



Disclosure Document

Disclosures to be provided along with the application for listing
(in terms of Chapter XVII of SEBI/HO/DDHS/P/CIR/2021/613 dated 10th August 2021)

1. Details pertaining to the issuer:

1.1. Details of the issuer:

Name	Phoenix ARC Private Limited
Address	3 rd Floor, Wallace Towers, 139-140/B/1, Crossing of Sahar Road and Western Express Highway, Vile Parle East, Mumbai, Maharashtra – 400057, India
CIN	U67190MH2007PTC168303
PAN	AAECP3447K
Line of business	Asset Reconstruction Company
Chief Executive (Managing Director / President/ CEO / CFO)	Mr. Sanjay Tibrewala – Managing Director & CEO
Group affiliation (if any)	Kotak Mahindra Bank Limited

1.2. Details of the directors:

Sr No	Name, designation, and DIN	Age	Address	Director since	List of other directorships as on 31 st January 2025
1	Mr. Balan Wasudeo-Independent Director (DIN:00073697)	76	A504, Great Eastern Gardens LBS Marg, Kanjurmarg West Mumbai Maharashtra India 400078	24 th March 2022	None
2	Mr. Keki Elavia – Independent Director (DIN: 00003940)	79	Flat No. 603, 36AB (previously known as Anand Bhavan), Anand Bhavan CHS Ltd., 36th. Road, Near National College, Bandra West, Mumbai 400050	26 th February 2015	1. The Bombay Burmah Trading Corporation Limited 2. Godrej and Boyce Manufacturing Company Limited 3. Naperol Investments Limited
3	Mr. Bharat Vasani – Independent Director (DIN: 00040243)	66	F-601, Ashok Gardens, Tokersy Jivraj Road, Sewri, Mumbai 400015	30 th December 2024	1. Adani Total Gas Limited 2. Central Depository Services (India) Limited
4	Mr. Venkattu Srinivasan – Director (DIN: 01535417)	64	402, RNA Auroville, Jain Derasar Marg, OPP Jain Temple, Santacruz (W), Mumbai-400 054	29 th June 2007	Metta Service Organisation
5	Ms. Jyoti Agarwal –Director (DIN: 08577171)	58	4, Juhu Gulshan CHSL, 1 st Floor, A B Nair Road, Juhu, Mumbai- 400049	28 th January 2020	None
6	Mr. Sanjay Tibrewala – Managing Director (DIN: 10779180)	52	A/1103, 11 th Floor, Romell Diva, Dheeraj Ganga Lane, Off. Chincholi Bandar Road, Malad (W), Mumbai 400064	1 st January 2025	None



1.3. Details of change in directors in last three financial years including change, if any, in the current year:

Sr No	Name, designation and DIN	Date of appointment	Date of cessation (in case of resignation)	Remarks (viz. reasons for change etc)
1	Mr. Balan Wasudeo – Independent Director (DIN: 00073697)	24 th March 2022	-	Appointment
2	Mr. Bharat Vasani - Independent Director (DIN: 00040243)	30 th December 2024	-	Appointment
3	Mr. Sanjay Tibrewala – Managing Director (DIN: 10779180)	1 st January 2025	-	Appointment
4	Mr. Chandan Bhattacharya – Independent Director (DIN: 01341570)	29 th June 2007	13 th January 2025	Retired

1.4. List of top 10 holders of equity shares of the company as on 31st December 2024

Sr. No.	Name and category of shareholder	Total no. of equity shares	No of shares in demat form	Total shareholding as % of total no. of equity shares
1	Kotak Mahindra Investments Limited – Company	5,04,00,000	5,04,00,000	30.00%
2	Kotak Mahindra Prime Limited – Company	3,34,32,000	3,34,32,000	19.90%
3	Mr. Anjum Gafulbhai Bilakhia – Individual	94,50,000	94,50,000	5.63%
4	Ashu Khanna & Rajesh Khanna – Individuals	84,50,000	84,50,000	5.03%
5	Shishir Bajaj Family Trust (Through Shishir Bajaj, Meenaxi Bajaj and Kushagra Bajaj) – Trust	84,00,000	84,00,000	5.00%
6	Mr. Amit Desai & Mrs. Bayjool Desai – Individuals	68,25,000	68,25,000	4.06%
7	Harish Pravinchandhra Shah & Bina Harish Shah – Individuals	67,20,000	67,20,000	4.00%
8	M3 Investments Private Limited – Company	56,70,000	56,70,000	3.38%
9	Panna Bankim & Bankim Hamir – Individuals	52,50,000	52,50,000	3.13%
10	Praful M Patel HUF – HUF	52,50,000	52,50,000	3.13%
11	Infina Finance Private Limited – Company	52,50,000	52,50,000	3.13%



1.5. Details of the statutory auditor:

Name and address	Date of appointment	Remarks
Manohar Chowdhry & Associates 116, Udyog Mandir No. 1, 7-C, Bhagoji Keer Marg, Mahim West, Mumbai – 400 016	8 th July 2024	-

1.6. Details of the change in statutory auditors in last three financial years including any change in the current year: -

Name of the Auditor	Address	Date of Appointment	Date of cessation (in case of resignation)	Remarks
Manohar Chowdhry & Associates	116, Udyog Mandir No. 1, 7-C, Bhagoji Keer Marg, Mahim West, Mumbai – 400 016	8 th July 2024	Not Applicable	Appointed for 2 nd Term of 5 years

1.7 List of top 10 NCD holders (as on 31st December 2024):

Sr. No.	Name of NCD holder	Category of NCD holder	Face value of NCD holding (Rs in Cr)	NCD holding % as a percentage of total NCD outstanding of the issuer
1	HSBC Credit Risk Fund	Mutual Fund	16	16%
2	HSBC Low Duration Fund	Mutual Fund	12	12%
3	HSBC Medium Duration Fund	Mutual Fund	12	12%
4	SBI Credit Risk Fund	Mutual Fund	60	60%

1.8 List of top 10 CP holders (as on 31st December 2024):

Sr. No.	Name of CP holder	Category of CP holder	Face value of CP holding (Rs in Cr)	CP holding % as a percentage of total CP outstanding of the issuer
1	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Money Market Fund	Mutual Fund	100	66.67%
2	UTI Ultra Short Duration Fund	Mutual Fund	50	33.33%

2. **Material Information:**

2.1. Details of all default(s) and/ or delay in payments of interest and principal of CPs,(including technical delay), debt securities, term loans, external commercial borrowings and other financial indebtedness including corporate guarantee issued in the past 5 financial years including in the current financial year. – None

2.2. Ongoing and/ or outstanding material litigation and regulatory strictures, if any. – None

2.3. Any material event/ development having implications on the financials/ credit quality including any material regulatory proceedings against the issuer/ promoters, tax litigations resulting in material liabilities, corporate restructuring event which may affect the issue or the investor's decision to invest/ continue to invest in the CP. – None



3. Details of borrowings of the company, as on the latest quarter end:

3.1. Details of debt securities and CPs (as on 31st December 2024):

Sr. No.	ISIN	Tenor/ period of maturity	Coupon	Amount issued (In Crore)	Date of allotment	Redemption on date/ schedule	Credit rating	Secured/ unsecured	Security	Other details viz. details of IPA, details of CRA
1	INE163K 07121	1 year 5 months and 29 days	9.10%	100	23 rd August 2023	21 st February 2025	AA Stable	Secured	Pledge of Security Receipts	CRA – CRISIL Limited
2	INE163K 14150	364 days	-	100	27 th May 2024	26 th May 2025	CRISIL A1+	Unsecured	-	CRA CRISIL Limited
3	INE163K 14168	350 days	-	50	27 th May 2024	12 th May 2025	CRISIL A1+	Unsecured	-	CRA CRISIL Limited

3.2. Details of secured/ unsecured loan facilities/ bank fund based facilities/ rest of the borrowing (if any, including hybrid debt like foreign currency convertible bonds (FCCB), optionally convertible debentures/ preference shares) from banks or financial institutions or financial creditor, as on last quarter end (as on 31st December 2024):

Lender's Name/ Name of the Bank	Nature of facility / Instrument	Amount sanctioned (Rs in Cr)	Principal amount outstanding (Rs in Cr)	Repayment/ renewal date/ schedule	Security, if applicable	Credit rating, if applicable	Asset classification
HDFC Bank	CC/WCDL	100	2.9	12 th January 2024	Pledge of Security Receipts	CRISIL AA/Stable	Standard
HDFC Bank	TL	68.75	68.75	Quarterly repayment of Rs. 6.25 Cr each, starting from January 2022 till March 2025 & June 2023 till March 2027	Pledge of Security Receipts	CRISIL AA/Stable	Standard
Punjab National Bank	OD/WCDL	100	40	19 th March, 2024	Pledge of Security Receipts	CRISIL AA/Stable	Standard
Kotak Mahindra Bank	TL	18	14.06	Quarterly repayment of Rs. 3.75 Cr each, starting from March 2022 till September 2025 & Rs. 2.81	Pledge of Security Receipts	CRISIL AA/Stable	Standard



Lender's Name/ Name of the Bank	Nature of facility / Instrument	Amount sanctioned (Rs in Cr)	Principal amount outstanding (Rs in Cr)	Repayment/ renewal date/ schedule	Security, if applicable	Credit rating, if applicable	Asset classification
				December 2025			
Federal Bank Ltd	TL	100	93.74	Quarterly repayment of Rs. 6.25 Cr each, starting from December 2024 till September 2028	Pledge of Security Receipts	CRISIL AA/Stable	Standard
Infina	TL	450	175	Rs. 100 Cr on 16 th January 2025 Rs. 75 Cr on 29 th January 2025	Unsecured	NA	Standard
Aditya Birla Finance Ltd	TL	50	50	Quarterly repayment of Rs. 3.125 Cr each starting from March 2025 till December 2028	Exclusive charge on cash flows of identified Security Receipts	CRISIL AA/Stable	Standard
Bajaj Housing Finance Ltd	TL	150	145.83	Quarterly repayment of Rs. 4.167 Cr starting from October 2024 till June 2027 & Rs. 8.33 Cr starting from March 2025 till November 2027	Pledge of Security Receipts	CRISIL AA/Stable	Standard

3.3. The amount of corporate guarantee or letter of comfort issued by the issuer alongwith name of the counterparty (like name of the subsidiary, JV entity, group company, etc.) on behalf of whom it has been issued, contingent liability including DSRA guarantees/ any put option etc. – **None**

4. Issue Information:

4.1. Details of current tranche including ISIN, amount, date of issue, maturity, all credit ratings including unaccepted ratings, date of rating, name of credit rating agency, its validity period (details of credit rating letter issued not older than one month on the date of opening of the issue), details of issuing and paying agent and other conditions, if any.

ISIN	INE163K14176
Maturity Amount	Rs. 75,00,00,000/-
Issue Price	Rs. 69,01,81,500/-
Date of Issue	25 th February 2025
Date of Maturity	2 nd February 2026
Credit Rating ***	CRISIL A1+ By CRISIL Limited vide their letter dated 17 th February 2025 (Forms part of this Document as Annexure A)
Issuing and Paying Agent Details	Kotak Mahindra Bank Limited 7 th Floor, 12 BKC, Plot No C-12, G- Block Bandra Kurla Complex, Bandra (E), Mumbai 400 051

***We hereby declare that the rating is valid as at the date of issuance being 25th February 2025



More particularly described in Letter of Offer forming part of this Document as Annexure B

4.2. CP borrowing limit, supporting board resolution for CP borrowing, details of CP issued during the last 15 months.

CP Borrowing Limit: Rs. 300 Crores.

Board Resolution and Management Committee Resolution for borrowing CP forms part of this Document as Annexure C

Details of CP issued during the last 15 months:

CP name	Size of Issue (In Cr)	Date of issue	Discount Rate	Total Price (in Cr)	Amount received (in Cr)	Redemption Amount (in Cr)	Redemption date
PHOENIX ARC PRIVATE LIMITED 350D CP 12MAY25	50	27 th May 2024	9.45%	50	45.8456	50	12 th May 2025
PHOENIX ARC PRIVATE LIMITED 364D CP 26MAY25	100	27 th May 2024	9.45%	100	91.3875	100	26 th May 2025

4.3. End-use of funds: **Investment in Security Receipts in accordance with the applicable RBI regulations, repayment of debt and ongoing business requirements.**

4.4. Credit support/ enhancement (if any): **None**

- a) Details of instrument, amount, guarantor company;
- b) Copy of the executed guarantee;
- c) Net worth of the guarantor company;
- d) Names of companies to which guarantor has issued similar guarantee;
- e) Extent of the guarantee offered by the guarantor company; and
- f) Conditions under which the guarantee will be invoked.

5. Financial Information:

5.1. Audited/ limited review half yearly consolidated and standalone financial information:

- a. Audited/ limited review half yearly consolidated (wherever available) and standalone financial information (Profit & Loss statement, Balance Sheet and Cash Flow statement) along with auditor qualifications, if any, for last three years along with latest available financial results, if the issuer has been in existence for a period of three years and above; or,

Audited Financials along with Audit Reports thereon for Financial Year 2023-24, 2022-23, and 2021-22 are forming part of this Document as Annexure D



- b. Audited/ limited review half yearly consolidated (wherever available) and standalone financial information (Profit & Loss statement, Balance Sheet and Cash Flow statement) along with auditor qualifications, if any, pertaining to the years of existence, if the issuer has been in existence for less than three years. – **Not Applicable**
- 5.2. Latest audited financials should not be older than six months from the date of application for listing. **Financials for period ended 31st December 2024 along with Limited Review Report are forming part of this Document as Annexure D**
- 5.3. Provided that listed issuers (who have already listed their specified securities and/or NCDs and/ or NCRPS) who are in compliance with SEBI LODR Regulations, 2015, and/ or issuers (who have outstanding listed CPs) who are in compliance with the continuous listing conditions mentioned at paragraphs 7-10 below, may file unaudited financials with limited review for the stub period in the current year, subject to making necessary disclosures in this regard including risk factors. **Financials for period ended 31st December 2024 along with Limited Review Report are forming part of this Document as Annexure D**
- 5.4. Latest available limited review quarterly financial results in case an issuer is not having any listed specified securities and is required to prepare such results on quarterly basis for consolidation of financial results of its holding company, under the requirement of any applicable law(s). **Not Applicable**
6. **ALM disclosures:**
- 6.1. NBFCs/ HFCs seeking to list their CPs shall also make disclosures as specified in Chapter III of this circular. – **Not Applicable**
- 6.2. On approval of the listing application by the concerned stock exchange(s), the disclosures so provided along with the application for listing, shall be made available on the website of the concerned stock exchange(s). – **Not Applicable**

For **Phoenix ARC Private Limited**

Sanjay Tibrewala
Managing Director & CEO

Date: 20th February 2025

CONFIDENTIAL

RL/GDS16577/358754/CP/0225/109595
February 17, 2025



Ms. Gauri Bhatkal
Chief Financial Officer
Phoenix ARC Private Limited
3rd Floor, Wallace Towers, 139-140/B/1,
Crossing of Sahar Road and Western Express Highway,
Vile Parle East,
Mumbai City - 400057

Dear Ms. Gauri Bhatkal,

Re: Crisil rating on the Rs. 400 Crore Commercial Paper of Phoenix ARC Private Limited.

