets	13.44	-	13.44	18.04	-	18.04
Sub total	**13.44**	**6,276.04**	**6,289.48**	**85.46**	**4,078.02**	**4,163.48**
Total assets	**45,812.34**	**64,295.15**	**110,107.49**	**37,977.03**	**74,444.25**	**112,421.28**
LIABILITIES						
Financial liabilities						
Payables						
Trade payables						
total outstanding dues of creditors other than micro enterprises and small enterprises	63.78	-	63.78	81.03	-	81.03
Debt securities	22,153.24	12,779.69	34,932.93	20,401.60	14,981.08	35,382.68
Borrowings (Other than debt securities)	11,840.14	8,125.00	19,965.14	23,674.63	2,500.00	26,174.63
Other financial liabilities	631.25	260.90	892.15	767.58	-	767.58
Sub total	**34,688.41**	**21,165.59**	**55,854.00**	**44,924.84**	**17,481.08**	**62,405.92**
Non-financial liabilities						
Current tax liabilities (net)	2,002.20	-	2,002.20	273.95	-	273.95
Provisions	39.61	74.58	114.19	27.04	78.97	106.01
Other non-financial liabilities	3,082.60	-	3,082.60	1,850.66	-	1,850.66
Sub total	**5,124.41**	**74.58**	**5,198.99**	**2,151.65**	**78.97**	**2,230.62**
Total liabilities	**39,812.82**	**21,240.17**	**61,052.99**	**47,076.49**	**17,560.05**	**64,636.54**

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

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 26 TAX EXPENSE

(a) Amounts recognised in profit and loss

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax expense		
Current period	2,727.69	2,675.35
Changes in estimated related to prior years	12.10	-
Total current tax expense (A)	**2,739.79**	**2,675.35**
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	(2,001.13)	(2,985.75)
Reduction in tax rate	-	149.91
Changes in estimated related to prior years	486.06	-
Deferred tax expense (B)	(1,515.07)	(2,835.84)
Total tax expense for the year (A)+(B)	**1,224.72**	**(160.49)**

(b) Amounts recognised in other comprehensive income

(Amount in lakhs)

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability / (asset)	(7.16)	1.80	**(5.36)**	(3.70)	0.93	**(2.77)**
Total	**(7.16)**	**1.80**	**(5.36)**	**(3.70)**	**0.93**	**(2.77)**

(c) Reconciliation of effective tax rate

(Amount in lakhs)

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Amount	% terms	Amount	% terms
Profit before tax as per Statement of profit and loss	2,499.84	-	(1,366.60)	-
Tax using the Company's domestic tax rate (Current year 25.168% previous year 25.168%)	629.16	25.17%	(343.95)	25.17%
Reduction in tax rate				
Tax effect of:				
Tax effects of amounts which are not deductible for taxable income	28.70	1.15%	(7.89)	0.58%
Tax effect of share of gain/losses of trust	68.71	2.75%	44.24	-3.24%
Changes in estimates related to prior years (Including change in tax rate)	498.16	19.93%	149.91	-10.97%
Others	(0.02)	0.00%	(2.80)	0.20%
Total tax expense	**1,224.72**	**48.99%**	**(160.49)**	**NA***

* The ETR rate is not meaningful since the Group has made net loss in the year and has a corresponding profit as per tax laws resulting is huge negative ETR. Since this presentation will not show the appropriate results, the ETR has not been calculated.

Note 26 TAX EXPENSE *(Continued)*

(d) Movement in deferred tax balances

(Amount in lakhs)

Particulars	As at March 31, 2021						
	Net balance March 31, 2020	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/(liabilities)							
Property, plant and equipment	14.48	(1.49)	-	-	12.99	12.99	-
Receivables	109.29	514.69	-	-	623.99	623.99	-
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 accrual basis	(1,684.44)	(480.40)	-	-	(2,164.84)	-	(2,164.84)
Other items	4.89	(2.52)	-	-	2.37	2.37	-
Total	**3,886.04**	**1,515.07**	**1.80**	**-**	**5,402.92**	**8,293.17**	**(2,890.25)**

Particulars	As at March 31, 2020						
	Net balance March 31, 2019	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/(liabilities)							
Property, plant and equipment	11.05	3.43	-	-	14.48	14.48	-
Receivables	(68.12)	177.41	-	-	109.29	109.29	-
Employee benefits	112.60	(26.45)	0.93	-	87.08	87.08	-
Investments	3,964.42	2,669.58	-	-	6,634.00	6,634.00	-
Borrowings	(2.87)	(11.93)	-	-	(14.80)	-	(14.80)
Loans	(1,663.25)	394.27	-	-	(1,268.98)	-	(1,268.98)
Leases		(4.20)	-	8.72	4.52	4.52	-
Share of income of trust on accrual basis	(1,313.57)	(370.87)	-	-	(1,684.44)	-	(1,684.44)
Other items	0.28	4.61	-	-	4.89	4.89	-
Total	**1,040.54**	**2,835.84**	**0.93**	**8.72**	**3,886.04**	**6,854.26**	**(2,968.22)**

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.

PhoenixARC

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

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 March 31, 2021	For the year ended March 31, 2020
Net profit attributable to equity holders	1,275.12	(1,206.11)
Profit attributable to equity holders of the Company adjusted for the effect of dilution	**1,275.12**	**(1,206.11)**
Weighted average number of ordinary shares		
Issued ordinary shares (in lakhs) at the beginning of the year	1,680.00	1,680.00
Weighted average number of shares (in lakhs) at the end of the year for basic EPS	**1,680.00**	**1,680.00**
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
Basic earnings per share	**0.76**	**(0.72)**
Diluted earnings per share	**0.76**	**(0.72)**

Note 28 PAYMENT TO AUDITORS

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Payment to the auditor as:		
Audit fees	43.02	38.51
Out of pocket expenses	0.02	0.48
Goods and service tax	2.98	2.98
Less: Input tax credit	(0.73)	(0.91)
Total	**45.29**	**41.06**

Note 29 CORPORATE SOCIAL RESPONSIBILITY (CSR)

(Amount in lakhs)

Particulars	March 31, 2021	March 31, 2020
Contribution to Kotak Education Foundation	25.00	48.20
Contribution to Ratna Nidhi Charitablee Trust	14.00	20.00
Contribution to Foundation of Mother and Child Health	75.00	28.30
Contribution to Vision Foundation of India	-	43.00
Total	**114.00**	**139.50**
Amount required to be spent as per Section 135 of the Act	114.00	139.50
Amount spent during the year on		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	114.00	139.50

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 29 CORPORATE SOCIAL RESPONSIBILITY (CSR) ***(Continued)***

Details of ongoing CSR projects under Section 135(6) of the Act ***(Amount in lakhs)***

Balance as at April 1, 2020		Amount required to be spent during the year	Amount spent during the year		Balance as at March 31, 2021	
With the Company	In Separate CSR Unspent account		From the Company's Bank account	From Separate CSR Unspent account	With Company	In Separate CSR Unspent account
-	-	-	-	-	-	-

Details of CSR expenditure under Section 135(5) of the Act in respect of other than ongoing projects

Balance unspent as at April 1, 2020	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as at March 31, 2021
-	-	114.00	(114.00)	-

Details of excess CSR expenditure under Section 135(5) of the Act

Balance excess spent as at April 1, 2020	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as at March 31, 2021
-	-	-	

Note 30 RELATED PARTY DISCLOSURES

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

A. Names of Related Parties

Particulars	Country of Incorporation
Entity having Joint control over the Group	
Kotak Mahindra Investments Limited (holding company of KMIL is 'Kotak Mahindra Bank Limited')	India
Others	
Kotak Mahindra Bank Limited	India
Kotak Securities Limited	India
Kotak Mahindra Capital Company Limited	India
Infina Finance Private Limited	India
Key Management Personnel	
Sanjay Tibrewala - CEO	
Ajay Walimbe - Head Acquisition & Company Secretary	
Gauri Bhatkal - CFO	
Mr Chandan Bhattacharya - Independent director	
Mr Keki Elavia - Independent director	

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 30 RELATED PARTY DISCLOSURES *(Continued)*

B Transactions with related parties

(Amount in lakhs)

Nature of transaction	Year ended March 31	Entity having joint control over the Company	Others	Key Management Personnel	Total
Term deposits repaid	2021	50,369.15	-	-	50,369.15
	2020	21,320.57	-	-	21,320.57
Term deposits placed	2021	48,351.46	-	-	48,351.46
	2020	25,947.55	-	-	25,947.55
Interest received on term deposits	2021	85.52	-	-	85.52
	2020	28.35	-	-	28.35
Other expenses	2021	0.25	-	-	0.25
	2020	0.88	-	-	0.88
Remuneration paid	2021	-	-	261.10	261.10
	2020	-	-	474.31	474.31
Directors Sitting Fee	2021	-	-	10.80	10.80
	2020			11.60	11.60
Directors Commission	2021	-	-	4.00	4.00
	2020	-	-	-	-
Sale of Fixed Assets	2021	-	-	2.65	2.65
	2020	-	9.10	-	9.10
Interest expense	2021	-	799.30	-	799.30
	2020	-	1,758.87	-	1,758.87
Loan repaid	2021	-	10,000.00	-	10,000.00
	2020	-	22,898.52	-	22,898.52
Loan taken	2021	-	2,500.00	-	2,500.00
	2020	-	2,500.00	-	2,500.00
Balance Outstanding					
Term deposits placed	2021	3,424.75	-	-	3,424.75
	2020	5,455.58	-	-	5,455.58
Bank balance in current account	2021	417.74	-	-	417.74
	2020	205.42	-	-	205.42
Loan outstanding (including outstanding interest)*	2021	-	7,689.89	-	7,689.89
	2020	-	10,005.60	-	10,005.60

* Loan oustanding comprises of listed non-convertible debentures initially issued to party other than the related party amounting to Rs. 5,000 lakhs and the same is not forming part of the loans taken. (Previous year: Nil)

C. Compensation of Key management personnel

Particulars	March 31, 2021	March 31, 2020
Short term employeee benefits	261.10	474.31
Post employment benefits*	-	-
Termnation benefits	-	-
Total	**261.10**	**474.31**

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

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 31 LEASE

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 Company is leasee is presented below:

Right to use asset

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	67.42	141.30
Additions during the year	358.70	-
Depreciation charge for the year	(73.51)	(73.88)
Contingent rent expense	-	-
Closing balance	**352.61**	**67.42**

Maturity analysis of lease liabilities

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than 6 months	43.56	88.74
6-12 months	87.12	-
1-2 years	174.24	-
2-5 years	254.10	-
Total undiscounted lease liabilities at March 31, 2021	**559.02**	**88.74**
Lease liabilities included in the statement of financial position	**344.19**	**82.42**
Current	83.29	82.42
Non Current	260.90	-

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest on lease liabilities	6.39	12.11
Depreciation charge for the year	73.51	73.88
Total	**79.90**	**85.99**

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Total cash outflow for leases	89.55	99.46

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 32 EMPLOYEE BENEFITS

A. The Company 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. 39.50 lakhs (Year ended March 31, 2020- Rs 43.34 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 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 Groups financial statements as at balance sheet date:

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of defined benefit obligations (A)	85.33	75.92
Fair Value of plan assets (B)	-	-
Net (asset) / liability recognised in the Balance Sheet (A-B)	**85.33**	**75.92**

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 March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Opening balance	75.92	82.65	-	-	75.92	82.65
Included in profit or loss	-		-			
Current service cost	7.87	9.52	-	-	7.87	9.52
Past service cost	-	-	-	-	-	-
Interest cost (income)	4.38	5.50	-	-	4.38	5.50
	88.17	**97.67**	**-**	**-**	**88.17**	**97.67**
Included in OCI						
Remeasurement loss / (gain):						
Actuarial loss / (gain) arising from:	-		-			
Demographic assumptions	-	-	-	-	-	-
Financial assumptions	0.94	0.78	-	-	0.94	0.78
Experience adjustment	6.22	2.92	-	-	6.22	2.92
Return on plan assets excluding interest income	-	-	-	-	-	-
	7.16	**3.70**	**-**	**-**	**7.16**	**3.70**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 32 EMPLOYEE BENEFITS

(Amount in lakhs)

Particulars	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) / liability	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Other						
Contributions paid by the employer	-	-	-	-	-	-
Benefits paid	(10.00)	(25.45)	-	-	(10.00)	(25.45)
Liabilities (settled on divestiture) / assumed on acquisitions	-	-	-	-	-	-
Closing balance	**85.33**	**75.92**	**-**	**-**	**85.33**	**75.92**

Represented by

Net defined benefit asset	-	-
Net defined benefit liability	85.33	75.92
	85.33	**75.92**

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, 2021	As at March 31, 2020
Discount rate	6.20%	6.40%
Salary escalation rate	7.00%	7.00%*

* 0.00% escalation in year 1 inclusive

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, 2021		As at March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (50 bps)	-2.71%	2.87%	-2.68%	2.84%
Future salary growth (50 bps)	1.64%	-1.61%	1.42%	-1.42%

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 CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(Continued)*

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, 2021			As at March 31, 2020		
	Amotised Cost	FVTOCI	FVTPL	Amotised Cost	FVTOCI	FVTPL
Financial assets						
Cash and cash equivalents	9,914.33	-	-	5,661.24	-	-
Receivables:						
Trade receivables	1,105.93	-	-	1,167.35	-	-
Loans	22,654.80	-	-	27,308.04	-	-
Investments	-	-	69,856.98	-	-	73,638.97
Other financial assets	285.97	-	-	482.20	-	-
Total	**33,961.03**	**-**	**69,856.98**	**34,618.83**	**-**	**73,638.97**
Financial liabilities						
Payables						
Trade Payables	63.78	-	-	81.03	-	-
Debt securities	34,932.93	-	-	35,382.68	-	-
Borrowings (Other than debt securities)	19,965.14	-	-	26,174.63	-	-
Other Financial liabilities	892.15	-	-	767.58	-	-
Total	**55,854.00**	**-**	**-**	**62,405.92**	**-**	**-**

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, 2021				As at March 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments	-	-	69,856.98	69,856.98	-	-	73,638.97	73,638.97
Total	**-**	**-**	**69,856.98**	**69,856.98**	**-**	**-**	**73,638.97**	**73,638.97**

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(Continued)*

(Amount in lakhs)

Particulars	As at March 31, 2021					As at March 31, 2020				
	Carrying Value	Level 1	Level 2	Level 3	Fair Value	Carrying Value	Level 1	Level 2	Level 3	Fair Value
Financial assets										
Cash and cash equivalents	9,914.33	-	-	9,914.33	9,914.33	5,661.24	-	-	5,661.24	5,661.24
Receivables:										
Trade receivables	1,105.93	-	-	1,105.93	1,105.93	1,167.35	-	-	1,167.35	1,167.35
Loans	22,654.80	-	-	22,526.65	22,526.65	27,308.04	-	-	27,258.18	27,258.18
Other financial assets	285.97	-	-	285.82	285.82	482.20	-	-	482.47	482.47
Total	33,961.03	-	-	33,832.73	33,832.73	34,618.83	-	-	34,569.24	34,569.24
Financial liabilities										
Payables										
Trade Payables	63.78	-	-	63.78	63.78	81.03	-	-	81.03	81.03
Debt securities	34,932.93	-	-	36,032.14	36,032.14	35,382.68	-	-	35,760.16	35,760.16
Borrowings (Other than debt securities)	19,965.14	-	-	19,965.14	19,965.14	26,174.63	-	-	26,174.63	26,174.63
Other Financial liabilities	892.15	-	-	892.15	892.15	767.58	-	-	767.58	767.58
Total	55,854.00	-	-	56,953.21	56,953.21	62,405.92	-	-	62,783.40	62,783.40

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.