All ratings assigned by Crisil Ratings are kept under continuous surveillance and review.

Please refer to our rating letter dated December 04, 2024 bearing Ref. no: RL/GDS16577/358754/CP/1224/104172

Rating outstanding on the captioned debt instruments is Crisil A1+ (pronounced as Crisil A one plus rating) rating on the captioned debt instrument. Securities with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such securities carry lowest credit risk.

For the purpose of issuance of captioned commercial paper programme, this letter is valid for 60 calendar days from the date of the letter. In the event of your company not placing the above programme within this period, or in the event of any change in the size/structure of your proposed issue, the rating shall have to be reviewed and a letter of revalidation shall have to be issued to you. Once the instrument is issued, the above rating is valid (unless revised) throughout the life of the captioned Commercial Paper Programme with a maximum maturity of one year.

As per our Rating Agreement, Crisil Ratings would disseminate the rating through its publications and other media, and keep the rating under surveillance for the life of the instrument. Crisil Ratings reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which Crisil Ratings believes, may have an impact on the rating. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

Should you require any clarifications, please feel free to contact us.

With warm regards,

Yours sincerely,



Aesha Maru
Associate Director - Crisil Ratings



Nivedita Shibu
Director - Crisil Ratings



Disclaimer: A rating by Crisil Ratings reflects Crisil Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by Crisil Ratings. Our ratings are based on information provided by the issuer or obtained by Crisil Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by Crisil Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. Crisil Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. Crisil Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. Crisil Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. Crisil Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by Crisil Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at Crisilratingdesk@crisil.com or at 1800-267-1301

Crisil Ratings Limited

Corporate Identity Number: U67100MH2019PLC326247

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**ISSUE OF COMMERCIAL PAPER (CP):
LETTER OF OFFER**

PART I

- Proposed Date of Issue : February 25, 2025
- Credit Rating For CP : CRISIL A1+
- Date of Rating : February 17, 2025
- Validity for issuance : 60 Days
- Validity period for rating : 1 year
- For Amount : Rs 400,00,00,000
- Conditions (If Any) : NIL
- Specific Details of End Use of Funds (CP) : Investment in Security Receipts in accordance with the applicable RBI regulations, repayment of debt and ongoing business requirements
- Credit Support (If Any) : NIL
 - a) Description of Instrument : .
 - b) Amount : .
 - c) Issued By : .
 - d) In Favour of : .
- Net Worth of the Guarantor Company : NA
- Names of Companies To Which Guarantor Has Issued Similar Guarantee : NA
- Extent of The Guarantee Offered By The Guarantor Company : NA
- Conditions Under Which The Guarantee Will Be Invoked : NA
- Details of Current Tranche: :

ISIN	AMOUNT	MATURITY DATE	CURRENT CREDIT RATING	VALIDITY PERIOD OF RATING	CRA
INE163K14176	INR 75,00,00,000	02/02/2026	CRISIL A1+	1 year	CRISIL Ltd

- Name and Address of the Trustee : NA
- Listing: : Listed
- Proposed to be Listed / Unlisted : Kotak Mahindra Bank
- Issuing and Paying Agent : 12BKC, Treasury Operations, 7th Floor
Plot No. C – 12, G – Block
BKC Bandra East
Mumbai 400051
- Market Conventions : FIMMDA CONVENTIONS
- CP Borrowing Limit : Rs 300,00,00,000
- Supporting Resolution Dated : Board Resolution dated January 28, 2025 and Management Committee Resolution dated February 17, 2025
- Total CP Outstanding (As on Date) : Rs. 150,00,00,000/-



Details of CPs issued during the last 15 months: *

ISIN	ISSUE DATE	AMOUNT	MATURITY DATE	AMOUNT O/S	IPA	CRA	RATING	RATED AMOUNT
INE163K14168	27/05/2024	50,00,00,000	12/05/2025	50,00,00,000	KMBL	CRISIL Ltd	CRISIL A1+	400,00,00,000
INE163K14150	27/05/2024	100,00,00,000	26/05/2025	100,00,00,000	KMBL	CRISIL Ltd	CRISIL A1+	400,00,00,000

* Issuer's liability under the CP will continue beyond due date, in case the CP is not redeemed on due date.

Details Of Other Debt Instruments Outstanding (as on January 31, 2025):

ISIN	ISSUE DATE	AMOUNT	MATURITY DATE	AMOUNT O/S
INE163K07121	23-08-2023	100,00,00,000	21-02-2025	100,00,00,000

Bank fund-based facilities from banks/Financial institutions, if any:

Name of the bank	Nature of facility	O/S amount / Limit as on January 31, 2025	Asset classification
HDFC Bank	CC/WCDL/TL	Rs 62.98 / 162.5 Crores	Standard
Punjab National Bank	OD/WCDL	Rs 20.00 / 100.0 Crores	Standard
Kotak Mahindra Bank	TL	Rs 14.06 / 18.0 Crores	Standard
Federal Bank Ltd	TL	Rs 93.74 / 100.0 Crores	Standard
Aditya Birla Finance Ltd	TL	Rs 100.00 / 100.0 Crores	Standard
Bajaj Housing Finance Ltd	TL	Rs 141.67 / 150.0 Crores	Standard

Name And Address of Issuer : Phoenix ARC Private Limited
Line of Business : Asset Reconstruction Company
Chief Executive (Managing Director / President/ CEO / CFO/ Topmost Executive) : Mr. Sanjay Tibrewala, MD & CEO
Group Affiliation (If Any) : Kotak Mahindra Bank Limited
Net Worth of the Issuer as per latest Balance Sheet : 1,096.14 Crs
Share Holding of the Issuer's promoters & details of Shares pledged by the promoters, if any: : 49.90% (Unpledged)
Long Term Credit Rating, if any obtained by the Issuer : CRISIL AA/Stable
Unaccepted Credit Rating, if any assigned to the Issuer: : NA
Details of Statutory Auditor and Changes thereof in the last three financial years : Manohar Chowdhry & Associates (Since FY22)



FINANCIAL SUMMARY (INDAS)	Rs. In Lacs				
	9MFY25	FY24	FY23	FY22	FY21
Equity	16,800.00	16,800.00	16,800.00	16,800.00	16,800.00
Net Worth	1,09,614.12	92,780.45	71,864.35	54,915.51	46,905.36
Investment in Subsidiary/Affiliates	NA	NA	NA	NA	NA
Total Debt Outstanding					
- Short Term (< 1 Year)	61,761.23	101,617.40	58,198.91	41,213.85	32,622.67
- Other Debt	23,230.70	6,031.25	32,153.67	27,024.11	20,606.31
Gross Income	30,236.18	43,114.85	30,094.61	21,252.57	15,462.02
Operating Profit (PBIDT)	28,913.80	36,818.63	27,506.61	15,472.21	8,794.69
Gross Profit (PBSD)	22,840.43	28,269.47	22,877.85	11,594.89	4,210.67
Net Profit (Post Tax)	16,838.13	20,919.95	16,944.18	8,015.02	2,559.16
Audit Qualifications (if Any)	NA	NA	NA	NA	NA
Material Litigation (If Any)	NA	NA	NA	NA	NA
Regulatory Strictures (If Any)	NA	NA	NA	NA	NA
Any material event/ development having implications for the financials/ credit quality resulting in material liabilities, corporate restructuring event which may affect the issue or the investor's decision to invest in the CP/NCD	NA	NA	NA	NA	NA

Details of Default of CPs, Including Technical Delay in Redemption During Past Five Years: NA
 Details of Default and Delay in Redemption of Any Other Borrowings During Last Five Years: NA
 An issuer which is either an NBFC or an HFC shall disclose the residual maturity profile of its assets and liabilities in the following format: NA

Authorised Signatory of the Issuer
 Date

Sanjay Tibrewala

: Sanjay Tibrewala
 : February 20, 2025



Original / Authenticated Copy of Any Document Related to Above Information Will Be Made Available to the Investors on Request.

Extract of Minutes of the Meeting of the Board of Directors of the Company held on 28th January 2025

BORROWING LIMITS

The Board considered and approved revised borrowing limits of the Company as mentioned below and authorized the Management Committee of the Company to avail the borrowings within the borrowing limits, from time to time:

(Rupees in Crores)

Lines	Borrowing Limits	Lender	Lender wise Limit
Bank Lines	372.0	HDFC Bank	163.0
		Punjab National Bank	100.0
		Kotak Mahindra Bank	15.0
		Federal Bank	94.0
Term Loans	242.0	Bajaj Finance Limited	142.0
		Aditya Birla Finance Limited	100.0
Term / Revolving Loans	450.0	Infina Finance Private Limited	450.0
Commercial Paper	300.0		300.0
Others (Any of the above)	36.0		36.0
Total (A)	1,400.0		1,400.0
Debentures (B)	600.0		600.0
Grand Total (A+B)	2,000.0		2,000.0

Certified to be true

K Rane

Kamlesh Rane
Company Secretary
Membership Number: A29339



Certified True Copy of Resolution passed at Management Committee Meeting of the Company held on 17th February 2025

“RESOLVED THAT in terms of the approval of the Board of Directors at its meeting held on 28th January 2025, the Company hereby offers 3000 Commercial Paper (CP) bearing Face Value of Rs. 500,000/- (Five Lakhs) each aggregating to Rs. 150,00,00,000/- (Rupees One Hundred and Fifty Crores) in one or more tranches to:

Investor	Quantum	Tenure
ICICI Mutual Fund through its schemes	1500 Commercial Paper (CP) bearing Face Value of Rs. 500,000/- (Five Lakhs) each aggregating to Rs. 75,00,00,000/- (Seventy Five Crores)	342 days
ICICI Mutual Fund through its schemes	1500 Commercial Paper (CP) bearing Face Value of Rs. 500,000/- (Five Lakhs) each aggregating to Rs. 75,00,00,000/- (Seventy Five Crores)	363 days

(hereinafter together referred as an “Investor”) to be listed on National Stock Exchange of India Ltd (“NSE”);

FURTHER RESOLVED THAT Mr. Sanjay Tibrewala, Mr. K B Ajit, Mr. Aditya Gupta, Ms. Gauri Bhatkal, Mr. Kamlesh Rane and Mr. Darshan Mehta (hereinafter referred as “Authorised Signatories”) be and are hereby authorised severally (1) to appoint such rating agency for the purposes of rating the CP and “MUFG Intime India Pvt Ltd. (formerly known as Link Intime India Pvt Ltd)” as Registrar and Transfer Agent and “Kotak Mahindra Bank Limited” as Issuing and Paying Agent (as per RBI and FIMMDA guidelines) in connection with the issuance of the CP; (2) to negotiate, finalise and execute or ratify, on behalf of the Company, the term sheet, application forms, disclosure documents setting out *inter alia* the terms upon which the CP are being issued, letters of appointment of agents/intermediaries, including agreements to be entered into with National Securities Depositories Limited/ Central Depository Services (India) Limited, NSE, declarations, letters of allotment and such other documents, including Certificates, that are required to be executed by the Company; (3) for issue and listing of the CP on NSE (including execution of listing agreement/other agreement) and to do all such acts, deeds, writings and things as may be necessary and/or incidental thereto and to redeem or extinguish such CP;

FURTHER RESOLVED THAT the Authorised Signatories of the Company, be and are hereby severally authorized to finalise, execute and issue the Term Sheet/Letter of Offer, Disclosure Document, Letter of Allotment or such other documents as may be necessary to the Investor on behalf of the Company;

FURTHER RESOLVED THAT the Company may buy back the said CP before the date of maturity and the Authorised Signatories are authorised severally to buyback, extinguish the CP and to do all such acts as may be necessary to give effect to the buyback of CP in accordance with applicable RBI guidelines issued from time to time;

FURTHER RESOLVED THAT the Authorised Signatories are authorised severally to execute or ratify all such documents in connection with the issue and allotment of the CP and to do all such acts, deeds, matters and things as they may, in their absolute discretion, deem necessary, proper or desirable for the purpose of giving effect to this resolution;



FURTHER RESOLVED THAT the aforesaid resolutions shall come into effect immediately and a copy of the foregoing resolution certified to be a true copy by Mr. Kamlesh Rane, Company Secretary be furnished to parties concerned with the issuance of CP.”

Certified to be true



**Kamlesh Rane
Company Secretary
Membership Number: A29339**

Manohar Chowdhry & Associates

CHARTERED ACCOUNTANTS

Independent Auditor's Limited Review Report on the statement of Unaudited Standalone Financial Results of Phoenix ARC Private Limited for the quarter and nine months ended 31st December, 2024 pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to
The Board of Directors of
Phoenix ARC Private Limited
CIN: U67190MH2007PTC168303
3rd Floor, Wallace Towers, 139-140/B/1,
Crossing of Sahar Road and Western Express Highway,
Vile Parle East,
Mumbai-400057.

Introduction

1. We have reviewed the accompanying statement of Unaudited Standalone Financial Results of Phoenix ARC Private Limited (the "Company") for the quarter and nine months ended 31st December, 2024 together with notes thereon (the "Statement") being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").
2. The Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. The Statement has been approved by the Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.

Scope of review

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain an assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



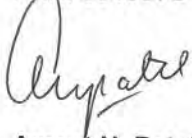
Conclusion

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of Unaudited Standalone Financial Results prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act 2013, as amended, read with relevant rules issued there under and other accounting Principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 52 of the SEBI (Listing obligations and Disclosure Requirements) Regulations 2015 including the manner in which it is to be disclosed or that it contains any material misstatement.