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.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT ***(Continued)***

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.

(Amount in lakhs)

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

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT ***(Continued)***

(Amount in lakhs)

Particulars	As at April 1, 2019	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	As at March 31, 2020
Investments in Security Receipts	85,822.92	(11,276.78)	17,235.15	(18,142.32)	73,638.97

ii. Unobservable inputs used in measuring fair value

Type of financial instrument	Valuation technique	Significant unabsorvable input	Range of estimates	Fair value measurement sensitivity to unabsorvable 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, 2021		As at March 31, 2020	
	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	698.57	(698.57)	736.39	(736.39)

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 ensure 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.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT ***(Continued)***

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 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 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)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables	4,480.59	3,053.82
Loans to borrowers	31,943.17	33,931.37
Advance receivable from trusts	1,774.27	1,414.26
Bank balances	9,916.20	5,662.64
Other financial assets	35.26	40.30
	48,149.49	**44,102.39**

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)

Trade receivables	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
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

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(Continued)*

(Amount in lakhs)

Loans to borrowers	As at March 31, 2021				
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased credit impaired	Total
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

(Amount in lakhs)

Advance receivable from trusts	As at March 31, 2021				
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased credit impaired	Total
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

(Amount in lakhs)

Other financial assets	As at March 31, 2021				
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased credit impaired	Total
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

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(Continued)*

(Amount in lakhs)

Trade receivables	As at March 31, 2020				
	Past due 1–30 days	Past due 31–60 days	Past due 61–90 days	Past due more than 90 days	Total
Gross Carrying amount	202.39	47.21	46.91	2,757.31	3,053.82
Impairment loss allowance	(43.45)	(11.68)	(12.69)	(1,818.67)	(1,886.49)
Carrying amount	158.94	35.53	34.22	938.64	1,167.32

(Amount in lakhs)

Loans to borrowers	As at March 31, 2020				
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased credit impaired	Total
Current	-	-	-	-	-
Past due 1–30 days	2,977.23	-	-	-	2,977.23
Past due 31–60 days	-	-	-	-	-
Past due 61–90 days	-	-	-	-	-
Past due more than 90 days	-	-	2,554.66	28,399.48	30,954.14
	2,977.23	-	2,554.66	28,399.48	33,931.37
Impairment loss allowance	(147.06)	-	(1,391.85)	(5,084.41)	(6,623.32)
Carrying amount	2,830.17	-	1,162.81	23,315.07	27,308.05

(Amount in lakhs)

Advance receivable from trusts	As at March 31, 2020				
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased credit impaired	Total
Past due 1–30 days	57.22	-	-	-	57.22
Past due 31–60 days	-	5.34	-	-	5.34
Past due 61–90 days	-	77.48	-	-	77.48
Past due more than 90 days	-	-	1,274.22	-	1,274.22
	57.22	82.82	1,274.22	-	1,414.26
Impairment loss allowance	(18.17)	(31.32)	(921.64)	-	(971.13)
Carrying amount	39.05	51.50	352.58	-	443.13

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(Continued)*

(Amount in lakhs)

Other financial assets	As at March 31, 2020				
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased credit impaired	Total
Current	5,702.94	-	-	-	5,702.94
Past due 1–30 days	-	-	-	-	-
Past due 31–60 days	-	-	-	-	-
Past due 61–90 days	-	-	-	-	-
Past due more than 90 days	-	-	-	-	-
	5,702.94	-	-	-	5,702.94
Impairment loss allowance	(2.66)	-	-	-	(2.66)
Carrying amount	5,700.28	-	-	-	5,700.28

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, 2021	As at March 31, 2020	
Loan to borrowers	100%	100%	Immovable property

Quantitative information of collateral

Loan to Value (LTV) range	As at March 31, 2021	As at March 31, 2020
Less than 50%	31,943.17	33,931.37

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, 2021

Note 33 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 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 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, 2021

Note 33 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 1–30 days	Past due 31–60 days	Past due 61–90 days	Past due more than 90 days
Trade receivables				
Balance as at March 31, 2019	**23.09**	**-**	**1.93**	**1,588.38**
New financial assets originated during the year	41.15	11.68	12.68	202.40
Net remeasurement of loss allowance	(5.04)	-	(1.92)	29.81
Financial assets that have been derecognised during the period	(15.75)	-	-	(1.92)
Balance as at March 31, 2020	**43.45**	**11.68**	**12.69**	**1,818.67**
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)
Balance as at March 31, 2021	**70.91**	**-**	**43.41**	**3,260.34**

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased Credit Impaired Assets
Term loans				
Balance as at March 31, 2019	**106.41**	**-**	**1,093.50**	**(424.95)**
New financial assets originated during the year	47.99	-	-	(154.13)
Transfers from Stage 1	-	-	-	-
Transfers from Stage 2	-	-	-	-
Transfers from Stage 3	-	-	-	-
Net remeasurement of loss allowance	(7.34)	-	298.35	5,536.52
Financial assets that have been derecognised during the period	-	-	-	126.97
Balance as at March 31, 2020	**147.06**	**-**	**1,391.85**	**5,084.41**
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	-	-	652.91	3,251.82
Financial assets that have been derecognised during the period	-	-	-	(878.32)
Balance as at March 31, 2021	**12.42**	**-**	**2,191.81**	**7,084.14**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT ***(Continued)***

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Advance receivable from trusts			
Balance as at March 31, 2019	**4.78**	**5.75**	**566.20**
New financial assets originated during the year	17.83	26.44	55.49
Transfers from Stage 1	(3.07)	0.17	2.90
Transfers from Stage 2	-	(2.19)	2.19
Transfers from Stage 3	8.30	10.69	(18.99)
Net remeasurement of loss allowance	(8.01)	(5.98)	337.55
Financial assets that have been derecognised during the period	(1.66)	(3.55)	(23.70)
Balance as at March 31, 2020	**18.17**	**31.33**	**921.64**
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)
Balance as at March 31, 2021	**8.67**	**1.59**	**1,512.91**

(Amount in lakhs)

Particulars	Bank Balances	Other financial assets
Other financial assets		
Balance as at March 31, 2019	**0.24**	**2.90**
Net remeasurement of loss allowance	1.19	(1.67)
Balance as at March 31, 2020	**1.43**	**1.23**
Net remeasurement of loss allowance	0.45	(0.84)
Balance as at March 31, 2021	**1.88**	**0.39**

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.

Note 33 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 and exclude the impact of netting agreements.

(Amount in lakhs)

Particulars	Carrying amount	Total	On Demand	Less than 6 months	6-12 months	1-2 years	2-5 years
As at March 31, 2021							
Non-derivative financial liabilities							
Trade and other payables	63.78	63.78	63.78	-	-	-	-
Debt securities	34,932.93	39,216.82	-	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	892.15	976.31	-	591.53	43.56	87.12	254.10
Loan commitments	21,107.10	21,107.10	-	8,728.34	12,378.76	-	-

Particulars	Carrying amount	Total	On Demand	Less than 6 months	6-12 months	1-2 years	2-5 years
As at March 31, 2020							
Non-derivative financial liabilities							
Trade and other payables	81.03	81.03	81.03	-	-	-	-
Debt securities	35,382.68	39,763.86	-	13,890.25	8,515.14	11,837.76	5,520.71
Borrowings (Other than debt securities)	26,174.63	27,197.92	23,674.63	112.81	112.19	225.00	3,073.29
Other financial liabilities	767.58	773.87	-	733.53	40.34	-	-
Loan commitments	31,825.38	31,825.38	-	-	3,920.74	7,404.64	20,500.00

For the liabilities mentioned above where no contractual maturity is available, the manamement 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.

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Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(Continued)*

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 minimum 15% of the acquisition price 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 Net Interest Margin (NIM).

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.

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed-rate instruments		
Financial assets	22,654.80	27,308.04
Financial liabilities	(33,263.84)	(33,486.03)
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	(19,965.14)	(26,174.63)
Total net	**(30,574.19)**	**(32,352.63)**

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, 2021		As at March 31, 2020	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Variable rate instruments	(199.65)	199.65	(261.75)	261.75
Cash Flow Sensitivity	**(199.65)**	**199.65**	**(261.75)**	**261.75**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(Continued)*

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 Group 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, Group 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 March 31, 2021	As at March 31, 2020
Net owned funds	39,907.87	38,877.56
Risk weighted assets	89,633.19	96,064.91
Total capital ratio	**44.52%**	**40.47%**

The Capital adequecy ratio is calculated based on Standalone financial statements.

Note 34 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, 2021	March 31, 2020
Revenue from contracts with customers	14,306.29	17,264.05
Revenue from other sources	4,711.89	5,892.16
Total Revenue	**19,018.18**	**23,156.21**
Impairment (loss)/gain on receivables	1,531.04	273.08

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, 2021	March 31, 2020
Primary geographical market		
India	14,306.29	17,264.05
Total	**14,306.29**	**17,264.05**
Major products/service lines		
Trusteeship fees	10,735.71	13,223.09
Other fees	3,570.58	4,040.96
Total	**14,306.29**	**17,264.05**
Timing of revenue recognition		
At a point in time	14,306.29	17,264.05
Over a period of time	-	-
Total	**14,306.29**	**17,264.05**

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Note 34 REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

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

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Receivables	1,105.93	1,167.35
Contract liabilities	2,436.59	995.54

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

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	995.54	252.11
Liabilities recognised during the year	2,436.59	995.54
Revenue recognised that was included in the contract liability balance at the beginning of the period	(995.54)	(252.11)
Closing balance	**2,436.59**	**995.54**

Transaction price allocated to the remaining performance obligation

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)

Particulars	March 31, 2021
Contract liabilities	2,436.59

As of March 31, 2020, 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)

Particulars	March 31, 2020
Contract liabilities	995.54

Note 35 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.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 35 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES *(Continued)*

(Amount in lakhs)

Type of Structured Entity	Nature and purpose	Interest held by the group	As at March 31, 2021		As at March 31, 2020	
			SRs issued by trusts	SRs subscribed by the Company	SRs issued by trusts	SRs 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. Acting as trustee to the trusts	807,541.21	106,687.00	777,531.44	102,841.65

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)

Carrying amounts	As at March 31, 2021	As at March 31, 2020
(i) Investment in security receipts	69,856.98	73,638.97
(ii) Trade receivables	1,105.93	1,167.35
(iii) Advances recoverable from trusts	251.10	443.13
Total	**71,214.01**	**75,249.45**

Note 36 CONTINGENT LIABILITIES

Contingent liabilities outstanding as on March 31, 2021 is Nil (Previous year - Nil).

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

Note 37 GROUP INFORMATION

Consolidated financial statements of the Group included trusts over which Group has control listed below :

Name	Principal Activities	Country of incorporation	% Interest	
			As at March 31, 2021	As at March 31, 2020
Phoenix Trust-FY09-2	Securitisation and asset reconstruction	India	99.26%	99.26%
Phoenix Trust-FY10-8 - Scheme B	Securitisation and asset reconstruction	India	75.00%	75.00%
Phoenix Trust-FY10-8 - Scheme C	Securitisation and asset reconstruction	India	50.00%	50.00%
Phoenix Trust-FY11-1 - Scheme D	Securitisation and asset reconstruction	India	98.33%	98.33%
Phoenix Trust-FY11-1 - Scheme K	Securitisation and asset reconstruction	India	99.78%	99.78%
Phoenix Trust-FY11-1 - Scheme M	Securitisation and asset reconstruction	India	99.72%	99.72%
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 ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 37 GROUP INFORMATION ***(Continued)***

Name	Principal Activities	Country of incorporation	% Interest	
			As at March 31, 2021	As at March 31, 2020
Phoenix Trust FY 15-25 - Series A	Securitisation and asset reconstruction	India	100.00%	100.00%
Phoenix Trust FY 15-25 - Series B	Securitisation and asset reconstruction	India	66.67%	66.67%
Phoenix Trust FY 15-26	Securitisation and asset reconstruction	India	99.89%	99.89%
Phoenix Trust FY 16-1	Securitisation and asset reconstruction	India	99.95%	99.95%
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 B	Securitisation and asset reconstruction	India	99.95%	99.95%
Phoenix Trust FY 19-5 Scheme D	Securitisation and asset reconstruction	India	99.95%	99.95%
Phoenix Trust FY 19-5 Scheme F	Securitisation and asset reconstruction	India	99.97%	99.97%
Phoenix Trust FY 19-5 Scheme M	Securitisation and asset reconstruction	India	99.95%	99.95%
Phoenix Trust FY 19-5 Scheme P	Securitisation and asset reconstruction	India	99.95%	99.95%
Phoenix Trust FY 19-7	Securitisation and asset reconstruction	India	51.00%	51.00%
Phoenix Trust FY 19-16 Scheme C	Securitisation and asset reconstruction	India	99.88%	99.88%
Phoenix Trust FY 20-5	Securitisation and asset reconstruction	India	99.93%	99.93%
Phoenix Trust FY 20-7	Securitisation and asset reconstruction	India	99.73%	99.73%
Phoenix Trust FY 20-15	Securitisation and asset reconstruction	India	100.00%	100.00%
Phoenix Trust-FY20-13	Securitisation and asset reconstruction	India	100.00%	0.00%
Phoenix Trust-FY21-12	Securitisation and asset reconstruction	India	99.97%	0.00%

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

As at year ending 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)**
Performing Assets						
Standard	Stage 1	1,104.11	12.42	1,091.69	-	12.42
	Stage 2					
Subtotal (A)		**1,104.11**	**12.42**	**1,091.69**	**-**	**12.42**
Non-Performing Assets (NPA)						
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		**3,238.59**	**2,098.38**	**1,140.21**	**997.07**	**1,101.31**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA (B)		**5,916.96**	**2,191.81**	**3,725.15**	**1,286.03**	**905.78**
Other items						
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
Purchased or Originated Credit Impaired (E)	Purchased or Originated Credit Impaired	24,922.10	7,084.14	17,837.96	326.05	6,758.09
Subtotal (F) = (C) + (D) + (F)		**41,128.42**	**11,984.24**	**29,144.18**	**2,108.16**	**(256.67)**
Total (G) = (A) + (B) + (F)	**Stage 1**	**11,076.22**	**23.37**	**11,052.85**	**-**	**23.37**
	Stage 2	**3.25**	**1.59**	**1.66**	**-**	**1.59**
	Stage 3	**7,667.33**	**3,704.72**	**3,962.62**	**3,068.14**	**636.58**
	Others	**29,402.69**	**10,458.80**	**18,943.89**	**326.05**	**10,132.75**
	Total	**48,149.49**	**14,188.47**	**33,961.02**	**3,394.19**	**10,794.29**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

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)*

As at year ending March 31, 2020

(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)
Performing Assets						
Standard	Stage 1	2,977.23	147.06	2,830.17	-	147.06
	Stage 2					
Subtotal (A)		**2,977.23**	**147.06**	**2,830.17**	**-**	**147.06**
Non-Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	1,692.97	1,000.10	692.87	714.78	285.32
More than 3 years	Stage 3	861.69	391.75	469.94	282.29	109.46
Subtotal for doubtful		**2,554.66**	**1,391.85**	**1,162.81**	**997.07**	**394.78**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA (B)		**2,554.66**	**1,391.85**	**1,162.81**	**997.07**	**394.78**
Other items						
Advances to trusts & other financial assets (C)	Stage 1	5,760.16	20.83	5,739.33	-	20.83
	Stage 2	82.82	31.32	51.50	-	31.32
	Stage 3	1,274.22	921.64	352.58	1,290.17	(368.53)
Trade receivables (Simplified Approach) (D)	NA	3,053.82	1,886.49	1,167.33	-	1,886.49
Purchased or Originated Credit Impaired (E)	Purchased or Originated Credit Impaired	28,399.48	5,084.41	23,315.07	33.28	5,051.13
Subtotal (F) = (C) + (D) + (E)		**38,570.50**	**7,944.69**	**30,625.81**	**1,323.45**	**(316.38)**
Total (G) = (A) + (B) + (F)	**Stage 1**	**8,737.39**	**167.89**	**8,569.50**	**-**	**167.89**
	Stage 2	**82.82**	**31.32**	**51.50**	**-**	**31.32**
	Stage 3	**3,828.88**	**2,313.49**	**1,515.39**	**2,287.24**	**26.25**
	Others	**31,453.30**	**6,970.90**	**24,482.40**	**33.28**	**6,937.62**
	Total	**44,102.39**	**9,483.60**	**34,618.79**	**2,320.52**	**7,163.08**

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. 4,112.00 lakhs (Previous year: 2,770.26 lakhs) and corresponding provision amounting to Rs.3,272.29 lakhs (Previous year: 1,823.36 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 Rs. 2,230.12 lakhs (Previous year: 1,506.38 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 of impairment reserve

As at March 31, 2021

(Amount in lakhs)

Asset classification as per RBI norms	Asset classifica tion 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)
Total		**2,235.46**	**1,977.64**	**257.82**	**2,192.91**	**(215.27)**

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

As at March 31, 2020

(Amount in lakhs)

Asset classification as per RBI norms	Asset classifica tion 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	58.90	18.70	40.20	-	18.70
	Stage 2	83.98	31.76	52.22	-	31.76
	Stage 3	1,776.84	1,410.41	366.43	1,710.54	(300.13)
Total		**1,919.72**	**1,460.87**	**458.85**	**1,710.54**	**(249.67)**

Transfer to impairement 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, 2021

Note 39 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)

Name of the banks / financial institution	Address	Acquisition Price
Non-sponsors		
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.	365.00
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.	4,272.18
Bank of India	G-Block, C5 Bandra Kurla Complex, Bandra (E), Mumbai - 400051.	21,505.46
Bank of Maharashtra	Lokmangal, 1501,Shivajinagar, Pune-411005.	7,942.00
Barclays Bank PLC	601, Ceejay House, Dr.Annie Besant Road, Worli, Mumbai - 400018	4,914.26
Canara Bank	112 JC Road, Bangalore - 560002.	18,363.82
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
Citibank N.A.	7th Floor C-61, Bandra Kurla Complex, G Block, Bandra East, Mumbai 400051.	4,081.25
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.	710.81
Dhanlakshmi Bank	Dhanalakshmi Buildings, Naickanal, Thrissur, Kerala - 680001	10,000.00
Federal Bank Ltd.	21, Variety Hall Road, Dist Coimbatore, Coimbatore - 641001.	58,840.93

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 39 THE FOLLOWING DISCLOSURES ARE FROM THE STANDALONE FINANCIAL STATEMENTS AND ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(Amount in lakhs)

Name of the banks / financial institution	Address	Acquisition Price
Non-sponsors		
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.	104,588.64
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	IFCI Tower, 61, Nehru Place, New Delhi - 110019.	1,343.00
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

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 39 THE FOLLOWING DISCLOSURES ARE FROM THE STANDALONE FINANCIAL STATEMENTS AND ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(Amount in lakhs)

Name of the banks / financial institution	Address	Acquisition Price
Non-sponsors		
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 Limited	Technopolis, 7th Floor, A-wing, Plot No.-4, Block - BP, Sector -V, Salt lake, Kolkata, West Bengal - 700091	24,300.00
L&T Infrastructure Finance Company Ltd	Mount Poonamallee Road, Manapakkam, Chennai - 600089	37,673.00
Laxmi Vilas Bank Ltd	Swapna Sadan, Azad Road, Andheri East, Mumbai - 400069.	3,210.00
Motilal Oswal Housing Finance Ltd	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel St Depot, Prabhadevi, Mumbai – 400025	36,844.00
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 Limited	103, 1st Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri East, Mumbai - 400059	393.00
South Indian Bank Ltd.	SIB House, T.B. Road, Mission Quarter, Thrissur District, Kerela State-680001.	124,370.00

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 39 THE FOLLOWING DISCLOSURES ARE FROM THE STANDALONE FINANCIAL STATEMENTS AND ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(Amount in lakhs)

Name of the banks / financial institution	Address	Acquisition Price
Non-sponsors		
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,Banglore-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
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	16,131.20
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 Limited	Varasiddhi, 3rd Floor, No. 5bc-110 Service Road, 3rd Block Hrbr Layout, Bangalore 560043	3,917.00
Total		**1,317,492.86**

Note: Above classification is based on the records available with the Company, which has been relied upon by the auditors.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 39 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)

Industry	**Acquisition Price**	**% of Total**
Metal	189,821.40	14.41%
Infrastructure - Roads	123,016.00	9.34%
Retail loans – (PL, BL, STPL, CTG etc)	119,675.70	9.08%
Auto and Ancilliary	106,297.54	8.07%
Home Loans	102,864.53	7.81%
Infrastructure - Power	92,304.00	7.01%
Real Estate - Commercial	70,992.18	5.39%
Hospitality	66,955.82	5.08%
Textiles	65,774.00	4.99%
Retailing	42,542.81	3.23%
Real Estate - Housing	36,243.72	2.75%
Pharma	32,587.89	2.47%
Infrastructure - Others	31,816.61	2.41%
Oil Refining	30,802.00	2.34%
Food Processing	24,424.89	1.85%
Education	18,866.36	1.43%
Shipping	16,165.00	1.23%
Leather	15,130.46	1.15%
Information Technology	14,544.31	1.10%
Cement	14,414.00	1.09%
Others	102,253.62	7.76%
Total	**1,317,492.86**	**100.00%**

Note: Industry classification is based on records available with the Company, which has been relied upon by the auditors.

(Amount in lakhs)

Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Value of financial assets acquired during the financial year either on its own books or in the books of the trust	143,536.40	116,273.00
Value of financial assets realised during the financial year	138,640.97	120,266.89
Value of financial assets outstanding for realisation as at the end of the financial year	731,654.05	726,758.62
Value of Security Receipts-		
Partially redeemed during the year (*)	48,638.69	61,603.62
Fully redeemed during the year	66,707.57	45,862.00
Written-off during the year	151.63	2,328.26

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 39 THE FOLLOWING DISCLOSURES ARE FROM THE STANDALONE FINANCIAL STATEMENTS AND ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Value of Security Receipts pending for redemption as at the end of the financial year	822,375.66	795,537.14
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	506.72	7,785.49
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 and the same has been relied upon by the auditors.

(iii) Net of Rs. 30,466.69 lakhs (previous year : Rs. 23,903.56 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.

(iv) 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. 5,917 lakhs (previous year: Rs. 2,554 lakhs) has been classified credit impaired assets. A loss allowance of Rs. 2,204 lakhs (previous year: Rs. 1,538 lakhs) has been provided in the current year.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Note 40 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 14-18 - Diyana Polyfeb	Earlier attempts to sell the underlying secured asset at a higher price failed. Subsequent auction was conducted after analysing the situation of the market rates and deteriorating condition of the property.
Phoenix Trust FY 17-8 - Alikkal Jewellers	Earlier attempts to sell the underlying secured asset at a higher price failed. Subsequent auction was conducted after analysing the situation of the market rates and deteriorating condition of the property.

Note: This is based on records available with the Company, which has been relied upon by the auditors.

(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, 2021	NAV of SRs
Phoenix Trust FY 15-16	4,150.00	25%
Phoenix Trust FY 15-17	2,731.80	25%
Phoenix Trust FY 15-24	4,382.16	10%
Phoenix Trust FY 15-25 - Series B	1,299.00	75%
Phoenix Trust FY 15-27	325.62	0%
Phoenix Trust FY 16-8	56.42	0%
Phoenix Trust FY 16-20	2,850.70	25%
Phoenix Trust FY 16-21	97.50	0%
Phoenix Trust FY 16-27	1,560.00	0%
Phoenix Trust FY 18-11	17,300.00	25%
Phoenix Trust FY 18-12	20,000.00	0%
Phoenix Trust FY 19-5 - Scheme H	750.00	75%

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 Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However,

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

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.

In terms of our report attached.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firm Registration No. 301003E/E300005

per Viren Mehta (Partner)
Membership No. 048749

Place : Mumbai | Date : 24 April, 2021

For **Phoenix ARC Private Limited**

Keki Elavia
Director
DIN : 00003940

Venkattu Srinivasan
Director
DIN : 01535417

Sanjay Tibrewala
Chief Executive Officer

Gauri Bhatkal
Chief Financial Officer

Ajay Walimbe
Head Acquisition & Company Secretary
FCS No: 4786

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 March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including, a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone 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 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 financial statements under the provisions of the Act and the Rules thereunder, 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 March 31, 2021. 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.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">(a) Impairment of financial instruments (loans, trade receivables and advance recoverable from trust) (Refer note M of the significant accounting policies and XIII (i) of the notes to accounts of the standalone Ind AS financial statements)</td></tr>
<tr><td>Loans, trade receivables (majorly management fee receivable) and advance recoverable from trust amount to Rs. 6,212.04 lacs (net of impairment provision) at March 31, 2021 as disclosed in the standalone Ind AS financial statements.

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:

a) Grouping of the trade receivables and advance recoverable from trust under homogenous pools in order to determine probability of default (PD) on a collective basis.

b) Determining the staging of loans, trade receivables and recoverable from trust

c) Determining effect of past defaults on future probability of default.

d) Estimation of management overlay for macro-economic factors which could impact the ECL provisions.

e) Estimation of loss given default (LGD) based on past recovery rates

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 instruments, we have considered this area as a key audit matter.</td><td>• 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.

• We understood the process of ECL estimation and tested the design and operating effectiveness of key controls around data extraction and validation.

• 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

• 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.

• 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.

• We tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets.

• 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.</td></tr>
</table>

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">(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 standalone Ind AS financial statements</td></tr>
<tr><td>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 March 31, 2021 amounts to Rs. 82,694.95 lacs 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.

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.

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.

Given the significant judgement exercised by the management, 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 key audit matter.</td><td>• 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.

• We tested the operating effectiveness of the controls for the purpose of fair valuation of security receipts.

• We have performed testing on a sample basis of key inputs as mentioned above to validate the reasonableness of the input values.

  • We have involved our valuation experts for the process understanding of the valuation process followed by the CRAs and test the fair valuation of sample cases. They 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.

• We have tested on a sample basis, the management rationale for declaring the fair value of the Security receipts in range provided by CRA, to assess for reasonableness of the NAV declared.