For **Manohar Chowdhry & Associates**

Chartered Accountants

FRN: 001997S



Ameet N. Patel

Partner

M. No. 039157

UDIN:250391578MNXNC3055

Place: Mumbai

Date: 15th January, 2025



Phoenix ARC Private Limited

Regd. Office: 3rd Floor, Wallace Towers, 139-140/B/1, Crossing of Sahar Road and Western Express Highway, Vile Parle East, Mumbai, Maharashtra - 400057, India

CIN: U67190MH2007PTC168303

Tel: 022- 6849 2450, Fax: 022- 6741 2313 Website: www.phoenixarc.co.in

Statement of standalone unaudited financial results for the quarter and nine months ended December 31, 2024

Standalone statement of profit and loss:

(Rs. In lakhs)

Sr. No.	Particulars	Quarter ended			Nine months ended		Year ended
		December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023	March 31, 2024
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	REVENUE FROM OPERATIONS						
	Interest income	466.19	198.46	643.86	1,032.00	1,510.86	1,836.42
	Fees and commission income	7,070.38	8,914.60	12,266.76	28,696.70	27,832.59	40,476.43
I	Total revenue from operations	7,536.57	9,113.06	12,910.62	29,728.70	29,343.45	42,312.85
II	Other income	134.05	203.32	37.45	507.48	354.78	802.00
III	Total income (I + II)	7,670.62	9,316.38	12,948.07	30,236.18	29,698.23	43,114.85
	EXPENSES						
	Finance costs	1,809.28	2,011.09	2,458.68	6,073.37	6,403.66	8,549.17
	Net loss/(gain) on fair value changes	(6,994.18)	909.17	(1,607.63)	(4,981.97)	147.23	1,790.79
	Impairment on financial instruments	2,607.47	(655.03)	(163.32)	3,917.93	2,671.18	1,588.58
	Employee benefits expenses	949.11	561.53	587.04	1,696.66	1,188.63	2,278.60
	Depreciation, amortization and impairment	64.18	85.08	36.95	234.25	89.72	226.39
	Other expenses	265.50	211.20	162.99	689.76	442.01	638.24
IV	Total expenses	(1,298.64)	3,123.04	1,474.71	7,630.00	10,942.43	15,071.77
V	Profit/(loss) before tax (III -IV)	8,969.26	6,193.34	11,473.36	22,606.18	18,755.80	28,043.08
	Tax expense						
	(1) Current tax	2,436.92	1,748.55	2,525.25	7,009.99	6,269.26	8,814.38
	(2) Deferred tax	(153.37)	(163.64)	378.54	(1,241.94)	(1,508.41)	(1,691.25)
VI	Total tax expense (1+2)	2,283.55	1,584.91	2,903.79	5,768.05	4,760.85	7,123.13
VII	Profit/(loss) for the period (V-VI)	6,685.71	4,608.43	8,569.57	16,838.13	13,994.95	20,919.95
	Other Comprehensive Income						
	Items that will not be reclassified to profit or loss						
	- Remeasurements of the defined benefit plans	(0.27)	(0.26)	(0.22)	(5.92)	(7.39)	(5.15)
	Sub-total	(0.27)	(0.26)	(0.22)	(5.92)	(7.39)	(5.15)
	Income tax relating to items that will not be reclassified to profit or loss	0.07	0.06	0.06	1.49	1.86	1.30
VIII	Other Comprehensive Income for the period, net of tax	(0.20)	(0.20)	(0.16)	(4.43)	(5.53)	(3.85)
IX	Total Comprehensive Income for the period (VII+VIII)	6,685.51	4,608.23	8,569.41	16,833.70	13,989.42	20,916.10
X	Paid-up equity share capital (face value of Rs. 10 per share)	16,800.00	16,800.00	16,800.00	16,800.00	16,800.00	16,800.00
XI	Earnings per equity share (not annualised):						
	(1) Basic	3.98	2.74	5.10	10.02	8.33	12.45
	(2) Diluted	3.98	2.74	5.10	10.02	8.33	12.45
	See accompanying notes to the financial results.						



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

Sanjay Tibrewala

Sanjay Tibrewala
Managing Director & CEO
DIN: 10779180

Place: Mumbai
Date : January 15, 2025

Phoenix ARC Private Limited

Regd. Office: 3rd Floor, Wallace Towers, 139-140/B/1, Crossing of Sahar Road and Western Express Highway, Vile Parle East, Mumbai, Maharashtra - 400057, India
CIN: U67190MH2007PTC168303

Tel: 022- 6849 2450, Fax: 022- 6741 2313 Website: www.phoenixarc.co.in

Statement of standalone unaudited financial results for the quarter and nine months ended December 31, 2024

Notes:

- 1 The above financial results have been prepared in accordance with the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended read with Chapter XVII of SEBI Circular No. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 (the "Regulations") and the Indian Accounting Standards (Ind AS) notified under Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016, prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder and the other accounting principles generally accepted in India.
- 2 The above results have been reviewed & recommended for the Board approval by the Audit Committee, approved & taken on record by the Board of Directors at the meeting held on January 15, 2025 and reviewed by the Statutory Auditor.
- 3 Information as required by Regulation 52(4) of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 is as annexed herewith.
- 4 The Company operates in a single reportable operating segment of asset reconstruction business as per the requirement of Ind AS 108- operating segment.
- 5 The table below provides information with respect to Secured, Rated, Listed, Redeemable, Non-Convertible Debentures (NCDs) issued and outstanding as on December 31, 2024:

Particulars	Issue date	Redemption date	Outstanding	Rating
09.10% NCDs	August 23, 2023	February 21, 2025	10,325.04	CRISIL AA/Stable reaffirmed as on November 06, 2024

Security

09.10% of Non-Convertible Debentures are secured against hypothecation of Security Receipts having NAV of Rs. 12,034.02 lakhs.

The security cover for the Non-Convertible Debentures issued by the Company has been maintained as per terms of Information Memorandum and Debenture Trust Deed and is sufficient to discharge principal amount and interest thereon.

The Non-Convertible Debentures have been secured by way of first ranking exclusive charge on Security Receipts pledged in favor of the Debenture Trustee.

- 6 Figures for the previous period / year have been regrouped wherever necessary to conform to current period / year presentation.



Place: Mumbai
Date : January 15, 2025

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

Sanjay Tibrewala

Sanjay Tibrewala
Managing Director & CEO
DIN: 10779180

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 ("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 31st March, 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Ind AS Financial Statements, including a summary of material 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 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2024 and their consolidated profit, their consolidated other comprehensive income, their consolidated changes in equity and their consolidated cash flows 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"s), 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Ind AS Financial Statements for the financial year ended 31st March, 2024. 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. We have determined the matters described below to be the key audit matters to be communicated in our report:

Key audit matters	How our audit addressed the key audit matter
a) Impairment of financial instruments (loans, trade receivables and advances recoverable from Trust) (Refer note K of the material accounting policies)	
<p>Loans, trade receivables and advances recoverable from trusts amounting to INR 71,638.10 lakhs (net of impairment provision) at 31st March, 2024 as disclosed in the Consolidated Ind AS Financial Statements.</p> <p>Ind AS 109 on Financial instruments requires the Group to provide for impairment of its financial instruments (designated as amortized cost or fair value through other</p>	<ul style="list-style-type: none"> 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.

Key audit matters	How our audit addressed the key audit matter
<p>comprehensive income) using the Expected Credit Loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles mentioned in the Standard. In the process of applying such principles and other requirements of the Standard, a significant degree of judgement has been applied by the Management in respect of following matters:</p> <p>a) Grouping of the trade receivables and advances recoverable from trust under homogenous pools in order to determine probability of default (PD) on a collective basis.</p> <p>b) Determining the staging of loans, trade receivables and recoverable from trust.</p> <p>c) Determining effect of past defaults on future probability of default.</p> <p>d) Estimation of management overlay for macroeconomic factors which could impact the ECL provisions.</p> <p>e) Estimation of loss given default (LGD) based on past recovery rates.</p> <p>Given the complexity and significant judgement involved in the estimation of impairment of financial instruments, we have considered this area as a key audit matter.</p>	<ul style="list-style-type: none"> • 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 tested the operating effectiveness of the controls for staging of loans and receivables based on their past-due status. • We tested the arithmetical accuracy of computation of ECL provision. • We assessed the disclosures included in the Consolidated Ind AS Financial Statements with respect to such allowance/estimate in accordance with the requirements of Ind AS 109 and Ind AS 107.
b) Fair valuation of Security Receipts (SR) (Refer note N of the material accounting policies)	
<p>The Group holds investments in the form of security receipts which represent the investments in underlying pool of assets. The fair valuation of these investments at 31st March, 2024 amounts to INR 144,625.61 lakhs as disclosed in the Consolidated Ind AS Financial Statements. These investments are classified as fair value through the profit and loss. In accordance with Ind AS 113 on Fair Value Measurement, the objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.</p> <p>As required by RBI regulations, these SR are valued on a half yearly basis by 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 SR based on its best estimate of recovery, and the range of recovery provided by the CRA.</p> <p>The Management and CRA have done an assessment to ascertain future recoverability estimates of the underlying assets while assessing the value of these SR. In making these assessments, the Management and CRA have used</p>	<ul style="list-style-type: none"> • Our audit procedures included an assessment of internal controls over measurement of fair value and we have understood the management process of providing key inputs to the CRAs such as resolution plan, security value, projected cash flows, restructuring plans, etc. in determining the fair value. • We tested the operating effectiveness of the controls for the purpose of fair valuation of SR. • We have performed testing on a sample basis of key inputs as mentioned above to validate the reasonableness of the input values. • We have understood the valuation process followed by the CRAs and tested the fair valuation of sample cases. We understood the key inputs, judgements and discounting factors applied by the CRAs and independently verified sample cases including key inputs used to ascertain fair valuation of the SR. • We have tested on a sample basis, the rationale for declaring the fair value of the SR as per the range provided by CRA, to assess for reasonableness of the NAV. • We have tested on a sample basis the assumptions and inputs used for this assessment with the help of our valuation experts. The assumptions and estimates

Key audit matters	How our audit addressed the key audit matter
<p>several estimates, assumptions and sources of information (both internal and external). These assumptions, estimates and information used by the Management and CRA may have an uncertainty and the actual results may differ from the estimates and assumptions made.</p> <p>Given the significance of fair valuation of investments in SR to overall Consolidated Ind AS Financial Statements and the degree of management's judgement involved in the estimate and involvement of external CRA in the fair value estimation and the uncertainty on the recoverability of the SR, we have considered this area as a key audit matter.</p>	<p>used by the management on future recoverability may vary and actual results may differ from the estimates and assumptions</p> <ul style="list-style-type: none"> We assessed disclosures included in the Consolidated Ind AS Financial Statements with respect to such fair valuation of SR in accordance with the requirements of Ind AS 113 and Ind AS 107.
<p>c) Valuation of Purchase or originated credit impaired assets (POCI) (Refer note K of the material accounting policies)</p>	
<p>The trusts that are consolidated have assets on their books which are impaired and accordingly in accordance with Ind AS 109 classified as purchased or originated credit impaired assets ("POCI"). The Group has POCI assets (net of impairment) amounting to INR 98,038.07 lakhs as disclosed in the Consolidated Ind AS Financial Statements as at 31st March 2024.</p> <p>These assets are measured using projected cash flows based on management estimates of recovery and then discounted at the credit adjusted effective interest rate.</p> <p>The Management has made an assessment on each POCI asset to ascertain future recoverability estimates. In making this assessment, the Management has used several estimates, assumptions and sources of information (both internal and external), including but not limited to quality of collateral available, external credit reports, economic forecasts for future expected performance of the underlying companies etc. The assumptions and estimates used by the Management may vary and actual results may differ from the estimates and assumptions.</p> <p>Considering the significant Management estimate and judgement involved in assessing cash flows and the discount rate, we have considered this as a key audit matter.</p>	<ul style="list-style-type: none"> 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. We verified on a sample basis, the calculation of the credit adjusted effective interest rate used for the purpose of discounting these assets. The assumptions and estimates used by the management on future recoverability may vary and actual results may differ from the estimates and assumptions. 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.
<p>d) Consolidation of Trusts (Refer Note 4 of the material accounting policies)</p>	
<p>The Group sets up trusts to acquire stressed assets for the purpose of carrying on the activity of Securitisation and Asset Reconstruction. These trusts issue SR which represent the beneficial undivided right, title and interest in the assets of the respective trust to the beneficiaries. The Group acts as asset manager in respect of these trusts and consolidates the trusts which it controls.</p>	<ul style="list-style-type: none"> 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.

Key audit matters	How our audit addressed the key audit matter
<p>As per Ind AS 110 Consolidated Financial Statements, the Company needs to consolidate the entity when it controls it. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To assess control, various factors need to be considered based on relevant facts and circumstances.</p> <p>Considering the significant management judgement and estimate involved in assessing control, we have considered this a key audit matter.</p>	<ul style="list-style-type: none"> • 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.

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

The Company’s Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Annual Report including Annexures thereto, but does not include the Standalone Ind AS Financial Statements, 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 the other information is materially inconsistent with the Consolidated Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Company’s Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Consolidated 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 changes in equity and consolidated cash flows 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of consolidated financial statements by the Directors of the Group, as aforesaid.

In preparing the Consolidated Ind AS Financial Statements, the Management of the Group is 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 Management of the Group is also responsible for overseeing the financial reporting process of the Group.

Responsibilities of Auditor 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 judgement 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 financial 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 Consolidated Ind AS Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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.

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

We communicate with those charged with governance of the Company 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 financial controls that we identify during our audit.

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

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 31st March, 2024 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 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 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 Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow 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 31st March, 2024 taken on record by the Board of Directors of the Group, none of the directors of the Group is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “Annexure A” to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting with reference to the Consolidated Ind AS Financial Statements;
 - g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Group;
 - 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 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 31st March, 2024;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group;
 - iv.
 - a) The respective Management of the Company and trusts controlled by the Company, has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or trusts controlled by the Company to or in any other persons or entity, including foreign entities (‘Intermediaries’), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such trusts (‘Ultimate Beneficiaries’) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The respective Management of the Company and trusts controlled by the Company, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such trusts from any person or entity, including foreign entity (‘Funding Parties’), with the understanding, whether recorded in writing or otherwise, that the Company or any of such trusts shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (‘Ultimate Beneficiaries’) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

v. There were no dividends declared or paid during the year by the Group.

vi. Based on our examination which included test checks, the Group has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility. The Group has used cloud-based accounting software for maintaining its books of account and in the absence of service organization controls report for the period April 01, 2023 to March 31, 2024, we are unable to comment whether the audit trail feature of the aforesaid software was enabled and operated throughout the year for direct data changes. Further, for accounting software other than the aforesaid databases, we did not notice any instance of the audit trail feature being tampered with (Note 43 to the Financial Statements).

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO report issued by us for the Holding Company, we report that there are no qualifications or adverse remarks in the CARO report. Trusts controlled by the Company and included in the Consolidated Ind AS Financial Statements are not subject to CARO.