• 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.

• We assessed disclosures included in the standalone Ind AS financial statements with respect to such fair valuation.</td></tr>
</table>

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

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the 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 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 such other information is materially inconsistent with the standalone

Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

In preparing 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 Responsibilities for the Audit of the 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 SA 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 SA, we exercise professional judgment and maintain professional skepticism 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 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 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.

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 March 31, 2021 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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report 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 the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

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

   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2021;

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i The Company does not have any pending litigations which would impact its financial position;

ii The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Viren Mehta
Partner
Membership Number: 048749
Place of Signature: Mumbai
UDIN: 21048749AAAAGX5428
Date: April 24, 2021

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties included in property, plan and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us and audit procedures performed by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the services of the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in one case.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions related to service tax, sales-tax, duty of custom, duty of excise, value added tax, are not applicable to the Company.

(c) According to the information and explanations given to us, there are no dues of income tax and goods and services tax, which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders during the year.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments in the nature of non-convertible debentures and term loans for the purposes for which they were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act is not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Act, where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Viren Mehta
Partner
Membership Number: 048749
Place of Signature: Mumbai
UDIN: 21048749AAAAGX5428
Date: April 24, 2021

ANNEXURE 2 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 March 31, 2021 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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, maintained 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 March 31, 2021, 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 **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Viren Mehta
Partner
Membership Number: 048749
Place of Signature: Mumbai
UDIN: 21048749AAAAGX5428
Date: April 24, 2021

PhoenixARC

PHOENIX ARC PRIVATE LIMITED
STANDALONE BALANCE SHEET AS AT MARCH 31, 2021

(Amount in lakhs)

Particulars	Note no.	As at March 31, 2021	As at March 31, 2020
Assets			
Financial assets			
Cash and cash equivalents	2	9,538.53	4,884.69
Trade receivables	3	1,134.93	1,173.50
Loans	4	4,816.84	3,992.98
Investments	5	82,694.96	90,143.40
Other financial assets	6	292.68	497.92
Sub total		**98,477.94**	**100,692.49**
Non-financial assets			
Current tax assets (net)		179.96	166.88
Deferred tax assets (net)	26	6,387.01	5,210.17
Property, plant and equipment	7	384.31	90.23
Other intangible assets	8	0.94	2.29
Other non-financial assets	9	7.27	11.87
Sub total		**6,959.49**	**5,481.44**
(Total assets)		**105,437.43**	**106,173.93**
Liabilities and equity			
Liabilities			
Financial liabilities			
Payables			
Trade payables			
total outstanding dues of creditors other than micro enterprises and small enterprises		63.78	81.03
Debt securities	10	33,263.84	33,486.02
Borrowings (Other than debt securities)	11	19,965.14	26,174.63
Other financial liabilities	12	666.16	529.49
Sub total		**53,958.92**	**60,271.17**
Non-financial liabilities			
Current tax liabilities (net)		1,694.29	273.95
Provisions	13	114.19	106.01
Other non-financial liabilities	14	2,764.67	1,171.24
Sub total		**4,573.15**	**1,551.20**
Equity			
Equity share capital	15	16,800.00	16,800.00
Other equity	16	30,105.36	27,551.56
Sub total		**46,905.36**	**44,351.56**
(Total liabilities and equity)		**105,437.43**	**106,173.93**
Significant accounting policies & notes on accounts	1		

In terms of our report attached.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firm Registration No. 301003E/E300005

per Viren Mehta (Partner)
Membership No. 048749

Place : Mumbai | Date : 24 April, 2021

For **Phoenix ARC Private Limited**

Keki Elavia
Director
DIN : 00003940

Venkattu Srinivasan
Director
DIN : 01535417

Sanjay Tibrewala
Chief Executive Officer

Gauri Bhatkal
Chief Financial Officer

Ajay Walimbe
Head Acquisition & Company Secretary
FCS No: 4786

PHOENIX ARC PRIVATE LIMITED
STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(Amount in lakhs)

	Particulars	Note no.	For the year ended March 31, 2021	For the year ended March 31, 2020
	Revenue from operations			
	Interest income	17	904.15	800.08
	Fees and commission income	18	14,481.55	17,461.20
(I)	**Total revenue from operations**		**15,385.70**	**18,261.28**
(II)	**Other income**	20	**76.32**	**-**
(III)	**Total income (I + II)**		**15,462.02**	**18,261.28**
	Expenses			
	Finance costs	21	4,584.02	5,893.92
	Net loss on fair value changes	19	3,348.55	10,422.77
	Impairment on financial instruments	22	2,274.65	951.67
	Employee benefits expenses	23	705.54	784.72
	Depreciation, amortization and impairment		86.76	93.80
	Other expenses	24	338.59	345.86
(IV)	**Total expenses**		**11,338.11**	**18,492.74**
(V)	**Profit/(loss) before tax (III -IV)**		**4,123.91**	**(231.46)**
(VI)	**Tax expense**	26		
	(1) Current tax		2,739.79	2,675.35
	(2) Deferred tax		(1,175.04)	(2,354.59)
	Total tax expense (1+2)		**1,564.75**	**320.76**
(VII)	**Profit/(loss) for the period (V-VI)**		**2,559.16**	**(552.22)**
(VIII)	**Other comprehensive income**	26		
	Items that will not be reclassified to profit or loss			
	- Remeasurements of the defined benefit plans		(7.16)	(3.70)
	Sub-total		**(7.16)**	**(3.70)**
	Income tax relating to items that will not be reclassified to profit or loss		1.80	0.93
			(5.36)	**(2.77)**
(IX)	**Total comprehensive income for the period (VII+VIII)**		**2,553.80**	**(554.99)**
(XV)	**Earnings per equity share**	27		
	Basic (Rs.)		1.52	(0.33)
	Diluted (Rs.)		1.52	(0.33)

In terms of our report attached.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firm Registration No. 301003E/E300005

per Viren Mehta (Partner)
Membership No. 048749

Place : Mumbai | Date : 24 April, 2021

For **Phoenix ARC Private Limited**

Keki Elavia
Director
DIN : 00003940

Venkattu Srinivasan
Director
DIN : 01535417

Sanjay Tibrewala
Chief Executive Officer

Gauri Bhatkal
Chief Financial Officer

Ajay Walimbe
Head Acquisition & Company Secretary
FCS No: 4786

PHOENIX ARC PRIVATE LIMITED
STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flow from operating activities		
Profit / (loss) before tax	4,123.91	(231.46)
Adjustments to reconcile profit / (loss) before tax to net cash generated from / (used in) operating activities		
Depreciation and amortization expense	86.76	93.80
Gain on realisation of proceeds from investments	(2,892.94)	(1,744.42)
Net loss on fair value changes	6,241.49	12,167.19
Impairment of financial instruments	2,274.65	951.67
Profit on sale of fixed assets	(2.88)	-
Interest received on fixed deposits with bank	(56.27)	(28.35)
Concession of lease rentals	(3.80)	-
Finance costs	4,577.63	5,881.81
Interest on lease liability	6.39	12.11
Gratuity provision	12.25	15.02
Operating profit before working capital changes	**14,367.19**	**17,117.37**
Working capital adjustments		
Adjustments for (increase) / decrease in operating assets		
Loans and advances	(1,031.14)	(326.32)
Trade receivables	(1,511.30)	(1,222.18)
Other assets	(317.64)	(587.90)
Adjustments for increase / (decrease) in operating liabilities		
Trade payables	(17.25)	(10.28)
Provisions	(11.23)	459.29
Other liabilities	1,468.35	(42.51)
	(1,420.21)	(1,729.90)
Cash from operations	**12,946.98**	**15,387.47**
Income tax paid (net)	(1,332.54)	(2,866.06)
Net cash from operating activities	**11,614.44**	**12,521.41**
Cash flow from investing activities		
Purchase of property plant and equipments	(20.80)	(5.52)
Sale of property plant and equipments	2.88	2.92
Purchase of investments	(24,683.33)	(21,914.15)
Sale of investments	28,783.22	24,180.75
Interest received on fixed deposits with bank	56.27	28.35
Net cash (used in) / generated from investing activities	**4,138.24**	**2,292.35**
Cash flow from financing activities		
Proceeds from borrowings	26,793.68	15,000.00
Repayment of borrowings	(20,000.00)	(20,398.52)
Net proceeds from bank overdraft facility	(13,690.11)	352.91
Finance costs including share issue expenses	(4,112.86)	(4,989.02)

PHOENIX ARC PRIVATE LIMITED
STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Payment of lease liability	(89.55)	(99.46)
Net cash flow from financing activities	**(11,098.84)**	**(10,134.09)**
Net (decrease) / increase in cash and cash equivalents	**4,653.84**	**4,679.67**
Cash and cash equivalents at the beginning of the year	4,884.69	205.02
Cash and cash equivalents at the end of the year	**9,538.53**	**4,884.69**
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents as per balance sheet (refer note 02)		
Cash on hand	0.01	0.03
Balances with banks in current account	6,266.58	93.31
Balance in term deposit < 3 months	3,273.80	4,792.77
Less: Impairment loss allowance	(1.86)	(1.42)
Cash and cash equivalents as at the year end	**9,538.53**	**4,884.69**

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 **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firm Registration No. 301003E/E300005

per Viren Mehta (Partner)
Membership No. 048749

Place : Mumbai | Date : 24 April, 2021

For **Phoenix ARC Private Limited**

Keki Elavia
Director
DIN : 00003940

Venkattu Srinivasan
Director
DIN : 01535417

Sanjay Tibrewala
Chief Executive Officer

Gauri Bhatkal
Chief Financial Officer

Ajay Walimbe
Head Acquisition & Company Secretary
FCS No: 4786

PHOENIX ARC PRIVATE LIMITED
STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A. Equity share capital

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the reporting year	16,800.00	16,800.00
Changes in equity share capital during the year	-	-
Balance at the end of the reporting year	**16,800.00**	**16,800.00**

B. Other equity

(Amount in lakhs)

Particulars	Reserves and surplus				Total
	Securities premium	Debenture redemption reserve	Impairment reserve	Retained earnings	
Balance as at March 31, 2019	**3,006.10**	**386.99**	**-**	**24,739.38**	**28,132.47**
Impact of adoption of Ind AS 116 (Leases) [net of taxes]	-	-	-	(25.92)	(25.92)
Restated balance as on 1st April, 2019	**3,006.10**	**386.99**	**-**	**24,713.46**	**28,106.55**
Profit for the year	-	-	-	(552.22)	**(552.22)**
Other comprehensive income for the year (net of tax)	-	-	-	(2.77)	**(2.77)**
Total comprehensive income for the year ended March 31, 2020	**-**	**-**	**-**	**(554.99)**	**(554.99)**
Transfer/utilisations					
Transfer to impairment reserve	-	-	249.67	(249.67)	**-**
Balance as at March 31, 2020	**3,006.10**	**386.99**	**249.67**	**23,908.80**	**27,551.56**
Profit for the year	-	-	-	2,559.16	**2,559.16**
Other comprehensive income for the year (net of tax)	-	-	-	(5.36)	**(5.36)**
Total comprehensive income for the year ended March 31, 2021	**-**	**-**	**-**	**2,553.80**	**2,553.80**
Transfer/utilisations					
Transfer to impairment reserve	-	-	-	-	**-**
Balance as at March 31, 2021	**3,006.10**	**386.99**	**249.67**	**26,462.60**	**30,105.36**

In terms of our report attached.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firm Registration No. 301003E/E300005

per Viren Mehta (Partner)
Membership No. 048749

Place : Mumbai | Date : 24 April, 2021

For **Phoenix ARC Private Limited**

Keki Elavia
Director
DIN : 00003940

Venkattu Srinivasan
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Chief Executive Officer

Gauri Bhatkal
Chief Financial Officer

Ajay Walimbe
Head Acquisition & Company Secretary
FCS No: 4786

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

1. General information

Phoenix ARC Private Limited ('the Company') is a company 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.

2. Basis of Preparation

A. Statement of compliance

The financial statements of the Company 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 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 24, 2021.

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 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 32.

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 33.

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 behavioral 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 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 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 considering 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

In addition to the widespread public health implications, the COVID-19 pandemic has had an extraordinary impact on macroeconomic conditions in India and around the world. During the financial year, people and economies around the world, witnessed serious turbulence caused by the first wave of the pandemic, the consequent lockdowns, the gradual easing of restrictions and the emergence of new variants of the virus. The Q1FY21 was worst affected due to pandemic. However, there was an economic recovery in Q2FY21 and Q3FY21 as lockdowns eased consequent to reduction in COVID-19 cases. Although government has started vaccination drive, COVID-19 cases have significantly increased in recent months due to second wave as compared to earlier levels in India. Various state governments have again announced strict measures include lockdowns to contain this spread. As COVID vaccines get administered to more and more people, businesses in sectors impacted by pandemic may pick up. However, the continuing and evolving nature of the virus has created uncertainty regarding estimated time required for businesses and lives to get back to normal.

The Company continues to closely monitor the situation and in response to this health crisis has implemented protocols and processes to execute its business continuity plans and help protect its employees and support its clients. While there is some improvement in the economic activity, the continued slowdown has a direct impact on the business of the Company including lengthening of collection cycles and resolution timelines of existing assets. There is still uncertainty regarding the time required for life and business to get back to normal completely. The extent to which COVID-19 pandemic will impact the Company's operations and financial results is dependent on future developments, which are still highly uncertain, including among many other things, the severity of the pandemic, effectiveness of vaccine and any action to contain its spread or mitigate its impact, whether Government mandated or elected by the Company.

The management has made judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, equity, income, and expenses. These estimates and associated assumptions are based on various factors including the possible effects that may result from the pandemic, that are believed to be reasonable under the current circumstances. The assessment done by the Company is subject to significant uncertainty and the assumptions and estimates used by the management and the external credit rating agencies may vary materially as events unfold.

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, 2021 have been adjusted as necessary on account of COVID-19.

(i) Impairment of Financial Assets (note M and note 33)

Financial assets measured at amortised cost includes cash and cash equivalents amounting to Rs. 9,540.39 lakhs (March 30, 2020: Rs. 4,886.11 lakhs), trade receivables amounting to Rs. 4,532.35 lakhs (March 30, 2020: Rs. 3,063.89 lakhs), loan to borrowers amounting to Rs. 7,021.07 lakhs (March 30, 2020: Rs. 5,531.89 lakhs) and advances recoverable from trust amounting to Rs. 2,235.46 lakhs (March 30, 2020: Rs. 1,919.72 lakhs) as at March 31, 2021.The Company 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 Company as on March 31, 2021 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. 7,581.15 lakhs (March 30, 2020: Rs. 4,891.59 lakhs) as at March 31, 2021 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 P and note 33)

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. 1,19,490.92 lakhs as at March 31, 2021) (March 31, 2020: Rs. 1,18,657.02), 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. 36,795.97 lakhs (March 31, 2020: Rs. 28,513.63 lakhs) on as at March 31, 2021 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

New standard or amendments to the existing standards which would have been applicable from April 1, 2021 has not been notified by Ministry of Corporate Affairs ("MCA").

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.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

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

Deprecation 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.

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 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.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

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 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.

E. 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:

(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 Ind AS 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.

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 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 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.

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 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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NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

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

I. 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.

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.

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 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.

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 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

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.

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 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.

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 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, 2021

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 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.

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 Company'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 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.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

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 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.

P. 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).

Q. 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.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Contingent liabilities (other than in its capacity as Trustee) are 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 Company are segregated based on the available information.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 2 CASH AND CASH EQUIVALENTS (refer note 33)

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	0.01	0.03
Balances with banks in current account	6,266.58	93.31
Balance in term deposit < 3 months	3,273.80	4,792.77
Sub total	**9,540.39**	**4,886.11**
Less: Impairment loss allowance	(1.86)	(1.42)
Total	**9,538.53**	**4,884.69**

Note 3 RECEIVABLES (refer note 33)

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables		
Unsecured, considered good	397.64	297.47
Receivables ovedue more than 90 days	4,134.71	2,766.42
Sub total	**4,532.35**	**3,063.89**
Less: Impairment loss allowance	(3,397.42)	(1,890.39)
Total	**1,134.93**	**1,173.50**

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.

Note 4 LOANS (AT AMORTISED COST) (refer note 33)

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Term loans	7,021.07	5,531.89
Total Gross (A)	**7,021.07**	**5,531.89**
Less: Impairment loss allowance	(2,204.23)	(1,538.91)
Total Net (A)	**4,816.84**	**3,992.98**
Secured by tangible assets	7,021.07	5,531.89
Total Gross (B)	**7,021.07**	**5,531.89**
Less: Impairment loss allowance	(2,204.23)	(1,538.91)
Total Net (B)	**4,816.84**	**3,992.98**
Loans in India		
Others	7,021.07	5,531.89
Total Gross (C)	**7,021.07**	**5,531.89**
Less: Impairment loss allowance	(2,204.23)	(1,538.91)
Total Net (C)	**4,816.84**	**3,992.98**
Total	**4,816.84**	**3,992.98**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 4 LOANS (AT AMORTISED COST) (refer note 33) *(Continued)*

Gross carrying value reconciliation

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased credit impaired
Term loans				
Balance as at March 31, 2019	**2,004.53**	**-**	**2,026.17**	**-**
Net remeasurement of existing financial asset	1.09	-	528.49	-
New financial assets originated during the year	971.61	-	-	-
Financial assets that have been derecognised during the period	-	-	-	-
Balance as at March 31, 2020	**2,977.23**	**-**	**2,554.66**	**-**
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	-	-	1,200.00
Financial assets that have been derecognised during the period	-	-	-	(1,200.00)
Balance as at March 31, 2021	**1,104.11**	**-**	**5,916.96**	**-**

Note 5 INVESTMENTS (AT FAIR VALUE) (refer note 33)

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Others (Investments in Security Receipts)*	82,694.96	90,143.40
Total Gross (A)	**82,694.96**	**90,143.40**
Investments in India	82,694.96	90,143.40
Total (B)	**82,694.96**	**90,143.40**
Total	**82,694.96**	**90,143.40**

* 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 during the year. Refer note 10 & 11 for value of Security Receipts secured against debt securities and secured borrowings.

Note 6 OTHER FINANCIAL ASSETS (refer note 33)

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Advances recoverable from Trusts	2,235.46	1,919.72
Other receivables	2.85	1.62
Security deposits	32.41	38.68
	2,270.72	1,960.02
Less: Impairment loss allowance	(1,978.04)	(1,462.10)
Total	**292.68**	**497.92**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 7 PROPERTY, PLANT AND EQUIPMENT

(Amount in lakhs)

Particulars	Furniture and fixtures	Vehicles	Office equipment	Computers	Right to use asset	Total
Balance as at April 1, 2019	**6.95**	**70.12**	**1.19**	**25.61**	**-**	**103.87**
Restatement on adoption of Ind AS 116	**-**	**-**	**-**	**-**	**141.30**	**141.30**
Additions during the year	-	-	4.33	1.19	-	5.52
Disposals during the year	-	(13.10)	-		-	(13.10)
Balance as at March 31, 2020	**6.95**	**57.02**	**5.52**	**26.80**	**141.30**	**237.59**
Accumulated depreciation as at April 1, 2019	**1.54**	**44.63**	**0.65**	**12.84**	**-**	**59.66**
Depreciation for the year	1.26	8.24	0.95	7.38	73.88	91.71
Disposals during the year	-	(4.01)	-	-	-	(4.01)
Accumulated depreciation as at March 31, 2020	**2.80**	**48.86**	**1.60**	**20.22**	**73.88**	**147.36**
Net carrying amount as at March 31, 2020	**4.15**	**8.16**	**3.92**	**6.58**	**67.42**	**90.23**
Balance as at April 1, 2020	**6.95**	**57.02**	**5.52**	**26.80**	**141.30**	**237.59**
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)
Balance as at March 31, 2021	**6.95**	**60.35**	**6.83**	**31.97**	**358.69**	**464.79**
Accumulated depreciation as at April 1, 2020	**2.80**	**48.86**	**1.60**	**20.22**	**73.88**	**147.36**
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)
Accumulated depreciation as at March 31, 2021	**4.01**	**43.04**	**2.86**	**24.49**	**6.08**	**80.48**
Net carrying amount as at March 31, 2021	**2.94**	**17.31**	**3.97**	**7.48**	**352.61**	**384.31**

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.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 8 OTHER INTANGIBLE ASSETS

(Amount in lakhs)

Particulars	Computer Software	Total
Balance as at April 1, 2019	**9.97**	**9.97**
Additions during the year	-	-
Disposals during the year	-	-
Balance as at March 31, 2020	**9.97**	**9.97**
Accumulated depreciation and impairment as at April 1, 2019	**5.59**	**5.59**
Depreciation for the year	2.09	2.09
Disposals during the year	-	-
Accumulated depreciation and impairment as at March 31, 2020	**7.68**	**7.68**
Net carrying amount as at March 31, 2020	**2.29**	**2.29**
Balance as at April 1, 2020	**9.97**	**9.97**
Additions during the year	-	-
Disposals during the year	-	-
Balance as at March 31, 2021	**9.97**	**9.97**
Accumulated depreciation and impairment as at April 1, 2020	**7.68**	**7.68**
Depreciation for the year	1.35	1.35
Disposals during the year	-	-
Accumulated depreciation and impairment as at March 31, 2021	**9.03**	**9.03**
Net carrying amount as at March 31, 2021	**0.94**	**0.94**

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 9 OTHER NON-FINANCIAL ASSETS

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	7.27	11.87
Total	**7.27**	**11.87**

Note 10 DEBT SECURITIES (AT AMORTISED COST) (refer note 33)

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
10.00% Non-Convertible Debentures	-	7,505.60
10.20% Non-Convertible Debentures	-	10,150.06
10.75% Non-Convertible Debentures	10,705.60	10,687.66
10.37% Non-Convertible Debentures	5,146.66	5,142.70
06.95% Non-Convertible Debentures	2,543.23	-
06.95% Non-Convertible Debentures	5,081.44	-
07.60% Commercial Paper	9,786.91	-
Total (A)	**33,263.84**	**33,486.02**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 10 DEBT SECURITIES (AT AMORTISED COST) (refer note 33) *(Continued)*

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Debt securities in India	33,263.84	33,486.02
Debt securities outside India	-	-
Total (B)	**33,263.84**	**33,486.02**
Secured borrowings	23,476.93	33,486.02
Unsecured borrowings	9,786.91	-
Total (C)	**33,263.84**	**33,486.02**

Non-Convertible Debentures

1. 10.75% of Non-Convertible Debentures are secured against hypothecation of Security Receipts having NAV of Rs. 11,700.71 lakhs and 50% of the outstanding amount is repayable on September 1, 2021 and balance on December 1, 2021.
2. 10.37% of Non-Convertible Debentures are secured against hypothecation of Security Receipts having NAV of Rs. 5,520.99 lakhs and 100% of the outstanding amount is repayable on December 12, 2022.
3. 6.95% of Non-Convertible Debentures are secured against hypothecation of Security Receipts having NAV of Rs. 5,805.91 lakhs and 100% of the outstanding amount is repayable on December 28, 2023.
4. 6.95% of Non-Convertible Debentures are secured against hypothecation of Security Receipts having NAV of Rs. 2,794.25 lakhs and 100% of the outstanding amount is repayable on December 29, 2023.

Commercial Paper

7.60% of Commercial paper (unsecured) is repayable on July 20, 2021.

Note 11 BORROWINGS OTHER THAN DEBT SECURITIES (AT AMORTISED COST) (refer note 33)

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Term loans		
from banks	10,002.05	-
from other parties	-	2,500.00
Loans repayable on demand		
from banks	9,963.09	23,674.63
Total (A)	**19,965.14**	**26,174.63**
Borrowings in India	19,965.14	26,174.63
Borrowings outside India	-	-
Total (B)	**19,965.14**	**26,174.63**
Secured borrowings	19,965.14	23,674.63
Unsecured borrowings	-	2,500.00
Total (C)	**19,965.14**	**26,174.63**

Loans repayable on demand from Banks:

1. Facilities from HDFC bank are secured against hypothecation of Security Receipts having NAV of Rs. 22,422.99 lakhs where interest payments are made on a monthly intervals at the rate of 7.60% p.a for overdraft and Working Capital Demand Loan (WCDL) and 7.50% p.a. for term loan.
2. Facility from Punjab National bank is secured against hypothecation of Security Receipts having NAV of Rs. 8,326.71 lakhs where interest payments are made on a monthly intervals at the rate of 9.00% p.a.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 12 OTHER FINANCIAL LIABILITIES

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Lease liability	344.19	82.42
Employee related accruals	282.29	447.07
Others	39.68	-
Total	**666.16**	**529.49**

Note 13 PROVISIONS

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Gratuity	85.33	75.92
Compensated absences	28.86	30.09
Total	**114.19**	**106.01**

Note 14 OTHER NON-FINANCIAL LIABILITIES

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Advances received	2,436.59	995.54
Statutory liabilities	328.08	175.70
Total	**2,764.67**	**1,171.24**

Note 15 EQUITY SHARE CAPITAL

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised		
2,500 lakhs (March 31, 2020: 2,500 lakhs) equity shares of Rs.10 each with voting rights	25,000.00	25,000.00
Issued, subscribed and paid up		
1,680 lakhs (March 31, 2020: 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 (In lakhs)	Amount
Equity shares of Rs 10 each, fully paid-up		
As at March 31, 2019	1,680.00	16,800.00
Add/(less) : Movement during the year	-	-
As at March 31, 2020	**1,680.00**	**16,800.00**
Add/(less) : Movement during the year	-	-
As at March 31, 2021	**1,680.00**	**16,800.00**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 15 EQUITY SHARE CAPITAL *(Continued)*

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, 2021		As at March 31, 2020	
	Number of shares (in lakhs)	% Holding	Number of shares (in lakhs)	% Holding
Equity shares with voting rights				
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%
Total	**1,017.32**	**60.56%**	**1,017.32**	**60.56%**

Note 16 OTHER EQUITY

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Securities premium	3,006.10	3,006.10
Debenture redemption reserve	386.99	386.99
Impairment reserve	249.67	249.67
Retained earnings	26,462.60	23,908.80
Total	**30,105.36**	**27,551.56**

Note 16.1 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.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 16 OTHER EQUITY *(Continued)*

Note 16.1 Nature and purpose of reserve *(Continued)*

Impairment reserve

As directed by RBI, where impairment allowance under Ind AS 109 is lower than the provisioning required under Income Recognition, Asset Classification and Provisioning (IRACP) (including standard asset provisioning), Company 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 16.2 Other equity movement

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Securities premium		
Opening balance	3,006.10	3,006.10
Addition during the year	-	-
Closing balance	**3,006.10**	**3,006.10**
(ii) Debenture redemption reserve		
Opening balance	386.99	386.99
Transfer from retained earnings	-	-
Closing balance	**386.99**	**386.99**
(iv) Impairment reserve		
Opening balance	249.67	-
Transfer from retained earnings	-	249.67
Closing balance	**249.67**	**249.67**
(iv) Retained earnings		
Opening balance	23,908.80	24,739.38
Impact of adoption of Ind AS 116 (Leases) (net of taxes)	-	(25.92)
Net profit for the year	2,559.16	(552.22)
Remeasurement (Gain)/Loss on Defined Benefit Plans	(5.36)	(2.77)
Transfer to Impairment reserve	-	(249.67)
Transfer to debenture redemption reserve	-	-
Closing balance	**26,462.60**	**23,908.80**

Note 17 INTEREST INCOME (AT AMORTISED COST)

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on loans	831.77	736.52
Interest on advances	12.41	31.09
Interest on deposits with banks	56.27	28.35
Other interest income	3.70	4.12
Total	**904.15**	**800.08**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 18 FEES AND COMMISSION INCOME