For Manohar Chowdhry & Associates

Chartered Accountants

Firm Registration No. 001997S

Ameet N. Patel

Partner

Membership No. 039157

UDIN: 24039157BKCLUN8719

Place: Mumbai

Date: 25th April, 2024

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

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report)

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 with reference to the Consolidated Ind AS Financial Statement of Phoenix ARC Private Limited ("the Company") as of 31st March, 2024 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 ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference 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 reference 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 reference 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 consolidated ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting with reference to the Consolidated Ind AS Financial Statements

A company's internal financial control over financial reporting with reference 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 reference 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 reference to the Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference 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 reference to the Consolidated Ind AS Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference 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 and to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to the Consolidated Ind AS Financial Statements and such internal financial controls over financial reporting with reference to the Consolidated Ind AS Financial Statements were operating effectively as at 31st March, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

Other Matters

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

For **Manohar Chowdhary & Associates**

Chartered Accountants

Firm Registration No. 001997S

Ameet N. Patel

Partner

Membership No. 039157

UDIN: 24039157BKCLUN8719

Place: Mumbai

Date: 25th April, 2024

PHOENIX ARC PRIVATE LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2024

(Amount in lakhs)

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
Assets			
Financial assets			
Cash and cash equivalents	2A	10,931.67	6,769.58
Bank Balance other than above	2B	1,534.31	1,548.21
Receivable			
Trade receivables	3	3,783.72	1,287.43
Loans	4	67,385.91	83,815.39
Investments	5	1,44,625.61	1,02,412.40
Other financial assets	6	468.47	410.36
Sub total		2,28,729.69	1,96,243.37
Non-financial assets			
Current tax assets (net)		672.74	1,444.67
Deferred tax assets (net)	26	4,782.15	4,325.95
Property, plant and equipment	7	1,432.82	255.98
Intangible assets under development	8B	56.00	28.00
Other intangible assets	8A	6.33	12.67
Other non-financial assets	9	172.41	108.20
Sub total		7,122.45	6,175.47
Total Assets		2,35,852.14	2,02,418.84
Liabilities and Equity			
Liabilities			
Financial liabilities			
Payables			
Trade payables	10		
(A) total outstanding dues of micro, small, and medium enterprises		7.57	1.24
(B) total outstanding dues of creditors other than micro, small, and medium enterprises		26.87	9.54
Debt securities	11	59,941.87	57,105.61
Borrowings (other than debt securities)	12	55,769.05	53,487.68
Other financial liabilities	13	4,531.20	3,069.99
Sub total		1,20,276.56	1,13,674.06
Non-financial liabilities			
Current tax liabilities (net)		8,722.93	7,241.21
Provisions	14	114.02	101.94
Other non-financial liabilities	15	14,298.55	7,953.55
Sub total		23,135.50	15,296.70
Equity			
Equity share capital	16	16,800.00	16,800.00
Other equity	17	75,640.08	56,648.08
Sub total		92,440.08	73,448.08
Total liabilities and equity		2,35,852.14	2,02,418.84
Material accounting policies & notes on accounts	1		

In terms of our report attached.

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

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

Ameet N Patel
Partner
Membership No. 039157

Balan Wasudeo **Keki Elavia**
Director Director
DIN: 00073697 DIN: 00003940

Sanjay Tibrewala
Chief Executive Officer

Place : Mumbai
Date : April 25, 2024

Gauri Bhatkal
Chief Financial Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

PHOENIX ARC PRIVATE LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024

(Amount in lakhs)

Sr. No.	Particulars	Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023
	Revenue From Operations			
	Interest income	18	14,008.37	9,485.96
	Fees and commission income	19	38,868.26	27,714.29
(I)	Total revenue from operations		52,876.63	37,200.25
(II)	Other income	21	795.80	221.00
(III)	Total income (I + II)		53,672.43	37,421.25
	Expenses			
	Finance costs	22	6,244.93	4,767.39
	Net loss on fair value changes	20	2,666.99	4,920.78
	Impairment on financial instruments	23	13,531.89	(70.01)
	Employee benefits expense	24	2,277.39	1,528.56
	Depreciation, amortization and impairment	7&8	226.40	99.67
	Other expenses	25	1,369.51	764.79
(IV)	Total expenses		26,317.11	12,011.18
(V)	Profit/(loss) before tax (III -IV)		27,355.32	25,410.07
(VI)	Tax expense	26		
	(1) Current tax		8,814.38	5,610.89
	(2) Deferred tax		(454.91)	1,210.53
	Total tax expense (1+2)		8,359.47	6,821.42
(VII)	Profit/(loss) for the period (V-VI)		18,995.85	18,588.65
(VIII)	Other comprehensive income			
	Items that will not be reclassified to profit or loss			
	- Remeasurements of the defined benefit plans		(5.15)	6.21
			(5.15)	6.21
	Income tax relating to items that will not be reclassified to profit or loss	26	1.30	(1.56)
	Total		(3.85)	4.65
(IX)	Total comprehensive income for the period (VII+VIII)		18,992.00	18,593.30
(X)	Earnings per equity share	27		
	Basic and Diluted earning per share (Rs.)		11.31	11.06

In terms of our report attached.

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

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

Ameet N Patel
Partner
Membership No. 039157

Balan Wasudeo **Keki Elavia**
Director Director
DIN: 00073697 DIN: 00003940

Sanjay Tibrewala
Chief Executive Officer

Place : Mumbai
Date : April 25, 2024

Gauri Bhatkal
Chief Financial Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

PHOENIX ARC PRIVATE LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2024

(Amount in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flow from operating activities		
Profit before tax	27,355.32	25,410.07
Adjustments to reconcile profit before tax to net cash generated from / (used in) operating activities		
Depreciation and amortisation expense	226.40	99.67
Gain on sale of investments	(3,887.62)	1,191.62
Net loss on fair value changes	6,554.61	3,729.16
Gain on sale of property, plant and equipment	8.49	(3.35)
Interest income (other than loans and advances)	(650.03)	(266.55)
Interest on lease liability	76.65	23.60
Impairment (gain) / loss on financial instruments	13,531.89	(70.01)
Finance costs	6,168.28	4,743.79
Gain on termination of lease	(19.54)	-
Gratuity	19.90	16.85
Operating profit before working capital changes	49,384.35	34,874.85
Working capital adjustments		
Adjustments for (increase) / decrease in operating assets		
Loans and advances	(3,358.14)	(48,254.89)
Trade receivables	15,843.86	1,437.96
Other assets	(12,259.49)	296.67
Adjustments for increase / (decrease) in operating liabilities		
Trade payables	82.02	67.56
Provisions	6,819.79	(107.42)
Other liabilities	(71.33)	5,317.36
	7,056.71	(41,242.76)
Cash from operations	56,441.06	(6,367.91)
Income tax paid (net of refund)	(6,560.72)	(3,143.01)
Net cash from operating activities	49,880.34	(9,510.92)
Cash flow from investing activities		
Purchase of property, plant and equipment	(284.28)	(44.10)
Sale of property, plant and equipment	0.74	3.35
Purchase of investments	(1,16,220.25)	(66,582.27)
Proceeds from sale of investments	71,340.05	45,576.75
Bank deposits with original maturity greater than three months	13.90	(1,548.21)
Interest received on fixed deposits with bank	650.03	266.55
Net cash (used in) / generated from investing activities	(44,499.81)	(22,327.93)
Cash flow from financing activities		
Proceeds from borrowings	73,749.04	71,026.61
Repayment of borrowings	(53,664.49)	(50,631.31)
Net proceeds from bank overdraft facility	(3,238.96)	1,749.29
Finance costs including share issue expenses	(4,920.90)	(1,491.16)
Proceeds from issuance of security receipts (net)	(12,975.35)	11,158.90
Payment of lease liability (including interest thereon)	(167.78)	(87.12)
Net cash flow from financing activities	(1,218.44)	31,725.21
Net (decrease) / increase in cash and cash equivalents	4,162.09	(113.64)
Cash and cash equivalents at the beginning of the year	6,769.58	6,883.22

PHOENIX ARC PRIVATE LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2024

(Amount in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash and cash equivalents at the end of the year	10,931.67	6,769.58
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents as per balance sheet (refer note 2)		
Cash on hand	0.19	0.06
Balances with banks in current account	1,402.29	428.12
Balance in term deposit < 3 months	8,806.31	6,342.14
Balance in overdraft facility	724.03	-
Less: Impairment loss allowance	(1.15)	(0.74)
Cash and cash equivalents as restated as at the year end	10,931.67	6,769.58

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

In terms of our report attached.

For Manohar Chowdhry & Associates

Chartered Accountants

Firm Registration No. 001997S

Ameet N Patel

Partner

Membership No. 039157

Place : Mumbai

Date : April 25, 2024

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

Balan Wasudeo

Director

DIN: 00073697

Keki Elavia

Director

DIN: 00003940

Sanjay Tibrewala

Chief Executive Officer

Gauri Bhatkal

Chief Financial Officer

Kamlesh Rane

Company Secretary

Membership No. A29339

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of Phoenix ARC Private Limited ("the Company") which comprises the Balance Sheet as at 31st March, 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Standalone Ind AS Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS Financial Statements").

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 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2024, and its profit, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone Ind AS Financial Statements for the financial year ended 31st March, 2024. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
(a) Impairment of financial instruments (loans, trade receivables and advances recoverable from Trusts) (Refer K of the material accounting policies)	
Loans, trade receivables and advances recoverable from trusts amounting to INR 9,066.83 lakhs (net of impairment provision) at 31 st March, 2024 as disclosed in the Standalone Ind AS Financial Statements.	<ul style="list-style-type: none"> 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.

Key audit matters	How our audit addressed the key audit matter
<p>IndAS 109 on Financial instruments requires the Company to provide for impairment of its financial instruments (designated as amortized cost or fair value through other comprehensive income) using the Expected Credit Loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles mentioned in the Standard. In the process of applying such principles and other requirements of the Standard, a significant degree of judgement has been applied by the management in respect of following matters:</p> <p>a) Grouping of the trade receivables and advances recoverable from trusts under homogenous pools in order to determine probability of default (PD) on a collective basis.</p> <p>b) Determining the staging of loans, trade receivables and recoverable from trust.</p> <p>c) Determining effect of past defaults on future probability of default.</p> <p>d) Estimation of management overlay for macroeconomic factors which could impact the ECL provisions.</p> <p>e) Estimation of loss given default (LGD) based on past recovery rates.</p> <p>Given the complexity and significant judgement involved in the estimation of impairment of financial instruments, we have considered this area as a key audit matter.</p>	<ul style="list-style-type: none"> • 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 tested the operating effectiveness of the controls for staging of loans and receivables based on their past-due status. • We tested the arithmetical accuracy of computation of ECL provision performed by the Company in spread sheets. • We assessed the disclosures included in the Standalone Ind AS Financial Statements with respect to such allowance / estimate are in accordance with the requirements of Ind AS 109 and Ind AS 107.
Key audit matters	How our audit addressed the key audit matter
(b) Fair valuation of Security Receipts (SR) (Refer note N of the material accounting policies)	
<p>The Company holds investments in the form of Security Receipts (SR) which represent the investments in underlying pool of assets. The fair valuation of these investments at 31st March, 2024 amounts to INR 1,97,533.08 lakhs as disclosed in the Standalone Ind AS Financial Statements. These investments are classified as fair value through profit and loss. In accordance with Ind AS 113 on Fair Value Measurement, the objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.</p>	<ul style="list-style-type: none"> • Our audit procedures included an assessment of internal controls over measurement of fair value and we have understood the management process of providing key inputs to the CRAs such as resolution plan, security value, projected cash flows, restructuring plans, etc. in determining the fair value. • We tested the operating effectiveness of the controls for the purpose of fair valuation of SR.

Key audit matters	How our audit addressed the key audit matter
<p>As required by RBI regulations, these SRs are valued on a half yearly basis by 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 SR based on its best estimate of recovery, and the range of recovery provided by the CRA.</p> <p>The Management and CRA have done an assessment to ascertain future recoverability estimates of the underlying assets while assessing the value of these SR. 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 may have an uncertainty and the actual results may differ from the estimates and assumptions made.</p> <p>Given the significance of fair valuation of investments in SR to overall Standalone Ind AS financial statements and the degree of Management’s judgement involved in the estimate and involvement of external CRA in the fair value estimation and the uncertainty on the recoverability of the SR, we have considered this area as a key audit matter.</p>	<ul style="list-style-type: none"> • We have performed testing on a sample basis of key inputs as mentioned above to validate the reasonableness of the input values. • We have understood the valuation process followed by the CRAs and tested the fair valuation of sample cases. We understood the key inputs, judgements and discounting factors applied by the CRAs and independently verified sample cases including key inputs used to ascertain fair valuation of the SR. • We have tested, on a sample basis, the rationale for declaring the fair value of the SR as per the range provided by CRA, to assess for reasonableness of the NAV declared. • We have tested on a sample basis the assumptions and inputs used for this assessment with the help of our valuation experts. The assumptions and estimates used by the Management on future recoverability may vary and actual results may differ from the estimates and assumptions. • We assessed disclosures included in the Standalone Ind AS Financial Statements with respect to such fair valuation of SR are in accordance with the requirements of Ind AS 113 and Ind AS 107.

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements

The Company’s Board of Directors are 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the

provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors 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 Standalone Ind AS Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgement 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Standalone Ind AS Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

misstatements in the Standalone Ind AS Financial Statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS Financial Statements for the financial year ended 31st March, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows 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 Indian 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 31st March, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to Standalone Ind AS Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our Report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Standalone Ind AS Financial Statements;
 - g. With respect to the matter to be included in the Auditor's Report under section 197(16) of the Act, in our opinion and according to the information and explanation given to us, the limit prescribed by section 197 for maximum permissible managerial remuneration is not applicable to a private limited company.
 - h. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- iv. (a) The management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entity, including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any persons or entity, including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. There were no dividends declared or paid during the year by the Company;
- vi. Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility. The Company has used cloud-based accounting software for maintaining its books of account and in the absence of service organization controls report for the period April 01, 2023 to March 31, 2024, we are unable to comment whether the audit trail feature of the aforesaid software was enabled and operated throughout the year for direct data changes. Further, for accounting software other than the aforesaid databases, we did not notice any instance of the audit trail feature being tampered with (Refer Note 42 to the Financial Statements).
- vii. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

For Manohar Chowdhry & Associates

Chartered Accountants

Firm's registration No. 001997S

Ameet N. Patel

Partner

Membership No. 039157

UDIN: 24039157BKCLUM2697

Place: Mumbai

Date: 25th April, 2024

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and regulatory Requirements' section of our report to the members of Phoenix ARC Private Limited of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) All Property, Plant and Equipment were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification
- (c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company
- (d) According to information and explanations given to us and books of accounts and records examined by us, Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended 31st March, 2024
- (e) According to information, explanation given to us and our verification of records of the company, no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is into the services sector, primarily rendering asset reconstruction and securitization services and as such does not hold any inventories. Accordingly, reporting under of clause 3(ii)(a) of the Order is not applicable
- (b) The Company holds investments in the form of security receipts in various Trusts. Such investments are classified as available for sale in accordance with RBI guidelines. The Company has been sanctioned working capital from banks in excess of five crore rupees during the year. Investments in security receipts are provided as security for availing such working capital facilities. As per the information and explanation given to us and examination of books of account and other records produced before us, in our opinion, the quarterly returns and statements filed by the Company with such banks are in agreement with the books of account of the Company.
- (iii) The Company is registered under section 3 of 'Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002' (SARFAESI Act) under the RBI regulation, as an 'Asset Reconstruction Company'. During the year, the Company has made investments in security receipts, granted secured loans for restructuring, and given advances to the various trusts managed by it/ where it is trustee during the course of business for restructuring:

In our opinion and according to the information and explanations given to us:

- (a) The Company's principal activity is asset reconstruction, securitization and give loans for restructuring of acquired loans as permitted by Reserve Bank of India, Clause 3(iii)(a) on providing of loan, advances or guarantee is not applicable to the Company.
- (b) The Company has made investments and given advances to the various trusts managed by it / where it is trustee during the course of business and granted loans directly to other parties whose accounts are acquired under SARFAESI Act. In our opinion, considering the nature of the business of the Company, the terms and conditions of grant of loans are not prejudicial to the interest of the Company.
- (c) In respect of the loans granted by the Company to parties whose accounts are acquired under SARFAESI Act, the schedule of repayment of principal and payment of interest has been stipulated and the repayment of principal amount and receipts of interest have generally been regular, except in respect of the following:

Sl. No.	Name of the entity	Principal outstanding (Amount in Lakhs)*	Due date	Extent of delay (In days)
1	Karni Developer and Construction Co Ltd	282.29	03-10-15	3102
2	Dhanalaxmi Builders and Developers	455.61	15-04-16	2907
3	Vijayent Group	50.00	15-03-16	2938
4	Sovereign Developers	209.17	31-10-16	2708
5	JCT Limited	1,100.00	27-11-22	491

* Excluding interest

- (d) The following amounts are overdue for more than 90 days from companies to whom loan has been granted, and reasonable steps have been taken by the Company for the recovery of the overdue amount of principal and interest.