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Trusteeship fees	10,910.97	13,412.38
Other fees	3,570.58	4,048.82
Total	**14,481.55**	**17,461.20**

Note 19 NET GAIN/ (LOSS) ON FAIR VALUE CHANGES

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net gain/ (loss) on financial instruments at fair value through profit or loss		
- Others	(3,348.55)	(10,422.77)
Total Net gain/(loss) on fair value changes	**(3,348.55)**	**(10,422.77)**
- Realised	2,892.94	1,744.42
- Unrealised	(6,241.49)	(12,167.19)
Total Net gain/(loss) on fair value changes	(3,348.55)	(10,422.77)

Note 20 OTHER INCOME

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit on sale of fixed assets (net)	2.88	-
Miscelleneous income	69.64	-
Rent Concession Income	3.80	-
Total	**76.32**	**-**

Note 21 FINANCE COSTS (AMORTISED COST)

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on borrowings	1,753.58	2,800.49
Interest on debt securities	2,784.58	3,062.92
Interest on lease liability	6.39	12.11
Other borrowing costs	39.47	18.40
Total	**4,584.02**	**5,893.92**

Note 22 IMPAIRMENT ON FINANCIAL INSTRUMENTS (AMORTISED COST)

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Loans	207.28	60.00
Receivables	1,549.87	276.80
Recoverables from trust	517.89	615.17
Others	(0.39)	(0.30)
Total	**2,274.65**	**951.67**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 23 EMPLOYEE BENEFITS EXPENSES

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, bonus and allowances	653.25	709.73
Contribution to provident fund and other funds	39.50	43.35
Gratuity	12.25	15.02
Staff Welfare Expenses	0.54	16.62
Total	**705.54**	**784.72**

Note 24 OTHER EXPENSES

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Audit Fees (refer note 28)	31.69	27.48
Electricity expenses	10.05	15.26
Rent	4.61	-
Rates and taxes	0.03	0.03
Director fees	15.03	13.56
Travelling and conveyance	0.82	5.32
Professional fees	59.25	67.04
CSR Expenditure	114.00	139.50
Others	103.11	77.67
Total	**338.59**	**345.86**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 25 MATURITY ANALYSIS

(Amount in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	9,538.53	-	9,538.53	4,884.69	-	4,884.69
Trade receivables	1,134.93	-	1,134.93	1,173.50	-	1,173.50
Loans	2,318.08	2,498.76	4,816.84	1,116.69	2,876.29	3,992.98
Investments	22,700.00	59,994.96	82,694.96	24,600.00	65,543.40	90,143.40
Other Financial assets	260.27	32.41	292.68	497.92	-	497.92
Sub total	**35,951.81**	**62,526.13**	**98,477.94**	**32,272.80**	**68,419.69**	**100,692.49**
Non-financial assets						
Current tax assets (net)	-	179.96	179.96	-	166.88	166.88
Deferred tax assets (net)	-	6,387.01	6,387.01	-	5,210.17	5,210.17
Property, plant and equipment	-	384.31	384.31	67.42	22.81	90.23
Other intangible assets	-	0.94	0.94	-	2.29	2.29
Other non-financial assets	7.27	-	7.27	11.87	-	11.87
Sub total	**7.27**	**6,952.22**	**6,959.49**	**79.29**	**5,402.15**	**5,481.44**
Total assets	**35,959.08**	**69,478.35**	**105,437.43**	**32,352.09**	**73,821.84**	**106,173.93**
LIABILITIES						
Financial liabilities						
Payables						
Trade payables						
total outstanding dues of creditors other than micro enterprises and small enterprises	63.78	-	63.78	81.03	-	81.03
Debt securities	20,782.54	12,481.30	33,263.84	18,504.94	14,981.08	33,486.02
Borrowings (Other than debt securities)	11,840.14	8,125.00	19,965.14	23,674.63	2,500.00	26,174.63
Other financial liabilities	405.26	260.90	666.16	529.49	-	529.49
Sub total	**33,091.72**	**20,867.20**	**53,958.92**	**42,790.09**	**17,481.08**	**60,271.17**

Note 25 MATURITY ANALYSIS *(Continued)*

(Amount in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-financial liabilities						
Current tax liabilities (net)	1,694.29	-	1,694.29	273.95	-	273.95
Provisions	39.61	74.58	114.19	27.04	78.97	106.01
Other non-financial liabilities	2,764.67	-	2,764.67	1,171.24	-	1,171.24
Sub total	**4,498.57**	**74.58**	**4,573.15**	**1,472.23**	**78.97**	**1,551.20**
Total liabilities	**37,590.29**	**20,941.78**	**58,532.07**	**44,262.32**	**17,560.05**	**61,822.37**

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

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 26 TAX EXPENSE

(a) Amounts recognised in profit and loss

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax expense		
Current period	2,727.69	2,675.35
Changes in estimated related to prior years	12.10	-
Total current tax expense (A)	**2,739.79**	**2,675.35**
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	(1,661.10)	(2,737.37)
Reduction in tax rate	-	382.78
Changes in estimated related to prior years	486.06	-
Deferred tax expense (B)	**(1,175.04)**	**(2,354.59)**
Total tax expense for the year (A)+(B)	**1,564.75**	**320.76**

(b) Amounts recognised in other comprehensive income

(Amount in lakhs)

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit liability/(asset)	(7.16)	1.80	**(5.36)**	(3.70)	0.93	**(2.77)**
Total	**(7.16)**	**1.80**	**(5.36)**	**(3.70)**	**0.93**	**(2.77)**

(c) Reconciliation of effective tax rate

(Amount in lakhs)

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Amount	% terms	Amount	% terms
Profit before tax as per Statement of profit and loss	**4,123.91**	**-**	**(231.46)**	**-**
Tax using the Company's domestic tax rate (Current year 25.168% previous year 25.168%)	1,037.91	25.17%	(58.25)	25.17%
Reduction in tax rate	-	-	-	-
Tax effect of:				
Tax effects of amounts which are not deductible for taxable income	28.69	0.70%	(0.95)	0.41%
Changes in estimated related to prior years (Including change in tax rate)	498.16	12.08%	382.78	0.00%
Others	(0.01)	0.00%	(2.82)	1.22%
Total tax expense	**1,564.75**	**37.94%**	**320.76**	**NA***

* The ETR rate is not meaningful since the Company has made net loss in the year and has a corresponding profit as per tax laws resulting is huge negative ETR. Since this presentation will not show the appropriate results, the ETR has not been calculated.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 26 TAX EXPENSE *(Continued)*

(d) Movement in deferred tax balances

(Amount in lakhs)

Particulars	As at March 31, 2021					
	Net balance March 31, 2020	**Recognised in profit or loss**	**Recognised in OCI**	**Net**	**Deferred tax asset**	**Deferred tax liability**
Deferred tax asset/(liabilities)						
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 accrual basis	(1,684.44)	(480.40)	-	(2,164.84)	-	(2,164.84)
Other items	4.94	(2.52)	-	2.42	2.42	-
Total	**5,210.17**	**1,175.04**	**1.80**	**6,387.01**	**8,559.89**	**(2,172.88)**

(Amount in lakhs)

Particulars	As at March 31, 2020					
	Net balance March 31, 2019	**Recognised in profit or loss**	**Recognised in OCI**	**Net**	**Deferred tax asset**	**Deferred tax liability**
Deferred tax asset/(liabilities)						
Property, plant and equipment	11.05	3.43	-	14.48	14.48	-
Receivables	10.22	224.63	-	234.85	234.85	-
Employee benefits	112.61	(26.46)	0.93	87.08	87.08	-
Investments	3,931.96	2,528.62	-	6,460.58	6,460.58	-
Borrowings	(2.87)	(11.93)	-	(14.80)	-	(14.80)
Loans	96.19	6.77	-	102.96	102.96	-
Leases	-	(4.20)	-	4.52	4.52	-
Share of income of trust on accrual basis	(1,313.59)	(370.85)	-	(1,684.44)	-	(1,684.44)
Other items	0.36	4.58	-	4.94	4.94	-
Total	**2,845.93**	**2,354.59**	**0.93**	**5,210.17**	**6,909.41**	**(1,699.24)**

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, 2021

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.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net profit attributable to equity holders	2,559.16	(552.22)
Profit attributable to equity holders of the Company adjusted for the effect of dilution	**2,559.16**	**(552.22)**
Weighted average number of ordinary shares		
Issued ordinary shares (in lakhs) at the beginning of the year	1,680.00	1,680.00
Weighted average number of shares (in lakhs) at the end of the year for basic EPS	**1,680.00**	**1,680.00**
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
Basic earnings per share	1.52	(0.33)
Diluted earnings per share	1.52	(0.33)

Note 28 PAYMENT TO AUDITORS

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Payment to the auditor as:		
Audit fees	31.50	27.00
Out of pocket expenses	0.02	0.48
Goods and Service Tax	0.90	0.91
Less: Input tax credit	(0.73)	(0.91)
Total	**31.69**	**27.48**

Note 29 CORPORATE SOCIAL RESPONSIBILITY (CSR)

(Amount in lakhs)

Particulars	March 31, 2021	March 31, 2020
Contribution to Kotak Education Foundation	25.00	48.20
Contribution to Ratna Nidhi Charitablee Trust	14.00	20.00
Contribution to Foundation of Mother and Child Health	75.00	28.30
Contribution to Vision Foundation of India	-	43.00
Total	**114.00**	**139.50**
Amount required to be spent as per Section 135 of the Act	114.00	139.50
Amount spent during the year on		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	114.00	139.50

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 29 CORPORATE SOCIAL RESPONSIBILITY (CSR) ***(Continued)***

Details of ongoing CSR projects under Section 135(6) of the Act

Balance as at April 1, 2020		**Amount required to be spent during the year**	**Amount spent during the year**		**Balance as at March 31, 2021**	
With the Company	In Separate CSR Unspent account		From the Company's Bank account	From Separate CSR Unspent account	With Company	In Separate CSR Unspent account
-	-	-	-	-	-	-

Details of CSR expenditure under Section 135(5) of the Act in respect of other than ongoing projects

Balance unspent as at April 1, 2020	**Amount deposited in Specified Fund of Schedule VII of the Act within 6 months**	**Amount required to be spent during the year**	**Amount spent during the year**	**Balance unspent as at March 31, 2021**
-	-	114.00	(114.00)	-

Details of excess CSR expenditure under Section 135(5) of the Act

Balance excess spent as at April 1, 2020	**Amount required to be spent during the year**	**Amount spent during the year**	**Balance excess spent as at March 31, 2021**
-	-	-	-

Note 30 RELATED PARTY DISCLOSURE

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

A. Names of Related Parties

Sr. No.	**Particulars**	**Country of Incorporation**	**Proportion of ownership interest**
(a)	**Trusts over which Company has Control:**		
	Phoenix Trust-FY09-2	India	99.26%
	Phoenix Trust-FY10-8 - Scheme B	India	75.00%
	Phoenix Trust-FY10-8 - Scheme C	India	50.00%
	Phoenix Trust-FY11-1 - Scheme D	India	98.33%
	Phoenix Trust-FY11-1 - Scheme K	India	99.78%
	Phoenix Trust-FY11-1 - Scheme M	India	99.72%
	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	India	100.00%

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 30 RELATED PARTY DISCLOSURE *(Continued)*

Sr. No.	Particulars	Country of Incorporation	Proportion of ownership interest
	Phoenix Trust FY 15-25 - Series B	India	66.67%
	Phoenix Trust FY 15-26	India	99.89%
	Phoenix Trust FY 16-1	India	99.95%
	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 F	India	99.97%
	Phoenix Trust FY 19-5 Scheme M	India	99.89%
	Phoenix Trust FY 19-5 Scheme P	India	99.95%
	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 20-13	India	100.00%
	Phoenix Trust FY 20-15	India	100.00%
	Phoenix Trust FY 21-12	India	99.97%
(b)	**Entity having Joint control over the company**		
	Kotak Mahindra Investments Limited (holding company of KMIL is 'Kotak Mahindra Bank Limited')	India	
(c)	**Others**		
	Kotak Mahindra Bank Limited	India	
	Kotak Securities Limited	India	
	Kotak Mahindra Capital Company Limited	India	
	Infina Finance Private Limited	India	
(d)	**Key Management Personnel**		
	Sanjay Tibrewala - CEO		
	Ajay Walimbe - Head Acquisition and Company Secretary		
	Gauri Bhatkal - CFO		
	Mr Chandan Bhattacharya - Independent director		
	Mr Keki Elavia - Independent director		

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 30 RELATED PARTY DISCLOSURE *(Continued)*

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	2021	49,552.29	-	-	-	49,552.29
	2020	21,071.41	-	-	-	21,071.41
Term deposits placed	2021	48,033.31	-	-	-	48,033.31
	2020	25,766.29	-	-	-	25,766.29
Interest received on term deposits	2021	56.27	-	-	-	56.27
	2020	28.35	-	-	-	28.35
Other expenses	2021	0.25	-	-	-	0.25
	2020	0.88	-	-	-	0.88
Remuneration paid	2021	-	-	-	261.10	261.10
	2020	-	-	-	474.31	474.31
Directors Sitting Fee	2021	-	-	-	10.80	10.80
	2020	-	-	-	11.60	11.60
Directors Commission	2021	-	-	-	4.00	4.00
	2020	-	-	-	-	-
Sale of Fixed Assets	2021	-	-	-	2.65	2.65
	2020	-	-	9.10	-	9.10
Fees income	2021	-	193.24	-	-	193.24
	2020	-	189.29	-	-	189.29
Profit from SR holder	2021	-	3,074.82	-	-	3,074.82
	2020	-	276.46	-	-	276.46
Interest expense	2021	-	-	799.30	-	799.30
	2020	-	-	1,758.87	-	1,758.87
Loan repaid	2021	-	-	10,000.00	-	10,000.00
	2020	-	-	22,898.52	-	22,898.52
Loan taken*	2021	-	-	2,500.00	-	2,500.00
	2020	-	-	2,500.00	-	2,500.00
Investment in SRs	2021	-	3,921.20	-	-	3,921.20
	2020	-	4,679.00	-	-	4,679.00
Redemption of SRs	2021	-	6,932.65	-	-	6,932.65
	2020	-	5,761.97	-	-	5,761.97

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 30 RELATED PARTY DISCLOSURE *(Continued)*

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
Balance Outstanding						
Term deposits placed	2021	3,272.52	-	-	-	3,272.52
	2020	4,791.38	-	-	-	4,791.38
Bank balance in current account	2021	196.14	-	-	-	196.14
	2020	93.07	-	-	-	93.07
Security receipts	2021	-	12,839.96	-	-	12,839.96
	2020	-	16,504.43	-	-	16,504.43
Advances recoverable	2021	-	465.70	-	-	465.70
	2020	-	15.71	-	-	15.71
Trade receivable	2021	-	51.76	-	-	51.76
	2020	-	6.16	-	-	6.16
Loan outstanding (including outstanding interest)*	2021	-	-	7,689.89	-	7,689.89
	2020	-	-	10,005.60	-	10,005.60

* Loan oustanding comprises of listed non-convertible debentures initially issued to party other than the related party amounting to Rs. 5,000 lakhs and the same is not forming part of the loans taken. (Previous year: Nil)

C. Compensation of Key management personnel

Particulars	As at March 31, 2021	As at March 31, 2020
Short term employeee benefits	261.10	474.31
Post employment benefits*	-	-
Termnation Benefits	-	-
Total	**261.10**	**474.31**

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

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 31 LEASE

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 leasee is presented below :

Right to use asset

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	67.42	141.30
Additions during the year	358.70	-
Depreciation charge for the year	(73.51)	(73.88)
Closing balance	**352.61**	**67.42**

Maturity analysis of lease liabilities

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than 6 months	43.56	88.74
6-12 months	43.56	-
1-2 years	87.12	-
2-5 years	254.10	-
Total undiscounted lease liabilities	**428.34**	**88.74**
Lease liabilities included in the statement of financial position	**344.19**	**82.42**
Current	83.29	82.42
Non Current	260.90	-

Amounts recognised in Profit and loss

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest on lease liabilities	6.39	12.11
Depreciation charge for the year	73.51	73.88
Total	**79.90**	**85.99**

Amounts recognised in Profit and loss

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Total cash outflow for leases	89.55	99.46

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

NOTE 32 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. 39.50 lakhs (Year ended March 31, 2020 Rs 43.34 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 March 31, 2021	As at March 31, 2020
Present value of defined benefit obligations (A)	85.33	75.92
Fair Value of plan assets (B)	-	-
Net (asset) / liability recognised in the Balance Sheet (A-B)	**85.33**	**75.92**

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 March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Opening balance	75.92	82.65	-	-	75.92	82.65
Included in profit or loss	-	-	-	-	-	-
Current service cost	7.87	9.52	-	-	7.87	9.52
Past service cost	-	-	-	-	-	-
Interest cost (income)	4.38	5.50	-	-	4.38	5.50
	88.17	**97.67**	**-**	**-**	**88.17**	**97.67**
Included in OCI						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:	-	-	-	-	-	-
Demographic assumptions	-	-	-	-	-	-
Financial assumptions	0.94	0.78	-	-	0.94	0.78
Experience adjustment	6.22	2.92	-	-	6.22	2.92
Return on plan assets excluding interest income	-	-	-	-	-	-

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

NOTE 32 EMPLOYEE BENEFITS *(Continued)*

(Amount in lakhs)

Particulars	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) / liability	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	7.16	**3.70**	**-**	**-**	**7.16**	**3.70**
Other						
Contributions paid by the employer	-	-	-	-	-	-
Benefits paid	(10.00)	(25.45)	-	-	(10.00)	(25.45)
Liabilities (settled on divestiture) / assumed on acquisitions	-	-	-	-	-	-
Closing balance	**85.33**	**75.92**	**-**	**-**	**85.33**	**75.92**

Represented by		
Net defined benefit asset	-	-
Net defined benefit liability	85.33	75.92
	85.33	**75.92**

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, 2021	As at March 31, 2020
Discount rate	6.20%	6.40%
Salary escalation rate	7.00%	7.00%*

* 0.00% escalation in year 1 inclusive

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, 2021		As at March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (50 bps)	-2.71%	2.87%	-2.68%	2.84%
Future salary growth (50 bps)	1.64%	-1.61%	1.42%	-1.42%

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, 2021

Note 33 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, 2021			As at March 31, 2020		
	Amotised Cost	FVTOCI	FVTPL	Amotised Cost	FVTOCI	FVTPL
Financial assets						
Cash and cash equivalents	9,538.53	-	-	4,884.69	-	-
Receivables:						
Trade receivables	1,134.93	-	-	1,173.50	-	-
Loans	4,816.84	-	-	3,992.98	-	-
Investments	-	-	82,694.96	-	-	90,143.40
Other financial assets	292.68	-	-	497.92	-	-
Total	**15,782.98**	**-**	**82,694.96**	**10,549.09**	**-**	**90,143.40**
Financial liabilities						
Payables						
Trade payables	63.78	-	-	81.03	-	-
Debt securities	33,263.84	-	-	33,486.02	-	-
Borrowings (Other than debt securities)	19,965.14	-	-	26,174.63	-	-
Other financial liabilities	666.16	-	-	529.49	-	-
Total	**53,958.92**	**-**	**-**	**60,271.17**	**-**	**-**

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, 2021				As at March 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments	-	-	82,694.96	82,694.96	-	-	90,143.40	90,143.40
Total	**-**	**-**	**82,694.96**	**82,694.96**	**-**	**-**	**90,143.40**	**90,143.40**

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, 2021

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(Continued)*

(Amount in lakhs)

Particulars	As at March 31, 2021					As at March 31, 2020				
	Carrying Value	Fair Value				Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Financial assets										
Cash and cash equivalents	9,538.53	-	-	9,538.53	9,538.53	4,884.69	-	-	4,884.69	4,884.69
Trade receivables	1,134.93	-	-	1,134.93	1,134.93	1,173.50	-	-	1,173.50	1,173.50
Loans	4,816.84	-	-	4,688.68	4,688.68	3,992.98	-	-	3,943.11	3,943.11
Other financial assets	292.68	-	-	292.52	292.52	497.92	-	-	498.19	498.19
Total	**15,782.98**	**-**	**-**	**15,654.66**	**15,654.66**	**10,549.09**	**-**	**-**	**10,499.49**	**10,499.49**
Financial liabilities										
Payables										
Trade Payables	63.78	-	-	63.78	63.78	81.03	-	-	81.03	81.03
Debt securities	33,263.84	-	-	34,191.41	34,191.41	33,486.02	-	-	33,571.17	33,571.17
Borrowings (Other than Debt Securities)	19,965.14	-	-	19,965.14	19,965.14	26,174.63	-	-	26,174.63	26,174.63
Other Financial liabilities	666.16	-	-	666.16	666.16	529.49	-	-	529.49	529.49
Total	**53,958.92**	**-**	**-**	**54,502.62**	**54,502.62**	**60,271.17**	**-**	**-**	**60,356.32**	**60,356.32**

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.

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,

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(Continued)*

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 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, 2020	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	As at March 31, 2021
Investments in Security Receipts	90,143.40	(3,348.55)	24,683.33	(28,783.22)	82,694.96

Particulars	As at April 1, 2019	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	As at March 31, 2020
Investments in Security Receipts	102,832.76	(10,422.77)	21,914.15	(24,180.74)	90,143.40

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(Continued)*

ii. Unobservable inputs used in measuring fair value

Type of financial instrument	Valuation technique	Significant unabsorvable input	Range of estimates	Fair value measurement sensitivity to unabsorvable 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, 2021		As at March 31, 2020	
	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	826.95	(826.95)	901.43	(901.43)

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.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(Continued)*

6. Complies with all relevant laws and regulations across the areas of operations of the Company.
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 March 31, 2021	As at March 31, 2020
Trade receivables	4,532.35	3,063.89
Loans to borrowers	7,021.07	5,531.89
Advance receivable from trust	2,235.46	1,919.72
Bank balances	9,540.38	4,886.08
Other financial assets	35.26	40.30
Total	**23,364.52**	**15,441.88**

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)

Trade receivables	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
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

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(Continued)*

(Amount in lakhs)

Loans to borrowers	As at March 31, 2021				
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased credit impaired	Total
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)	-	(2,191.81)	-	(2,204.23)
Carrying amount	1,091.69	-	3,725.15	-	4,816.84

(Amount in lakhs)

Advance receivable from trust	As at March 31, 2021				
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased credit impaired	Total
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

(Amount in lakhs)

Other financial assets	As at March 31, 2021				
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased credit impaired	Total
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

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(Continued)*

(Amount in lakhs)

Trade receivables	As at March 31, 2020				
	Past due 1–30 days	Past due 31–60 days	Past due 61–90 days	Past due more than 90 days	Total
Gross Carrying amount	202.39	47.21	47.87	2,766.42	3,063.89
Impairment loss allowance	(43.45)	(11.68)	(12.94)	(1,822.32)	(1,890.39)
Carrying amount	158.94	35.53	34.93	944.10	1,173.50

(Amount in lakhs)

Loans to borrowers	As at March 31, 2020				
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased credit impaired	Total
Current	-	-	-	-	-
Past due 1–30 days	2,977.23	-	-	-	2,977.23
Past due 31–60 days	-	-	-	-	-
Past due 61–90 days	-	-	-	-	-
Past due 90 days	-	-	2,554.66	-	2,554.66
	2,977.23	-	2,554.66	-	5,531.89
Impairment loss allowance	(147.06)	-	(1,391.85)	-	(1,538.91)
Carrying amount	2,830.17	-	1,162.81	-	3,992.98

(Amount in lakhs)

Advance receivable from trust	As at March 31, 2020				
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased credit impaired	Total
Past due 1–30 days	58.90	-	-	-	58.90
Past due 31–60 days	-	5.34	-	-	5.34
Past due 61–90 days	-	78.64	-	-	78.64
Past due 90 days	-	-	1,776.84	-	1,776.84
	58.90	83.98	1,776.84	-	1,919.72
Impairment loss allowance	(18.70)	(31.76)	(1,410.41)	-	(1,460.87)
Carrying amount	40.20	52.22	366.43	-	458.85

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(Continued)*

(Amount in lakhs)

Other financial assets	As at March 31, 2020				
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased credit impaired	Total
Current	4,926.38	-	-	-	4,926.38
Past due 1–30 days	-	-	-	-	-
Past due 31–60 days	-	-	-	-	-
Past due 61–90 days	-	-	-	-	-
Past due 90 days	-	-	-	-	-
	4,926.38	-	-	-	4,926.38
Impairment loss allowance	(2.65)	-	-	-	(2.65)
Carrying amount	4,923.73	-	-	-	4,923.73

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, 2021	As at March 31, 2020	
Loans to borrowers	100%	100%	Immovable property

Quantitative information of collateral

Loan to collateral value (LTV) range	As at March 31, 2021	As at March 31, 2020
Less than 50%	7,021.07	5,531.89

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

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(Continued)*

- Stage 3: More than 90 days past due

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, 2021

Note 33 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 1–30 days	Past due 31–60 days	Past due 61–90 days	Past due more than 90 days
Trade receivables				
Balance as at March 31, 2019	**23.10**	**0.00**	**1.92**	**1,588.57**
Net remeasurement of loss allowance	(5.04)	-	(1.92)	30.87
New financial assets originated during the year	41.14	11.68	12.94	204.80
Financial assets that have been derecognised during the period	(15.75)	-	-	(1.92)
Balance as at March 31, 2020	**43.45**	**11.68**	**12.94**	**1,822.32**
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)
Balance as at March 31, 2021	**71.96**	**-**	**43.42**	**3,282.04**

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Term loans			
Balance as at March 31, 2019	**106.41**	**-**	**1,093.49**
New financial assets originated during the year	47.99	-	-
Transfers from Stage 1	-	-	-
Transfers from Stage 2	-	-	-
Transfers from Stage 3	-	-	-
Net remeasurement of loss allowance	(7.34)	-	298.36
Financial assets that have been derecognised during the period	-	-	-

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(Continued)*

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at March 31, 2020	**147.06**	**-**	**1,391.85**
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	-	-	652.91
Financial assets that have been derecognised during the period	-	-	-
Balance as at March 31, 2021	**12.42**	**-**	**2,191.81**

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Advance recoverable from trust			
Balance as at March 31, 2019	**4.92**	**5.78**	**834.99**
New financial assets originated during the year	18.36	26.83	67.54
Transfers from Stage 1	(3.20)	0.30	2.90
Transfers from Stage 2	-	(2.22)	2.22
Transfers from Stage 3	8.30	10.69	(18.99)
Net remeasurement of loss allowance	(8.01)	(6.06)	546.95
Financial assets that have been derecognised during the period	(1.67)	(3.56)	(25.20)
Balance as at March 31, 2020	**18.70**	**31.76**	**1,410.41**
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)
Balance as at March 31, 2021	**8.74**	**1.60**	**1,967.30**

(Amount in lakhs)

Particulars	Bank Balances	Other financial assets
Other financial assets		
Balance as at March 31, 2019	**0.05**	**2.90**
Net remeasurement of loss allowance	1.37	(1.67)
Balance as at March 31, 2020	**1.42**	**1.23**
Net remeasurement of loss allowance	0.44	(0.83)
Balance as at March 31, 2021	**1.86**	**0.40**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(Continued)*

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."