Sl. No.	Name of the entity	Principal amount overdue (Amount in Lakhs) *
1	Karni Developer and Construction Co Ltd	282.29
2	Dhanalaxmi Builders and Developers	455.61
3	Vijayent Group	50.00
4	Sovereign Developers	209.17
5	JCT Limited	1100.00

* Excluding interest

- (e) In our opinion and considering the nature of business of the Company, Clause 3(iii)(e) of the Order dealing with renewal, grant of fresh loan to settle the over dues of existing loans is not applicable to the Company.
- (f) According to the information and explanation given to us, the Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment. Accordingly, the requirement to report on clause 3(iii)(f) is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted loans, made investments or provided guarantees which require compliance with the provisions of Section 185 and 186 of the Companies Act 2013. Accordingly, reporting under clause 3 (iv) of the Order is not applicable to the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act, for the business activities carried out by the Company. Accordingly, reporting under clause 3 (vi) of the Order is not applicable to the Company.
- (vii) In respect of statutory dues:
- (a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.
- According to the information and explanations given to us and based on audit procedures performed by us, there were no undisputed amounts payable in respect of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues in arrears as at 31st March, 2024 for a period of more than six months from the date they became payable.
- (b) Details of statutory dues referred to in sub-clause (a) above as on 31st March, 2024 on account of disputes are given below:

Nature of the statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount in lakh
The Income Tax Act, 1961	Income Tax	Commissioner of Income tax (Appeal)	AY 2018-19	2718.94*
* Entire sum has been paid/adjusted against income tax refund receivable by the Company.				

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) In our opinion, and according to the information and explanation given and books of account and records examined by us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) In our opinion, and according to the information and explanation given to us, the Company is not declared as a wilful defaulter by any bank or financial institution or other lender. Accordingly, reporting on paragraphs 3 (ix) (b) of the Order is not applicable to the Company.
- (c) In our opinion and according to the information and explanations given, and records examined by us, the Company has raised additional term loan and the same were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company and considering the business nature of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken loan from bank or financial institution to meet the obligation as such of the various trusts managed by it / various trusts where it is trustee. Accordingly, reporting on paragraphs 3 (ix) (e) of the Order is not applicable to the Company.
- (f) According to the information and explanations given to us and procedures performed by us and considering the nature of the business, we report that the Company has raised loans during the year on the pledge of securities (i.e. Investment in Security Receipts) held in its trusts. However there is no default as such in the repayment of such loans raised by the Company. Accordingly, reporting on paragraphs 3(ix) (f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer, further public offer (including debt instruments). Hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company
- (xi) According to the information and explanations given to us and the records examined by us,
- (a) Based upon the audit procedures performed by us, no material fraud by the Company or any material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of Section 143 of the Act has been filed by cost auditors / secretarial auditor or by us in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable

and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) According to the information and explanations given to us and the records examined by us,
- (a) The Company has an internal audit system commensurate with the size and nature of its business;
 - (b) We have considered the internal audit reports of the Company issued till date, for the period under audit.
- (xv) According to the information and explanations given to us and based on our examination of the records of the company, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of Section 192 of the Companies Act 2013 are not applicable to the Company.
- (xvi)(a) The Company is exempted from the provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934). Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company;
- (b) The Company is registered under Section 3 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 and is regulated by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.
 - (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
 - (d) According to the information and explanations given to us, there is no Core Investment Company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly, paragraph 3(xvi) (d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year and immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly, requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in Note 34 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) As disclosed by management in Note 30 of the financial statements and as verified by us, the gross amount required to be spent by the Company towards Corporate Social Responsibility (CSR) has been duly spent during the year. Hence, reporting under clause (xx)(a) and clause (xx)(b) of the Order is not applicable to the Company;
- (xxi) Reporting under clause (xxi) of the Order is not applicable as the same is required to be reported only in case of consolidated financial statement.

For Manohar Chowdhry & Associates
Chartered Accountants
Firm's registration No. 001997S

Ameet N. Patel
Partner
Membership No. 039157
UDIN: 24039157BKCLUM2697

Place: Mumbai
Date: 25th April, 2024

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

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report)

Report on the Internal Financial Controls with reference to the Standalone Ind AS Financial Statements 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 with reference to the Standalone Ind AS Financial Statements of Phoenix ARC Private Limited ("the Company") as of 31st March, 2024 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 with reference to the Standalone Ind AS Financial Statements 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 (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference 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 reference 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 reference 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 system over financial reporting with reference to these Standalone Ind AS Financial Statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to the Standalone Ind AS Financial Statements

A company's internal financial control over financial reporting with reference 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 standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference 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 reference to the Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference 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 reference to the Standalone Ind AS Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to the Standalone Ind AS Financial Statements and such internal financial controls over financial reporting with reference to the Standalone Ind AS Financial Statements were operating effectively as at 31st March, 2024, based on the internal control over financial reporting with reference to Standalone Ind AS Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For Manohar Chowdhry & Associates
Chartered Accountants

Firm's registration No. 001997S

Ameet N. Patel

Partner

Membership No. 039157

UDIN: 24039157BKCLUM267

Place: Mumbai

Date: 25th April, 2024

PHOENIX ARC PRIVATE LIMITED
STANDALONE BALANCE SHEET AS AT MARCH 31, 2024

(Amount in lakhs)

Particulars	Note no.	As at March 31, 2024	As at March 31, 2023
Assets			
Financial assets			
Cash and cash equivalents	2A	5,876.92	3,778.80
Bank balance other than above	2B	1,534.31	1,548.21
Receivable			
Trade receivables	3	3,796.36	1,393.97
Loans	4	4,790.21	9,538.97
Investments	5	1,97,533.08	1,53,169.71
Other financial assets	6	480.26	447.80
Sub total		2,14,011.14	1,69,877.46
Non-financial assets			
Current tax assets (net)		672.75	1,444.67
Deferred tax assets (net)	26	7,559.36	5,866.81
Property, plant and equipment	7	1,432.82	255.99
Intangible assets under development	8B	56.00	28.00
Other intangible assets	8A	6.34	12.67
Other non-financial assets	9	40.07	25.51
Sub total		9,767.34	7,633.65
Total assets		2,23,778.48	1,77,511.11
Liabilities and equity			
Liabilities			
Financial liabilities			
Payables			
Trade payables			
a. total outstanding dues of micro, small, and medium enterprises	10	7.57	1.24
b. total outstanding dues of creditors other than micro, small, and medium enterprises		26.87	9.54
Debt securities	11	51,879.60	36,864.90
Borrowings (other than debt securities)	12	55,769.05	53,487.68
Other financial liabilities	13	4,193.25	2,831.39
Sub total		1,11,876.34	93,194.75
Non-financial liabilities			
Current tax liabilities (net)		8,722.96	7,241.21
Provisions	14	114.02	101.94
Other non-financial liabilities	15	10,284.71	5,108.86
Sub total		19,121.69	12,452.01
Equity			
Equity share capital	16	16,800.00	16,800.00
Other equity	17	75,980.45	55,064.35
Sub total		92,780.45	71,864.35
Total liabilities and equity		2,23,778.48	1,77,511.11
Material accounting policies & notes on accounts	1		

In terms of our report attached.

For Manohar Chowdhry & Associates

Chartered Accountants
Firm Registration No. 001997S

Ameet N Patel
Partner
Membership No. 039157

Place : Mumbai
Date : April 25, 2024

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

Balan Wasudeo **Keki Elavia**
Director Director
DIN: 00073697 DIN: 00003940

Sanjay Tibrewala
Chief Executive Officer

Gauri Bhatkal
Chief Financial Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

PHOENIX ARC PRIVATE LIMITED
STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024
(Amount in lakhs)

Sr. No.	Particulars	Note no.	For the year ended March 31, 2024	For the year ended March 31, 2023
	Revenue from operations			
	Interest income	18	2,486.45	1,592.25
	Fees and commission income	19	40,476.43	28,280.90
(I)	Total revenue from operations		42,962.88	29,873.15
(II)	Other income	21	151.97	221.46
(III)	Total income (I + II)		43,114.85	30,094.61
	Expenses			
	Finance costs	22	8,549.17	4,628.76
	Net loss on fair value changes	20	1,790.79	2,040.32
	Impairment on financial instruments	23	1,588.58	(1,507.89)
	Employee benefits expense	24	2,278.60	1,528.56
	Depreciation, amortization and impairment	7 & 8	226.39	99.67
	Other expenses	25	638.24	527.01
(IV)	Total expenses		15,071.77	7,316.43
(V)	Profit / (loss) before exceptional items and tax (III-IV)		28,043.08	22,778.18
(VI)	Exceptional items		-	-
(VII)	Profit/(loss) before tax (V -VI)		28,043.08	22,778.18
(VIII)	Tax expense	26		
	(1) Current tax		8,814.38	5,610.88
	(2) Deferred tax		(1,691.25)	223.12
	Total tax expense (1+2)		7,123.13	5,834.00
(IX)	Profit/(loss) for the year (VII-VIII)		20,919.95	16,944.18
(X)	Other comprehensive income			
	Items that will not be reclassified to profit or loss			
	- Remeasurements of the defined benefit plans		(5.15)	6.21
			(5.15)	6.21
	- Income tax relating to items that will not be reclassified to profit or loss	26	1.30	(1.56)
			(3.85)	4.65
(XI)	Total comprehensive income for the year (IX+X)		20,916.10	16,948.83
(XII)	Earnings per equity share	27		
	Basic and diluted earnings per share (Rs)		12.45	10.09

In terms of our report attached.

For Manohar Chowdhry & Associates

Chartered Accountants

Firm Registration No. 001997S

Ameet N Patel

Partner

Membership No. 039157

Place : Mumbai

Date : April 25, 2024

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

Balan Wasudeo

Director

DIN: 00073697

Keki Elavia

Director

DIN: 00003940

Sanjay Tibrewala

Chief Executive Officer

Gauri Bhatkal

Chief Financial Officer

Kamlesh Rane

Company Secretary

Membership No. A29339

PHOENIX ARC PRIVATE LIMITED
STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2024

(Amount in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flow from operating activities		
Profit before tax	28,043.08	22,778.18
Adjustments to reconcile profit before tax to net cash generated from / (used in) operating activities		
Depreciation and amortisation expense	226.39	99.67
Net gain on sale of investments	(7,622.84)	(1,087.21)
Net loss on fair value changes	9,413.63	3,127.53
Impairment (gain) / loss on financial instruments	1,588.58	(1,507.89)
Net loss/gain on sale of property, plant and equipment	8.48	(3.35)
Interest income (other than loans and advances)	(650.03)	(266.55)
Finance costs	8,472.52	4,605.16
Gain on termination of lease	(19.54)	-
Interest on lease liability	76.65	23.60
Gratuity provision	19.90	16.85
Operating profit before working capital changes	39,556.83	27,785.99
Working capital adjustments		
Adjustments for (increase) / decrease in operating assets		
Loans and advances	4,220.46	(7,965.25)
Trade receivables	(3,250.10)	1,286.04
Other assets	(312.43)	196.73
Adjustments for increase / (decrease) in operating liabilities		
Trade payables	23.66	8.99
Provisions	(12.97)	(49.06)
Other liabilities	5,551.42	2,864.09
	6,220.04	(3,658.46)
Cash from operations	45,776.87	24,127.53
Income tax paid (net of refund)	(6,560.72)	(3,143.01)
Net cash from operating activities	39,216.15	20,984.52
Cash flow from investing activities		
Purchase of property, plant and equipments	(284.28)	(44.10)
Sale of property, plant and equipments	0.74	3.35
Purchase of investments	(1,41,913.30)	(97,002.96)
Proceeds from sale of investments	95,759.13	57,656.03
Bank deposits with original maturity greater than three months	13.90	(1,548.21)
Interest received on fixed deposits with bank	650.03	266.55
Net cash (used in) / generated from investing activities	(45,773.78)	(40,669.34)
Cash flow from financing activities		
Proceeds from borrowings	73,749.03	71,026.61
Repayment of borrowings	(53,664.49)	(50,631.31)

PHOENIX ARC PRIVATE LIMITED
STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2024 (Continued)
(Amount in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Net proceeds from bank overdraft facility & working capital loans	(3,238.96)	1,749.29
Finance costs	(8,022.05)	(4,635.12)
Payment of lease liability (including interest thereon)	(167.78)	(87.12)
Net cash flow from financing activities	8,655.75	17,422.34
Net (decrease) / increase in cash and cash equivalents	2,098.12	(2,262.48)
Cash and cash equivalents at the beginning of the year	3,778.80	6,041.28
Cash and cash equivalents at the end of the year	5,876.92	3,778.80
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents as per balance sheet (refer note 02)		
Cash on hand	0.19	0.06
Balances with banks in current account	10.14	20.08
Balance in term deposit < 3 months	5,143.71	3,759.40
Balances in overdraft facility	724.03	-
Less: Impairment loss allowance	(1.15)	(0.74)
Cash and cash equivalents as at the year end	5,876.92	3,778.80

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

In terms of our report attached.

For Manohar Chowdhry & Associates

Chartered Accountants

Firm Registration No. 001997S

Ameet N Patel

Partner

Membership No. 039157

Place : Mumbai

Date : April 25, 2024

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

Director

DIN: 00073697

Keki Elavia

Director

DIN: 00003940

Sanjay Tibrewala

Chief Executive Officer

Gauri Bhatkal

Chief Financial Officer

Kamlesh Rane

Company Secretary

Membership No. A29339

INDEPENDENT AUDITOR’S REPORT

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

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of **Phoenix ARC Private Limited** (“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 31st March, 2023, the Consolidated Statement of Profit and Loss, including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended (“Ind AS”) and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2023 and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows 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”s), 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 (“ICAI”) together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Ind AS Financial Statements for the financial year ended 31st March, 2023. 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. We have determined the matters described below to be the key audit matters to be communicated in our report:

Key audit matters	How our audit addressed the key audit matter
a) Impairment of financial instruments (loans, trade receivables and advances recoverable from Trusts) (Refer note M of the significant accounting policies)	receivables and advances recoverable from Trusts)
Loans, trade receivables and advances recoverable from trusts amounting to INR 8,460.95 lakhs (net of impairment provision) at 31 st March, 2023 as disclosed in the Consolidated Ind AS Financial Statements.	<ul style="list-style-type: none"> 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.
Ind AS 109 on Financial instruments 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	<ul style="list-style-type: none"> 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

Key audit matters	How our audit addressed the key audit matter
<p>the Standard. In the process of applying such principles and other requirements of the Standard, a significant degree of judgement has been applied by the Management in respect of following matters:</p> <p>a) Grouping of the trade receivables and advances recoverable from trusts under homogenous pools in order to determine probability of default (PD) on a collective basis.</p> <p>b) Determining the staging of loans, trade receivables and recoverable from trusts.</p> <p>c) Determining effect of past defaults on future probability of default.</p> <p>d) Estimation of management overlay for macroeconomic factors which could impact the ECL provisions.</p> <p>e) Estimation of loss given default (LGD) based on past recovery rates.</p> <p>Given the complexity and significant judgement involved in the estimation of impairment of financial instruments, we have considered this area as a key audit matter.</p>	<p>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.</p> <ul style="list-style-type: none"> • We tested the operating effectiveness of the controls for staging of loans and receivables based on their past-due status. • We tested the arithmetical accuracy of computation of ECL provision. • We assessed the disclosures included in the Consolidated Ind AS Financial Statements with respect to such allowance/estimate in accordance with the requirements of Ind AS 109 and Ind AS 107.
<p>b) Fair valuation of Security Receipts (SR) (Refer note P of the significant accounting policies)</p>	
<p>The Group holds investments in the form of security receipts which represent the investments in underlying pool of assets. The fair valuation of these investments at 31st March, 2023 amounts to INR 1,02,412.40 lakhs as disclosed in the Consolidated Ind AS Financial Statements. These investments are classified as fair value through the profit and loss. In accordance with Ind AS 113 on Fair Value Measurement, the objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.</p> <p>As required by RBI regulations, these SR are valued on a half yearly basis by 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 SR based on its best estimate of recovery, and the range of recovery provided by the CRA.</p> <p>The Management and CRA have done an assessment to ascertain future recoverability estimates of the underlying assets while assessing the value of these SR. 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 may have an uncertainty and the actual results may differ from the estimates and assumptions made.</p> <p>Given the significance of fair valuation of investments in SR to overall Consolidated Ind AS Financial Statements and the degree of management’s judgement involved in</p>	<ul style="list-style-type: none"> • Our audit procedures included an assessment of internal controls over measurement of fair value and we have understood the management process of providing key inputs to the CRAs such as resolution plan, security value, projected cash flows, restructuring plans, etc. in determining the fair value. • We tested the operating effectiveness of the controls for the purpose of fair valuation of SR. • We have performed testing on a sample basis of key inputs as mentioned above to validate the reasonableness of the input values. • We have understood the valuation process followed by the CRAs and tested the fair valuation of sample cases. We understood the key inputs, judgements and discounting factors applied by the CRAs and independently verified sample cases including key inputs used to ascertain fair valuation of the SR. • We have tested on a sample basis, the rationale for declaring the fair value of the SR as per the range provided by CRA, to assess for reasonableness of the NAV. • We have tested on a sample basis the assumptions and inputs used for this assessment with the help of our valuation experts. The assumptions and estimates used by the Management on future recoverability may vary and actual results may differ from the estimates and assumptions.

Key audit matters	How our audit addressed the key audit matter
<p>the estimate and involvement of external CRA in the fair value estimation and the uncertainty on the recoverability of the SR, we have considered this area as a key audit matter.</p>	<ul style="list-style-type: none"> We assessed disclosures included in the Consolidated Ind AS Financial Statements with respect to such fair valuation of SR in accordance with the requirements of Ind AS 113 and Ind AS 107.
<p>c) Valuation of Purchase or originated credit impaired assets (POCI). (Refer note M of the significant accounting policies)</p>	
<p>The trusts that are consolidated have assets on their books which are impaired and accordingly in accordance with Ind AS 109 classified as purchased or originated credit impaired assets (“POCI”). The Group has POCI assets (net of impairment) amounting to INR 77,012.49 lakhs as disclosed in the Consolidated Ind AS Financial Statements as at 31st March 2023.</p> <p>These assets are measured using projected cash flows based on management estimates of recovery and then discounted at the credit adjusted effective interest rate.</p> <p>The Management has made an assessment on each POCI asset to ascertain future recoverability estimates. In making this assessment, the Management has used several estimates, assumptions and sources of information (both internal and external), including but not limited to quality of collateral available, external credit reports, economic forecasts for future expected performance of the underlying companies etc. The assumptions and estimates used by the Management may vary and actual results may differ from the estimates and assumptions.</p> <p>Considering the significant management estimate and judgement involved in assessing cash flows and the discount rate, we have considered this as a key audit matter.</p>	<ul style="list-style-type: none"> 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. We verified on a sample basis, the calculation of the credit adjusted effective interest rate used for the purpose of discounting these assets. The assumptions and estimates used by the Management on future recoverability may vary and actual results may differ from the estimates and assumptions. 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.
<p>d) Consolidation of Trusts (Refer Note 4 of the notes to accounts of the Consolidated Ind AS Financial Statements)</p>	
<p>The Group sets up trusts to acquire stressed assets for the purpose of carrying on the activity of Securitisation and Asset Reconstruction. These trusts issue SR which represent the beneficial undivided right, title and interest in the assets of the respective trust to the beneficiaries. The Group acts as asset manager in respect of these trusts and consolidates the trusts which it controls.</p> <p>As per Ind AS 110 Consolidated Financial Statements, the Company needs to consolidate the entity when it controls it. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To assess control, various factors need to be considered based on relevant facts and circumstances.</p> <p>Considering the significant management judgement and estimate involved in assessing control, we have considered this a key audit matter.</p>	<ul style="list-style-type: none"> 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.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report including Annexures thereto, but does not include the Standalone Ind AS Financial Statements, 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 the other information is materially inconsistent with the Consolidated Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Company'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 changes in equity and consolidated cash flows 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Ind AS Financial Statements, the Management of the Group is 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 Management of the Group is also responsible for overseeing the financial reporting process of the Group.

Responsibilities of Auditor 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 judgement 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 financial 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 Consolidated Ind AS Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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.

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

We communicate with those charged with governance of the Company 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 31st March, 2023 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 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 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 Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow 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 31st March, 2023 taken on record by the Board of Directors of the Group none of the directors of the Group is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**" to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting with reference to the Consolidated Ind AS Financial Statements;

- g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Group for the year ended 31st March, 2023;
- 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 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 31st March, 2023;
 - 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 31st March, 2023;
 - iv. (a) The respective Management of the Company and trusts controlled by the Company, has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or trusts controlled by the Company to or in any other persons or entity, including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such trusts ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The respective Management of the Company and trusts controlled by the Company, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such trusts from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such trusts shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its trusts controlled by the Company, nothing has come to our notice that has caused us to believe that the representations as provided under (a) and (b) above, contain any material misstatement.
- v. There were no dividends declared or paid during the year by the Company;
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording Audit trail (edit log) facility is applicable with effect from 1st April, 2023 to the Group, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31st March, 2023.
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO report issued by us for the Holding Company, we report that there are no qualifications or adverse remarks in the CARO report. Trusts controlled by the Company and included in the Consolidated Ind AS Financial Statements are not subject to CARO.

For Manohar Chowdhry & Associates
Chartered Accountants

Firm Registration No. 001997S

Ameet N. Patel

Partner

Membership No. 039157

UDIN: 23039157BGYQQW4078

Place: Mumbai

Date: 25th April, 2023

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

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report)

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 with reference to the Consolidated Ind AS Financial Statement of Phoenix ARC Private Limited ("the Company") as of 31st March, 2023 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 ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference 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, issued by ICAI and deemed to be prescribed 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 (the "ICAI"). Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference 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 reference 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 reference 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 reference to these Consolidated Ind AS Financial Statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to the Consolidated Ind AS Financial Statements

The Company's internal financial control over financial reporting with reference 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. The Company's internal financial control over financial reporting with reference 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 the 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 reference to the Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference 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 reference to the Consolidated Ind AS Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to the Consolidated Ind AS Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to the Consolidated Ind AS Financial Statements and such internal financial controls over financial reporting with reference to the Consolidated Ind AS Financial Statements were operating effectively as at 31st March, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

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

For Manohar Chowdhry & Associates

Chartered Accountants

Firm Registration No. 001997S

Ameet N. Patel

Partner

Membership No. 039157

UDIN: 23039157BGYQQW4078

Place: Mumbai

Date: 25th April, 2023

PHOENIX ARC PRIVATE LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

(Amount in lakhs)

Particulars	Note no.	As at March 31, 2023	As at March 31, 2022
Assets			
Financial assets			
Cash and cash equivalents	2	8,317.79	6,883.22
Trade receivables	3	1,287.43	1,434.44
Loans	4	83,815.39	37,268.26
Investments	5	1,02,412.40	86,327.66
Other financial assets	6	410.36	277.94
Sub total		1,96,243.37	1,32,191.52
Non-financial assets			
Current tax assets (net)		1,444.67	1,491.69
Deferred tax assets (net)	26	4,325.95	5,538.04
Property, plant and equipment	7	255.98	343.12
Other intangible assets	8A	12.67	-
Intangible assets under development	8B	28.00	9.10
Other non-financial assets	9	108.20	50.47
Sub total		6,175.47	7,432.42
Total assets		2,02,418.84	1,39,623.94
Liabilities and Equity			
Liabilities			
Financial liabilities			
Payables			
Trade payables	10		
(A) total outstanding dues of micro and small enterprises		1.24	-
(B) total outstanding dues of creditors other than micro and small enterprises		9.54	1.79
Debt securities	11	57,105.61	33,306.62
Borrowings (other than debt securities)	12	53,487.68	40,730.55
Other financial liabilities	13	3,069.99	1,302.74
Sub total		1,13,674.06	75,341.70
Non-financial liabilities			
Current tax liabilities (net)		7,241.21	4,820.35
Provisions	14	101.94	140.36
Other non-financial liabilities	15	7,953.55	4,466.75
Sub total		15,296.70	9,427.46
Equity			
Equity share capital	16	16,800.00	16,800.00
Other equity	17	56,648.08	38,054.78
Sub total		73,448.08	54,854.78
Total liabilities and equity		2,02,418.84	1,39,623.94
Significant accounting policies & notes on accounts	1		

In terms of our report attached.

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

Ameet N Patel
Partner
Membership No. 039157

Mumbai, April 25, 2023

Balan Wasudeo
Director
DIN: 00073697

Gauri Bhatkal
Chief Financial Officer

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

Keki Elavia
Director
DIN : 00003940

Sanjay Tibrewala
Chief Executive Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

PHOENIX ARC PRIVATE LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(Amount in lakhs)

	Particulars	Note no.	For the year ended March 31, 2023	For the year ended March 31, 2022
	Revenue from operations			
	Interest income	18	9,485.96	6,531.33
	Fees and commission income	19	27,714.29	19,657.34
(I)	Total revenue from operations		37,200.25	26,188.67
(II)	Other income	21	221.00	241.80
(III)	Total income (I + II)		37,421.25	26,430.47
	Expenses			
	Finance costs	22	4,767.39	4,000.85
	Net loss on fair value changes	20	4,920.78	5,311.39
	Impairment on financial instruments	23	(70.01)	5,959.39
	Employee benefits expense	24	1,528.56	1,493.06
	Depreciation, amortization and impairment	7&8	99.67	90.76
	Other expenses	25	764.79	711.40
(IV)	Total expenses		12,011.18	17,566.85
(V)	Profit/(loss) before tax (III -IV)		25,410.07	8,863.62
(VI)	Tax expense	26		
	(1) Current tax		5,610.89	3,191.96
	(2) Deferred tax		1,210.53	(133.48)
	Total tax expense (1+2)		6,821.42	3,058.48
(VII)	Profit/(loss) for the period (V-VI)		18,588.65	5,805.14
(VIII)	Other comprehensive income			
	Items that will not be reclassified to profit or loss			
	- Remeasurements of the defined benefit plans		6.21	(6.50)
			6.21	(6.50)
	Income tax relating to items that will not be reclassified to profit or loss	26	(1.56)	1.64
	Total		4.65	(4.86)
(IX)	Total comprehensive Income for the period (VII+VIII)		18,593.30	5,800.28
(X)	Earnings per equity share	27		
	Basic and Diluted earning per share (Rs.)		11.06	3.46

In terms of our report attached.

For Manohar Chowdhry & Associates

Chartered Accountants
Firm Registration No. 001997S

Ameet N Patel
Partner
Membership No. 039157

Balan Wasudeo
Director
DIN: 00073697

Mumbai, April 25, 2023

Gauri Bhatkal
Chief Financial Officer

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

Keki Elavia
Director
DIN : 00003940

Sanjay Tibrewala
Chief Executive Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

PHOENIX ARC PRIVATE LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023

(Amount in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flow from operating activities		
Profit before tax	25,410.07	8,863.62
Adjustments to reconcile profit before tax to net cash generated from / (used in) operating activities		
Depreciation and amortisation expense	99.67	90.76
Gain on sale of investments	1,191.62	2,096.03
Net loss on fair value changes	3,729.16	2,820.78
Gain on sale of property, plant and equipment	(3.35)	(0.17)
Interest income (other than loans and advances)	(266.55)	(110.09)
Interest on lease liability	23.60	29.24
Impairment (gain) / loss on financial instruments	(70.01)	6,041.30
Finance costs	4,743.79	4,896.61
Gratuity	16.85	13.29
Operating profit before working capital changes	34,874.85	24,741.37
Working capital adjustments		
Adjustments for (increase) / decrease in operating assets		
Loans and advances	(48,254.89)	(20,213.05)
Trade receivables	1,437.96	(195.22)
Other assets	296.67	(462.75)
Adjustments for increase / (decrease) in operating liabilities		
Trade payables	67.56	(3.63)
Provisions	(107.42)	(51.98)
Other liabilities	5,317.36	1,852.61
	(41,242.76)	(19,074.02)
Cash from operations	(6,367.91)	5,667.35
Income tax paid (net of refund)	(3,143.01)	(1,377.62)
Net cash from operating activities	(9,510.92)	4,289.73
Cash flow from investing activities		
Purchase of property, plant and equipment	(44.10)	(57.73)
Sale of property, plant and equipment	3.35	0.17
Purchase of investments	(66,582.27)	(59,965.09)
Proceeds from sale of investments	45,576.75	38,436.38
Interest received on fixed deposits with bank	266.55	110.09
Net cash (used in) / generated from investing activities	(20,779.72)	(21,476.18)
Cash flow from financing activities		
Proceeds from borrowings	71,026.61	45,375.73
Repayment of borrowings	(50,631.31)	(31,532.06)
Net proceeds from bank overdraft facility	1,749.29	1,916.37
Finance costs including share issue expenses	(1,491.16)	(1,524.35)
Proceeds from issuance of security receipts (net)	11,158.90	6.77

PHOENIX ARC PRIVATE LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023 (Continued)

(Amount in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Payment of lease liability (including interest thereon)	(87.12)	(87.12)
Net cash flow from financing activities	31,725.21	14,155.34
Net (decrease) / increase in cash and cash equivalents	1,434.57	(3,031.11)
Cash and cash equivalents at the beginning of the year	6,883.22	9,914.33
Cash and cash equivalents at the end of the year	8,317.79	6,883.22
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents as per balance sheet (refer note 2)		
Cash on hand	0.06	0.05
Balances with banks in current account	428.12	1,188.33
Balance in term deposit < 3 months	6,342.14	4,154.31
Term deposits	1,548.51	1,541.71
Less: Impairment loss allowance	(1.04)	(1.18)
Cash and cash equivalents as restated as at the year end	8,317.79	6,883.22

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

In terms of our report attached.