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
As at March 31, 2021							
Non-derivative financial liabilities							
Trade and other payables	63.78	63.78	63.78	-	-	-	-
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	666.16	750.32	39.69	325.85	43.56	87.12	254.10
Loan commitments	21,107.10	21,107.10	-	8,728.34	12,378.76	-	-

(Amount in lakhs)

Particulars	Carrying amount	Total	On Demand	Less than 6 months	6-12 months	1-2 years	2-5 years
As at March 31, 2020							
Non-derivative financial liabilities							
Trade and other payables	81.03	81.03	81.03	-	-	-	-
Debt securities	33,486.02	37,133.75	-	13,890.25	5,900.30	11,824.70	5,518.50
Borrowings (Other than debt securities)	26,174.63	27,197.92	23,674.63	112.81	112.19	225.00	3,073.29
Other financial liabilities	529.49	535.81	-	495.47	40.34	-	-
Loan commitments	31,825.38	31,825.38	-	-	3,920.74	7,404.64	20,500.00

For the liabilities mentioned above where no contractual maturity is available, the manamement 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.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 33 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(Continued)*

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.

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 15% of the acquisition price 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 Net Interest Margin (NIM).

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 March 31, 2021	As at March 31, 2020
Fixed-rate instruments		
Financial assets	4,816.84	3,992.98
Financial liabilities	(33,263.84)	(35,986.02)
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	(19,965.14)	(23,674.63)
Total Net	**(48,412.14)**	**(55,667.67)**

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 March 31, 2021		As at March 31, 2020	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	(199.65)	199.65	(236.75)	236.75
Cash slow sensitivity	**(199.65)**	**199.65**	**(236.75)**	**236.75**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 33 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)*

Particulars	As at March 31, 2021	As at March 31, 2020
Net owned funds	39,907.87	38,877.56
Risk weighted assets	89,633.19	96,064.91
Total capital ratio	**44.52%**	**40.47%**

Note 34 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

(Amount in lakhs)

Particulars	For the year ended	
	March 31,2021	March 31,2020
Revenue from contracts with customers	14,481.55	17,461.20
Revenue from other sources	980.47	800.08
Total Revenue	**15,462.02**	**18,261.28**
Impairment loss/(gain) on receivables	1,549.87	276.80

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 31,2021	March 31,2020
Primary geographical market		
India	14,481.55	17,461.20
Total	**14,481.55**	**17,461.20**
Major products/service lines		
Trusteeship fees	10,910.97	13,412.38
Other fees	3,570.58	4,048.82
Total	**14,481.55**	**17,461.20**
Timing of revenue recognition		
At a point in time	14,481.55	17,461.20
Over a period of time	-	-
Total	**14,481.55**	**17,461.20**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 34 REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

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

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Receivables	4,532.35	3,063.89
Contract liabilities	2,436.59	995.54

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

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	995.54	252.11
Liabilities recognised during the year	2,436.59	995.54
Revenue recognised that was included in the contract liability balance at the beginning of the period	(995.54)	(252.11)
Closing balance	**2,436.59**	**995.54**

Transaction price allocated to the remaining performance obligation

As of March 31, 2021, 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, 2021
Contract liabilities	2,436.59

As of March 31, 2020, 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, 2020
Contract liabilities	995.54

Note 35 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

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:

- 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.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 35 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES *(Continued)*

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

Type of Structured Entity	Nature and purpose	Interest held by the group	As at March 31, 2021		As at March 31, 2020	
			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. Acting as trustee to the trusts	822,375.66	119,490.92	795,537.14	118,657.02

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)

Carrying amount	As at March 31, 2021	As at March 31, 2020
Investment in security receipts	82,694.96	90,143.40
Trade receivables	1,134.93	1,173.50
Advances recoverable from trusts	257.82	458.85
Total	**84,087.71**	**91,775.75**

Note 36 CONTINGENT LIABILITIES

Contingent liabilities outstanding as on March 31, 2021 is Nil (Previous year - Nil).

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

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Note 37 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

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)
Performing assets						
Standard	Stage 1	1,104.11	12.42	1,091.69	-	12.42
	Stage 2	-	-	-	-	-
Subtotal (A)		**1,104.11**	**12.42**	**1,091.69**	**-**	**12.42**
Non-performing assets (NPA)						
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		**3,238.59**	**2,098.38**	**1,140.21**	**997.07**	**1,101.31**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA (B)		**5,916.96**	**2,191.81**	**3,725.15**	**1,286.03**	**905.78**
Other items						
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
Subtotal (E) = (C) + (D)		**16,343.45**	**5,377.32**	**10,966.13**	**2,192.91**	**3,184.41**
Total (F) = (A) + (B) + (E)	**Stage 1**	**10,700.57**	**23.42**	**10,677.15**	**-**	**23.42**
	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**
	Total	**23,364.52**	**7,581.55**	**15,782.98**	**-**	**4,102.61**

Note 37 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)*

As at March 31, 2020

(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)
Performing Assets						
Standard	Stage 1	2,977.23	147.06	2,830.17	-	147.06
	Stage 2	-	-	-	-	-
Subtotal (A)		**2,977.23**	**147.06**	**2,830.17**	**-**	**147.06**
Non-Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	1,692.97	1,000.10	692.87	714.78	285.32
More than 3 years	Stage 3	861.69	391.75	469.94	282.29	109.46
Subtotal for doubtful		**2,554.66**	**1,391.85**	**1,162.81**	**997.07**	**394.78**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA (B)		**2,554.66**	**1,391.85**	**1,162.81**	**997.07**	**394.78**
Other items						
Advances to trusts & other financial assets (C)	Stage 1	4,985.28	21.35	4,963.93	-	21.35
	Stage 2	83.98	31.76	52.22	-	31.76
	Stage 3	1,776.84	1,410.41	366.43	1,710.54	(300.13)
Trade receivables (Simplified Approach) (D)	NA	3,063.89	1,890.39	1,173.50	-	1,890.39
Subtotal (E) = (C) + (D)		**9,909.99**	**3,353.90**	**6,556.08**	**1,710.54**	**1,643.36**
Total (F) = (A) + (B) + (E)	**Stage 1**	**7,962.51**	**168.41**	**7,794.10**	**-**	**168.41**
	Stage 2	**83.98**	**31.76**	**52.22**	**-**	**31.76**
	Stage 3	**4,331.50**	**2,802.26**	**1,529.24**	**2,707.61**	**94.65**
	Others	**3,063.89**	**1,890.39**	**1,173.50**	**-**	**1,890.39**
	Total	**15,441.88**	**4,892.82**	**10,549.06**	**2,707.61**	**2,185.21**

Note 37 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. 4,112.00 lakhs (Previous year: 2,770.26 lakhs) and corresponding provision amounting to Rs.3,272.29 lakhs (Previous year: 1,823.36 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 Rs. 2,230.12 lakhs (Previous year: 1,506.38 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 of impairment reserve

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)
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)
Total		**2,235.46**	**1,977.64**	**257.82**	**2,192.91**	**(215.27)**

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

As at March 31, 2020

(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)
Advances to trusts	Stage 1	58.90	18.70	40.20	-	18.70
	Stage 2	83.98	31.76	52.22	-	31.76
	Stage 3	1,776.84	1,410.41	366.43	1,710.54	(300.13)
Total		**1,919.72**	**1,460.87**	**458.85**	**1,710.54**	**(249.67)**

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 38 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)

Name of the banks / financial institution	Address	Acquisition Price
Non-sponsors		
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.	365.00
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.	4,272.18
Bank of India	G-Block, C5 Bandra Kurla Complex, Bandra (E), Mumbai - 400051.	21,505.46
Bank of Maharashtra	Lokmangal, 1501,Shivajinagar, Pune-411005.	7,942.00
Barclays Bank PLC	601, Ceejay House, Dr.Annie Besant Road, Worli, Mumbai - 400018	4,914.26
Canara Bank	112 JC Road, Bangalore - 560002.	18,363.82
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
Citibank N.A.	7th Floor C-61, Bandra Kurla Complex, G Block, Bandra East, Mumbai 400051.	4,081.25
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.	710.81
Dhanlakshmi Bank	Dhanalakshmi Buildings, Naickanal, Thrissur, Kerala - 680001	10,000.00
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

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 38 THE FOLLOWING DISCLOSURES ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(Amount in lakhs)

Name of the banks / financial institution	Address	Acquisition Price
Non-sponsors		
HDFC Bank Ltd.	HDFC Bank House, Senapati Bapat Marg, Lower Parel (W), Mumbai - 400013.	104,588.64
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	IFCI Tower, 61, Nehru Place, New Delhi – 110019.	1,343.00
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 STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 38 THE FOLLOWING DISCLOSURES ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(Amount in lakhs)

Name of the banks / financial institution	Address	Acquisition Price
Non-sponsors		
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 Limited	Technopolis, 7th Floor, A-wing, Plot No.-4, Block - BP, Sector -V, Salt lake, Kolkata, West Bengal - 700091	24,300.00
L&T Infrastructure Finance Company Ltd	Mount Poonamallee Road, Manapakkam, Chennai - 600089	37,673.00
Laxmi Vilas Bank Ltd	Swapna Sadan, Azad Road, Andheri East, Mumbai - 400069.	3,210.00
Motilal Oswal Housing Finance Ltd	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel St Depot, Prabhadevi, Mumbai – 400025	36,844.00
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 Limited	103, 1st Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri East, Mumbai - 400059	393.00
South Indian Bank Ltd.	SIB House, T.B. Road, Mission Quarter, Thrissur District, Kerela State-680001.	124,370.00
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
State Bank of Bikaner & Jaipur (merged with State Bank of India)	Tilak Marg, Jaipur - 302005.	6,466.00

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 38 THE FOLLOWING DISCLOSURES ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(Amount in lakhs)

Name of the banks / financial institution	Address	Acquisition Price
Non-sponsors		
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,Banglore-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
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	16,131.20
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 Limited	Varasiddhi, 3rd Floor, No. 5bc-110 Service Road, 3rd Block Hrbr Layout, Bangalore 560043	3,917.00
Total		**1,317,492.86**

Note: Above classification is based on the records available with the Company, which has been relied upon by the auditors.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 38 THE FOLLOWING DISCLOSURES ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(ii) Dispersion of various financial assets industry - wise:

(Amount in lakhs)

Industry	Acquisition Price	% of Total
Metal	189,821.40	14.41%
Infrastructure - Roads	123,016.00	9.34%
Retail loans – (PL, BL, STPL, CTG etc)	119,675.70	9.08%
Auto and Ancilliary	106,297.54	8.07%
Home Loans	102,864.53	7.81%
Infrastructure - Power	92,304.00	7.01%
Real Estate - Commercial	70,992.18	5.39%
Hospitality	66,955.82	5.08%
Textiles	65,774.00	4.99%
Retailing	42,542.81	3.23%
Real Estate - Housing	36,243.72	2.75%
Pharma	32,587.89	2.47%
Infrastructure - Others	31,816.61	2.41%
Oil Refining	30,802.00	2.34%
Food Processing	24,424.89	1.85%
Education	18,866.36	1.43%
Shipping	16,165.00	1.23%
Leather	15,130.46	1.15%
Information Technology	14,544.31	1.10%
Cement	14,414.00	1.09%
Others	102,253.62	7.76%
Total	**1,317,492.86**	**100.00%**

Note: Industry classification is based on records available with the Company, which has been relied upon by the auditors.

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Value of financial assets acquired during the financial year either on its own books or in the books of the trust	143,536.40	116,273.00
Value of financial assets realised during the financial year	138,640.97	120,266.89
Value of financial assets outstanding for realisation as at the end of the financial year	731,654.05	726,758.62
Value of Security Receipts-		
Partially redeemed during the year (*)	48,638.69	61,603.62
Fully redeemed during the year	66,707.57	45,862.00
Written-off during the year	151.63	2,328.26
Value of Security Receipts pending for redemption as at the end of the financial year	822,375.66	795,537.14

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 38 THE FOLLOWING DISCLOSURES ARE MADE PURSUANT TO THE RBI GUIDELINES *(Continued)*

(Amount in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
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	506.72	7,785.49
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 and the same has been relied upon by the auditors.

(iii) Net of Rs. 30,466.69 lakhs (previous year : Rs. 23,903.56 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.

(iv) 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. 5,917 lakhs (previous year: Rs. 2,554 lakhs) has been classified credit impaired assets. A loss allowance of Rs. 2,204 lakhs (previous year: Rs. 1,538 lakhs) has been provided in the current year.

Note 39 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:

(Amount in lakhs)

Name of the account	Reasons
Phoenix Trust FY 14-18 - Diyana Polyfeb	Earlier attempts to sell the underlying secured asset at a higher price failed. Subsequent auction was conducted after analysing the situation of the market rates and deteriorating condition of the property.
Phoenix Trust FY 17-8 - Alikkal Jewellers	Earlier attempts to sell the underlying secured asset at a higher price failed. Subsequent auction was conducted after analysing the situation of the market rates and deteriorating condition of the property.

Note: This is based on records available with the Company, which has been relied upon by the auditors.

PHOENIX ARC PRIVATE LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT MARCH 31, 2021

Note 39 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 outstanding as on March 31, 2021	NAV of SRs
Phoenix Trust FY 15-16	4,150.00	25%
Phoenix Trust FY 15-17	2,731.80	25%
Phoenix Trust FY 15-24	4,382.16	10%
Phoenix Trust FY 15-25 - Series B	1,299.00	75%
Phoenix Trust FY 15-27	325.62	0%
Phoenix Trust FY 16-8	56.42	0%
Phoenix Trust FY 16-20	2,850.70	25%
Phoenix Trust FY 16-21	97.50	0%
Phoenix Trust FY 16-27	1,560.00	0%
Phoenix Trust FY 18-11	17,300.00	25%
Phoenix Trust FY 18-12	20,000.00	0%
Phoenix Trust FY 19-5 - Scheme H	750.00	75%

Note 40

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 41

The Code on Social Security, 2020 (‘Code’) relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

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.

In terms of our report attached.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firm Registration No. 301003E/E300005

per Viren Mehta (Partner)
Membership No. 048749

Place : Mumbai | Date : 24 April, 2021

For **Phoenix ARC Private Limited**

Keki Elavia
Director
DIN : 00003940

Venkattu Srinivasan
Director
DIN : 01535417

Sanjay Tibrewala
Chief Executive Officer

Gauri Bhatkal
Chief Financial Officer

Ajay Walimbe
Head Acquisition & Company Secretary
FCS No: 4786

NOTES