For Manohar Chowdhry & Associates

Chartered Accountants
Firm Registration No. 001997S

Ameet N Patel
Partner
Membership No. 039157

Mumbai, April 25, 2023

Balan Wasudeo
Director
DIN: 00073697

Gauri Bhatkal
Chief Financial Officer

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

Keki Elavia
Director
DIN : 00003940

Sanjay Tibrewala
Chief Executive Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of **Phoenix ARC Private Limited** ("the Company") which comprises the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss, including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Standalone Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "Standalone Ind AS Financial Statements").

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 Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its profit, including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone Ind AS Financial Statements for the financial year ended 31st March, 2023. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
<p>(a) Impairment of financial instruments (loans, trade receivables and advances recoverable from Trusts) (Refer L of the significant accounting policies)</p> <p>Loans, trade receivables and advances recoverable from trusts amounting to INR 11,344.65 lakhs (net of impairment provision) at 31st March, 2023 as disclosed in the Standalone Ind AS Financial Statements.</p> <p>IndAS 109 on Financial instruments requires the Company to provide for impairment of its financial instruments (designated as amortized cost or fair value through other comprehensive income) using the Expected Credit Loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles mentioned in the Standard. In the process of applying such principles and other requirements of the Standard, a significant degree of judgement has been applied by the management in respect of following matters:</p>	<ul style="list-style-type: none"> • 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.

Key audit matters	How our audit addressed the key audit matter
<p>a) Grouping of the trade receivables and advances recoverable from trusts under homogenous pools in order to determine probability of default (PD) on a collective basis.</p> <p>b) Determining the staging of loans, trade receivables and recoverable from trust.</p> <p>c) Determining effect of past defaults on future probability of default.</p> <p>d) Estimation of management overlay for macroeconomic factors which could impact the ECL provisions.</p> <p>e) Estimation of loss given default (LGD) based on past recovery rates.</p> <p>Given the complexity and significant judgement involved in the estimation of impairment of financial instruments, we have considered this area as a key audit matter.</p>	<ul style="list-style-type: none"> • We tested the operating effectiveness of the controls for staging of loans and receivables based on their past-due status. • We tested the arithmetical accuracy of computation of ECL provision performed by the Company in spread sheets. • We assessed the disclosures included in the Standalone Ind AS Financial Statements with respect to such allowance / estimate are in accordance with the requirements of Ind AS 109 and Ind AS 107.
(b) Fair valuation of Security Receipts (SRs) (Refer note O of the significant accounting policies)	
<p>The Company holds investments in the form of Security Receipts which represent the investments in underlying pool of assets. The fair valuation of these investments at 31st March, 2023 amounts to INR 1,53,169.71 lakhs as disclosed in the Standalone Ind AS Financial Statements. These investments are classified as fair value through profit and loss. In accordance with Ind AS 113 on Fair Value Measurement, the objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.</p> <p>As required by RBI regulations, these SR are valued on a half yearly basis by 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 SR based on its best estimate of recovery, and the range of recovery provided by the CRA.</p> <p>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 may have an uncertainty and the actual results may differ from the estimates and assumptions made.</p>	<ul style="list-style-type: none"> • Our audit procedures included an assessment of internal controls over measurement of fair value and we have understood the Management process of providing key inputs to the CRAs such as resolution plan, security value, projected cash flows, restructuring plans, etc. in determining the fair value. • We tested the operating effectiveness of the controls for the purpose of fair valuation of SRs. • We have performed testing on a sample basis of key inputs as mentioned above to validate the reasonableness of the input values. • We have understood the valuation process followed by the CRAs and tested the fair valuation of sample cases. We understood the key inputs, judgements and discounting factors applied by the CRAs and independently verified sample cases including key inputs used to ascertain fair valuation of the SRs. • We have tested, on a sample basis, the rationale for declaring the fair value of the SR as per the range provided by CRA, to assess for reasonableness of the NAV declared. • We have tested on a sample basis the assumptions and inputs used for this assessment with the help of our valuation experts. The assumptions and estimates used by the Management on future recoverability may vary and actual results may differ from the estimates and assumptions.

Key audit matters	How our audit addressed the key audit matter
<p>Given the significance of fair valuation of investments in SR to overall Standalone Ind AS Financial Statements and the degree of management's judgement involved in the estimate and involvement of external CRA in the fair value estimation and the uncertainty on the recoverability of the SRs, we have considered this area as a key audit matter.</p>	<ul style="list-style-type: none"> We assessed disclosures included in the Standalone Ind AS Financial Statements with respect to such fair valuation of SR are in accordance with the requirements of Ind AS 113 and Ind AS 107.

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

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

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

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

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

In preparing the Standalone Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors 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 Standalone Ind AS Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgement 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Standalone Ind AS Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS Financial Statements for the financial year ended 31st March, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "**Annexure A**" statement on the matters specified in paragraphs 3 and 4 of the Order.

- 2) As required by Section 143(3) of the Act, we report that:
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows 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 Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, as amended.
 - e. On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to Standalone Ind AS Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”. Our Report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls with reference to Standalone Ind AS Financial Statements;
 - g. The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended 31st March, 2023.
 - h. With respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested either from borrowed funds or share premium or any other sources or kind of funds by the Company to or in any other persons or entity, including foreign entities (‘Intermediaries’), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (‘Ultimate Beneficiaries’) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any persons or entity, including foreign entities (‘Funding Parties’), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (‘Ultimate Beneficiaries’) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. There were no dividends declared or paid during the year by the Company;
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from 1st April, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31st March, 2023.

For Manohar Chowdhry & Associates

Chartered Accountants

Firm's registration No. 001997S

Ameet N. Patel

Partner

Membership No. 039157

UDIN: 23039157BGYQQV2862

Place: Mumbai

Date: 25th April, 2023

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and regulatory Requirements' section of our report to the members of Phoenix ARC Private Limited of even date)

The Annexure referred to in Independent Auditor's Report to the members of the Company on the Standalone Ind AS Financial Statements for the year ended 31st March, 2023, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
 - (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) All Property, Plant and Equipment were physically verified by the Management in the previous year in accordance with a planned programme of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets.
- (c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended 31st March, 2023.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is into the services sector, primarily rendering asset reconstruction and securitization services and as such does not hold any inventories. Accordingly, reporting under of clause 3(ii)(a) of the Order is not applicable.
- (b) The Company holds investments in the form of Security Receipts in various Trusts. Such investments are classified as available for sale in accordance with RBI guidelines. The Company has been sanctioned working capital from banks in excess of five crore rupees during the year. Investments in Security Receipts are provided as security for availing such working capital facilities. In our opinion, the quarterly returns and statements filed by the Company with such banks are in agreement with the books of account of the Company.
- (iii) The Company is registered under section 3 of 'Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002' (SARFAESI Act) under the RBI regulation, as an 'Asset Reconstruction Company'. During the year, the Company has made investments in Security Receipts, granted secured loans for restructuring, and advances in the nature of loans to the various trusts managed by it / where it is trustee:

In our opinion and according to the information and explanations given to us:

- (a) The Company's, principal activity is assets reconstruction; securitization and give loans for restructuring of acquired loans as permitted by Reserve Bank of India, Clause 3(iii)(a) on providing of loan, advances or guarantee is not applicable to the Company.
- (b) The Company has made investments and granted loans to the various trusts managed by it / where it is trustee and granted loans directly to other parties whose accounts are acquired under SARFAESI Act. In our opinion, considering the nature of the business of the Company, the terms and conditions of grant of loans are not prejudicial to the interest of the Company.
- (c) In respect of the loans granted by the Company to the various trusts managed by it / where it is trustee and directly to other parties whose accounts are acquired under SARFAESI Act, the schedule of repayment of principal and payment of interest has been stipulated and the repayment of principal amount and receipts of interest are generally been regular, except in respect of the following:

Sl. No.	Name of the entity	Principal outstanding (Amount in Lakhs)*	Due date	Extent of delay (In days)
1	Karni Developer and Construction Co Ltd	282.29	03-10-15	2736
2	Dhanalaxmi Builders and Developers	455.61	15-04-16	2541
3	Vijayent Group	50.00	15-03-16	2572
4	Sovereign Developers	209.17	31-10-16	2342
5	JCT Limited	1,130.00	27-11-22	125

* Excluding interest

- (d) The following amounts are overdue for more than 90 days from companies to whom loan has been granted, and reasonable steps have been taken by the Company for the recovery of the overdue amount of principal and interest.

Sl. No.	Name of the entity	Principal amount overdue (Amount in Lakhs) *
1	Karni Developer and Construction Co Ltd	282.29
2	Dhanalaxmi Builders and Developers	455.61
3	Vijayent Group	50.00
4	Sovereign Developers	209.17
5	JCT Limited	380.00

* Excluding interest

- (e) In our opinion and considering the nature of business of the Company, Clause 3(iii)(e) of the Order dealing with renewal, grant of fresh loan to settle the over dues of existing loans is not applicable to the Company.
- (f) According to the information and explanation given to us, the Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to promoters, related parties as defined in Section 2(76) of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted loans, made investments or provided guarantees which require compliance with the provisions of Section 185 and 186 of the Companies Act 2013. Accordingly, reporting under clause 3 (iv) of the Order is not applicable to the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act, for the business activities carried out by the Company. Accordingly, reporting under clause 3 (vi) of the Order is not applicable to the Company.
- (vii) In respect of statutory dues:
- a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.

According to the information and explanations given to us and based on audit procedures performed by us, there were no undisputed amounts payable in respect of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues in arrears as at 31st March, 2023 for a period of more than six months from the date they became payable.

- (b) Details of statutory dues referred to in sub-clause (a) above as on 31st March, 2023 on account of disputes are given below:

Nature of the statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount in lakh
The Income Tax Act, 1961	Income Tax	Commissioner of Income tax (Appeal)	AY 2018-19	2718.94*
* Entire sum has been paid/adjusted against income tax refund receivable by the Company.				

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company is not declared as a wilful defaulter by any bank or financial institution or other lender. Accordingly, reporting on paragraphs 3 (ix) (b) of the Order is not applicable to the Company.
- (c) In our opinion and according to the information and explanations given to us, the Company has raised additional term loan and the same were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company and considering the business nature of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken loan from bank or financial institution to meet the obligation as such of the various trusts managed by it / various trusts where it is trustee. Accordingly, reporting on paragraphs 3 (ix) (e) of the Order is not applicable to the Company.
- (f) According to the information and explanations given to us and procedures performed by us and considering the nature of the business, we report that the Company has raised loans during the year on the pledge of securities (i.e. Investment in Security Receipts) held in its trusts. However there is no default as such in the repayment of such loans raised by the Company. Accordingly, reporting on paragraphs 3(ix) (f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer, further public offer (including debt instruments). Hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) According to the information and explanations given to us and the records examined by us,
- (a) Based upon the audit procedures performed by us, no material fraud by the Company or any material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of Section 143 of the Act has been filed by cost auditors / secretarial auditor or by us in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the Management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion, the Company is in compliance of constitution of Audit Committee and with respect to applicable transactions with the related parties. The details of related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable Indian Accounting Standards.

- (xiv) According to the information and explanations given to us and the records examined by us,
- (a) The Company has an internal audit system commensurate with the size and nature of its business;
 - (b) We have considered the internal audit reports of the Company issued till date, for the period under audit.
- (xv) According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of Section 192 of the Companies Act 2013 are not applicable to the Company.
- (xvi) (a) The Company is exempted from the provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934). Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company;
- (b) The Company is registered under Section 3 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 and is regulated by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.
 - (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
 - (d) According to the information and explanations given to us, there is no Core Investment Company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly, paragraph 3(xvi) (d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year and immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly, requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 34 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) As disclosed by the Management in note 30 of the financial statements and as verified by us, the gross amount required to be spent by the Company towards Corporate Social Responsibility (CSR) has been duly spent during the year. Hence, reporting under clause (xx)(a) and clause (xx)(b) of the Order is not applicable to the Company;
- (xxi) Reporting under clause (xxi) of the Order is not applicable as the same is required to be reported only in case of consolidated financial statement.

For Manohar Chowdhry & Associates

Chartered Accountants

Firm's registration No. 001997S

Ameet N. Patel

Partner

Membership No. 039157

UDIN: 23039157BGYQQV2862

Place: Mumbai

Date: 25th April, 2023

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

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report)

Report on the Internal Financial Controls with reference to the Standalone Ind AS Financial Statements 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 with reference to the Standalone Ind AS Financial Statements of Phoenix ARC Private Limited ("the Company") as of 31st March, 2023 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 with reference to the Standalone Ind AS Financial Statements 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 (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference 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, issued by ICAI and deemed to be prescribed 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 (the "ICAI"). Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference 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 reference 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 reference 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 system over financial reporting with reference to these Standalone Ind AS Financial Statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to the Standalone Ind AS Financial Statements

A company's internal financial control over financial reporting with reference 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. The Company's internal financial control over financial reporting with reference 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 the 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 reference to the Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference 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 reference to the Standalone Ind AS Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to the Standalone Ind AS Financial Statements and such internal financial controls over financial reporting with reference to the Standalone Ind AS Financial Statements were operating effectively as at 31st March, 2023, based on the internal financial control over financial reporting with reference to Standalone Ind AS Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Manohar Chowdhry & Associates
Chartered Accountants

Firm's registration No. 001997S

Ameet N. Patel

Partner

Membership No. 039157

UDIN: 23039157BGYQQV2862

Place: Mumbai

Date: 25th April, 2023

**PHOENIX ARC PRIVATE LIMITED
STANDALONE BALANCE SHEET AS AT MARCH 31, 2023**
(Amount in lakhs)

Particulars	Note no.	As at March 31, 2023	As at March 31, 2022
Assets			
Financial assets			
Cash and cash equivalents	2	5,327.01	6,041.28
Trade receivables	3	1,393.97	1,438.72
Loans	4	9,538.97	1,651.95
Investments	5	1,53,169.71	1,15,863.09
Other financial assets	6	447.80	301.60
Sub total		1,69,877.46	1,25,296.64
Non-financial assets			
Current tax assets (net)		1,444.67	1,491.69
Deferred tax assets (net)	26	5,866.81	6,091.49
Property, plant and equipment	7	255.99	343.12
Other intangible assets	8A	12.67	-
Intangible assets under development	8B	28.00	9.10
Other non-financial assets	9	25.51	23.62
Sub total		7,633.65	7,959.02
Total assets		1,77,511.11	1,33,255.66
Liabilities and equity			
Liabilities			
Financial liabilities			
Trade payables	10		
(A) total outstanding dues of micro and small enterprises		1.24	-
(B) total outstanding dues of creditors other than micro and small enterprises		9.54	1.79
Debt securities	11	36,864.90	27,507.41
Borrowings (Other than debt securities)	12	53,487.68	40,730.55
Other financial liabilities	13	2,831.39	1,068.32
Sub total		93,194.75	69,308.07
Non-financial liabilities			
Current tax liabilities (net)		7,241.21	4,820.35
Provisions	14	101.94	140.36
Other non-financial liabilities	15	5,108.86	4,071.36
Sub total		12,452.01	9,032.07
Equity			
Equity share capital	16	16,800.00	16,800.00
Other equity	17	55,064.35	38,115.52
Sub total		71,864.35	54,915.52
Total liabilities and equity		1,77,511.11	1,33,255.66
Significant accounting policies & notes on accounts	1		

In terms of our report attached.

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

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

Ameet N Patel
Partner
Membership No. 039157

Balan Wasudeo
Director
DIN: 00073697

Keki Elavia
Director
DIN : 00003940

Sanjay Tibrewala
Chief Executive Officer

Mumbai, April 25, 2023

Gauri Bhatkal
Chief Financial Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

PHOENIX ARC PRIVATE LIMITED
STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(Amount in lakhs)

	Particulars	Note no.	For the year ended March 31, 2023	For the year ended March 31, 2022
	Revenue from operations			
	Interest income	18	1,592.25	1,085.59
	Fees and commission income	19	28,280.90	19,925.24
(I)	Total revenue from operations		29,873.15	21,010.83
(II)	Other income	21	221.46	241.75
(III)	Total income (I + II)		30,094.61	21,252.58
	Expenses			
	Finance costs	22	4,628.76	3,877.32
	Net loss on fair value changes	20	2,040.32	2,514.11
	Impairment on financial instruments	23	(1,507.89)	1,418.86
	Employee benefits expense	24	1,528.56	1,493.06
	Depreciation, amortization and impairment	7 & 8	99.67	90.76
	Other expenses	25	527.01	354.33
(IV)	Total expenses		7,316.43	9,748.44
(V)	Profit / (loss) before exceptional items and tax (III-IV)		22,778.18	11,504.14
(VI)	Profit/(loss) before tax		22,778.18	11,504.14
(VII)	Tax expense	26		
	(1) Current tax		5,610.88	3,191.96
	(2) Deferred tax		223.12	297.16
	Total tax expense (1+2)		5,834.00	3,489.12
(VIII)	Profit/(loss) for the year (VI-VII)		16,944.18	8,015.02
(IX)	Other comprehensive income			
	Items that will not be reclassified to profit or loss			
	- Remeasurements of the defined benefit plans		6.21	(6.50)
			6.21	(6.50)
	Income tax relating to items that will not be reclassified to profit or loss	26	(1.56)	1.64
			4.65	(4.86)
(X)	Total comprehensive Income for the year (VIII+IX)		16,948.83	8,010.16
(XI)	Earnings per equity share	27		
	Basic and Diluted earnings per share (Rs)		10.09	4.77

In terms of our report attached.

For Manohar Chowdhry & Associates

Chartered Accountants
Firm Registration No. 001997S

Ameet N Patel
Partner
Membership No. 039157

Balan Wasudeo
Director
DIN: 00073697

Mumbai, April 25, 2023

Gauri Bhatkal
Chief Financial Officer

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

Keki Elavia
Director
DIN : 00003940

Sanjay Tibrewala
Chief Executive Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

**PHOENIX ARC PRIVATE LIMITED
STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023**
(Amount in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flow from operating activities		
Profit before tax	22,778.18	11,504.14
Adjustments to reconcile profit before tax to net cash generated from / (used in) operating activities		
Depreciation and amortisation expense	99.67	90.76
Net gain on sale of investments	(1,087.21)	(961.67)
Net loss on fair value changes	3,127.53	3,475.78
Impairment (gain) / loss on financial instruments	(1,507.89)	1,418.86
Net gain on sale of property, plant and equipment	(3.35)	(0.17)
Interest income (other than loans and advances)	(266.55)	(110.09)
Finance costs	4,605.16	3,848.08
Interest on lease liability	23.60	29.24
Gratuity provision	16.85	13.29
Operating profit before working capital changes	27,785.99	19,308.22
Working capital adjustments		
Adjustments for (increase) / decrease in operating assets		
Loans and advances	(7,965.25)	2,171.31
Trade receivables	1,286.04	(189.34)
Other assets	196.73	(423.78)
Adjustments for increase / (decrease) in operating liabilities		
Trade payables	8.99	(3.63)
Provisions	(49.06)	(51.98)
Other liabilities	2,864.09	1,766.73
	(3,658.46)	3,269.31
Cash from operations	24,127.53	22,577.53
Income tax paid (net of refund)	(3,143.01)	(1,377.62)
Net cash from operating activities	20,984.52	21,199.91
Cash flow from investing activities		
Purchase of property, plant and equipments	(44.10)	(57.73)
Sale of property, plant and equipments	3.35	0.17
Purchase of investments	(97,002.96)	(79,871.21)
Proceeds from sale of investments	57,656.03	44,047.75
Interest received on fixed deposits with bank	266.55	110.09
Net cash (used in) / generated from investing activities	(39,121.13)	(35,770.93)
Cash flow from financing activities		
Proceeds from borrowings	71,026.61	45,375.73
Repayment of borrowings	(50,631.32)	(31,532.06)
Net proceeds from bank overdraft facility & working capital loans	1,749.29	1,916.37
Finance costs	(4,635.12)	(4,599.15)
Payment of lease liability (including interest thereon)	(87.12)	(87.12)
Net cash flow from financing activities	17,422.34	11,073.77

PHOENIX ARC PRIVATE LIMITED
STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023 (Continued)

(Amount in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net (decrease) / increase in cash and cash equivalents	(714.27)	(3,497.25)
Cash and cash equivalents at the beginning of the year	6,041.28	9,538.53
Cash and cash equivalents at the end of the year	5,327.01	6,041.28
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents as per balance sheet (refer note 02)		
Cash on hand	0.06	0.05
Balances with banks in current account	20.08	687.19
Balance in term deposit < 3 months	3,759.40	3,813.51
Term deposits	1,548.51	1,541.71
Less: Impairment loss allowance	(1.04)	(1.18)
Cash and cash equivalents as at the year end	5,327.01	6,041.28

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

In terms of our report attached.

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

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

Ameet N Patel
Partner
Membership No. 039157

Balan Wasudeo
Director
DIN: 00073697

Keki Elavia
Director
DIN : 00003940

Sanjay Tibrewala
Chief Executive Officer

Mumbai, April 25, 2023

Gauri Bhatkal
Chief Financial Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

INDEPENDENT AUDITOR'S REPORT

To the Members of Phoenix ARC Private Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements, give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2022 and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

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

Our Opinion is not modified in this matter.

Key Audit Matters

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

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

Key audit matters	How our audit addressed the key audit matter
<p>a) Impairment of financial instruments (loans, trade receivables and advances recoverable from trust) (Refer note M of the significant accounting policies and XIII (i) of the notes to accounts of the consolidated Ind AS financial statements)</p>	
<p>Loans, trade receivables (majorly management fee receivable) and advances recoverable from trusts amount to Rs 3,330.13 lakhs (net of impairment provision) as disclosed in the consolidated Ind AS financial statements as at 31st March, 2022.</p> <p>IndAS 109 Financial instruments (IndAS 109) requires the Group to provide for impairment of its financial instruments (designated as amortized cost or fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles mentioned in the standard. In the process of applying such principles and other requirements of the standard, a significant degree of judgment has been applied by the management in respect of following matters:</p> <p>a) Grouping of the trade receivables and recoverable from trust under homogenous pools in order to determine probability of default (PD) on a collective basis.</p> <p>b) Determining the staging of loans, trade receivables and advances recoverable from trust</p> <p>c) Determining effect of past defaults on future probability of default.</p> <p>d) Estimation of management overlay for macro-economic factors which could impact the ECL provisions.</p> <p>e) Estimation of loss given default (LGD) based on past recovery rates.</p> <p>Further, in light of the business disruption caused due to the COVID-19 situation, the management has done an assessment of the impact on the ECL on the abovementioned financial assets. The management has used certain statistical assumptions/models to stress test the PDs and the LGDs derived from its model to arrive at a probable impact on COVID-19 on the ECL provision. These assumptions and judgements used have an inherent uncertainty of the actual impact of COVID-19 and the impact may be different from these estimates. Given the complexity, significant judgement and the uncertainty of impact of COVID-19 involved in the estimation of impairment of financial assets, we have considered this area as a key audit matter.</p>	<ul style="list-style-type: none"> • 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 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.

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

Key audit matters	How our audit addressed the key audit matter
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)	
<p>The trusts that are consolidated have assets on their books which are impaired and accordingly in accordance with Ind AS 109 classified as purchased or originated credit impaired assets (“POCI”). The Group has POCI assets (net of impairment) assets amounting to Rs. 35,616.31 lakhs as disclosed in the consolidated Ind AS financial statements as at 31st March 2022.</p> <p>These assets are measured using projected cash flows based on management estimates of recovery and then discounted at the credit adjusted effective interest rate.</p> <p>Further, the recoverability of these assets could be impacted due to the COVID-19 situation. The management has made an assessment on each POCI asset to ascertain future recoverability estimates. In making this assessment, the management has used several estimates, assumptions and sources of information (both internal and external), including but not limited to quality of collateral available, external credit reports, economic forecasts for future expected performance of the underlying companies etc. The assumptions and estimates used by the management may vary and actual results may differ from the estimates and assumptions.</p> <p>Considering the significant management estimate and judgement involved in assessing cash flows and the discount rate, we have considered this as a key audit matter.</p>	<ul style="list-style-type: none"> • 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.
d) Consolidation of Trusts (Refer Note 4 of the notes to accounts of the consolidated Ind AS financial statements)	
<p>The Group sets up trusts to acquire stressed assets for the purpose of carrying on the activity of Securitisation and Asset Reconstruction. These Trusts issue SRs which represent the beneficial undivided right, title and interest in the assets of the respective trust to the beneficiaries. The Group acts as assets manager in respect of these trusts and consolidates the trusts which it controls.</p> <p>As per Ind AS 110 Consolidated Financial Statements, the company needs to consolidate the entity when it controls it. Control is achieved when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To assess control various factors, need to be considered based on relevant facts and circumstances.</p> <p>Considering the significant management judgement and estimate involved in assessing control, we have considered this a key audit matter.</p>	<ul style="list-style-type: none"> • 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.

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

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

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

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

Responsibilities of Management for the Consolidated Ind AS Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

v. There were no dividends declared or paid during the year by the company.

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

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

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

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with respect to these consolidated Ind AS financial statements.

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

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

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

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

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

Opinion

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

Other Matters

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

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

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

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

(Amount in lakhs)

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

In terms of our report attached.

For Manohar Chowdhry & Associates

Chartered Accountants
Firm Registration No. 001997S

Ameet N Patel
Partner
Membership No. 039157

Keki Elavia
Director
DIN : 00003940

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

Venkattu Srinivasan
Director
DIN : 01535417

Sanjay Tibrewala
Chief Executive Officer

Mumbai, 25 April, 2022

Gauri Bhatkal
Chief Financial Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

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

(Amount in lakhs)

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

In terms of our report attached.

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

Ameet N Patel
Partner
Membership No. 039157

Keki Elavia
Director
DIN : 00003940

**For and on behalf of the Board of
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Mumbai, 25 April, 2022

Gauri Bhatkal
Chief Financial Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

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

(Amount in lakhs)

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

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

(Amount in lakhs)

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

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

In terms of our report attached.

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

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

Ameet N Patel
Partner
Membership No. 039157

Keki Elavia
Director
DIN : 00003940

Venkattu Srinivasan
Director
DIN : 01535417

Sanjay Tibrewala
Chief Executive Officer

Mumbai, 25 April, 2022

Gauri Bhatkal
Chief Financial Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

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 31st March, 2022, the Statement of Profit and Loss, including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Emphasis of Matter

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

Our Opinion is not modified in this matter.

Key Audit Matters

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

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

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

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

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

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

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

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

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

Management's Responsibility for the standalone Ind AS Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

For Manohar Chowdhry & Associates

Chartered Accountant

ICAI Firm Registration Number: 001997S

Ameet N Patel

Membership Number: 039157

Place of Signature: Mumbai

UDIN: 22039157AHSVBT8393

Date: April 25, 2022

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

* Excluding Interest

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

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

* Excluding interest

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

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

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

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

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

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

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

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

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

For Manohar Chowdhry & Associates

Chartered Accountant

ICAI Firm Registration Number: 001997S

Ameet N Patel

Membership Number: 039157

Place of Signature: Mumbai

UDIN: 22039157AHSVBT8393

Date: April 25, 2022

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with respect to these standalone Ind AS Financial Statements.

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

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

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

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

Opinion

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

For **Manohar Chowdhry & Associates**

Chartered Accountant

ICAI Firm Registration Number: 001997S

Ameet N Patel

Membership Number: 039157

Place of Signature: Mumbai

UDIN: 22039157AHSVBT8393

Date: April 25, 2022

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

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

In terms of our report attached.

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

Ameet N Patel
Partner
Membership No. 039157

Keki Elavia
Director
DIN : 00003940

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

Venkattu Srinivasan
Director
DIN : 01535417

Sanjay Tibrewala
Chief Executive Officer

Mumbai, 25 April, 2022

Gauri Bhatkal
Chief Financial Officer

Kamlesh Rane
Company Secretary
Membership No. A29339

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

(Amount in lakhs)

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

In terms of our report attached.

For Manohar Chowdhry & Associates

Chartered Accountants

Firm Registration No. 001997S

Ameet N Patel

Partner

Membership No. 039157

Keki Elavia

Director

DIN : 00003940

For and on behalf of the Board of

Directors of Phoenix ARC Private Limited

Venkattu Srinivasan

Director

DIN : 01535417

Sanjay Tibrewala

Chief Executive Officer

Gauri Bhatkal

Chief Financial Officer

Kamlesh Rane

Company Secretary

Membership No. A29339

Mumbai, 25 April, 2022

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

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

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

(Amount in lakhs)

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

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

In terms of our report attached.

For Manohar Chowdhry & Associates

Chartered Accountants
Firm Registration No. 001997S

Ameet N Patel
Partner
Membership No. 039157

Keki Elavia
Director
DIN : 00003940

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

Venkattu Srinivasan
Director
DIN : 01535417

Sanjay Tibrewala
Chief Executive Officer

Mumbai, 25 April, 2022

Gauri Bhatkal
Chief Financial Officer

Kamlesh Rane
Company Secretary
Membership No. A29339